

2016

MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE STUDY
FOR THE

City of Davis
El Macero County Service Area
North Davis Meadows County Service Area
Willowbank County Service Area

Prepared by:
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Project Name: MSR/SOI for City of Davis, El Macero County Service Area, Willowbank County Service Area, and North Davis Meadows County Service Area

LAFCo Project No. S-044

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Date: June 29, 2016

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**Date of Last MSR/SOI Adopted
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**Date of Last MSR/SOI Adopted
by LAFCo** *2008*

Subject Agency: *North Davis Meadows County Services Area*
Agency Address: *292 West Beamer Street,
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Phone Number: *530-666-8775*
**Date of Last MSR/SOI Adopted
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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.

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.

OVERVIEW

This municipal service review covers the City of Davis and the El Macero, Willowbank, and North Davis Meadows County Service Areas (CSAs), which are adjacent to or within the vicinity of the City and receive services in some form from the City. CSAs were created in state law to address increased demands for public facilities and services when population growth and development occur in unincorporated areas. CSAs create an enterprise fund within a county to finance and provide increased public facilities and services within a defined unincorporated area. CSAs are a **dependent** special district, meaning that the County Board of Supervisors is the decision making body for CSAs. Under state law, the Board of Supervisors **may** appoint one or more advisory committees to give advice regarding CSA services and facilities. The County is responsible for the operation of the CSA, and therefore, when this MSR/SOI references the CSA it is, in general, referring to the County and not the advisory committee.

The City of Davis, like other public agencies, has had to tailor public services to limited revenues. While operating within a constrained budget that limits its ability to finance all infrastructure needs and which has resulted in certain budget cuts in recent years, the City has maintained an adequate level of services overall. Having cut a variety of resources and staffing under the pressure of the recent economic downturn, Davis has also made cuts to some of its municipal services creating an incongruity with public expectations, which is currently being mitigated through constituent outreach. In particular, police services have suffered more impairment than some of the other services provided by the City with elimination of several of its services during the budget reduction process. Even in the face of these citywide cuts, the City has continued **to** maintain sufficient capacity to provide all services to at least a basic level. In order to continue to provide services at acceptable levels, the City needs to complete a formal multi-year capital improvement plan to address its deferred improvement challenges. Although the City's financial situation is becoming more stable, Davis is cautiously optimistic as another recession could halt the fiscal recovery that is currently being experienced. Therefore, the City continues to look for additional ways to increase efficiency, contain costs, and acquire new revenue sources.

The CSAs were created during a time when subdivisions were being developed in areas without infrastructure and services to support them. Since the time that these developments were created and the CSAs formed, the City has taken on providing several of the municipal services offered, but the CSAs have continued to operate under the original governance, operating and management structure without significant re-evaluation. There are several opportunities to improve service efficiencies amongst the CSAs, and there is a need to streamline service structure within each of the CSAs to the greatest extent feasible. In particular, inefficient billing and management practices combined with resident expectations of service levels has resulted in greater than necessary staff time and increased costs. While a certain amount of management costs are inevitable, a more streamlined service configuration and management approach could allow for greater cost effectiveness.

The CSAs and their advisory committees are each operated in a different fashion, likely as a function of constituent interest and concerns over the years. While the CSA Manager has been heavily involved in the operations of some of the CSAs, others appear to operate in a more independent fashion. The County plans to shift management of all CSAs over to the County Administrator's Office beginning July 1, 2016. Given the change in management structure, the timing is ripe for the County to create consistency and foster transparency amongst the CSAs through policies and procedures. It would also be timely to make improvements to several other facets of CSA administration and operations, including financial management and reporting practices, capital improvement planning, advisory committee operations, and website transparency.

AGENCY PROFILE: CITY OF DAVIS

City of Davis, originally known as Davisville, is the most populated city in Yolo County. The City started as a Southern Pacific Railroad depot built in 1868 and was incorporated on March 28, 1917.

Following the City's incorporation in 1917, the 1920s saw the development of local governance structures, such as planning commissions and the establishment of a City Council. Paved and lighted streets, as well as sewage and water systems were installed during this period as well. Today, City of Davis is a university-oriented city, closely tied historically to the University of California at Davis.

Location

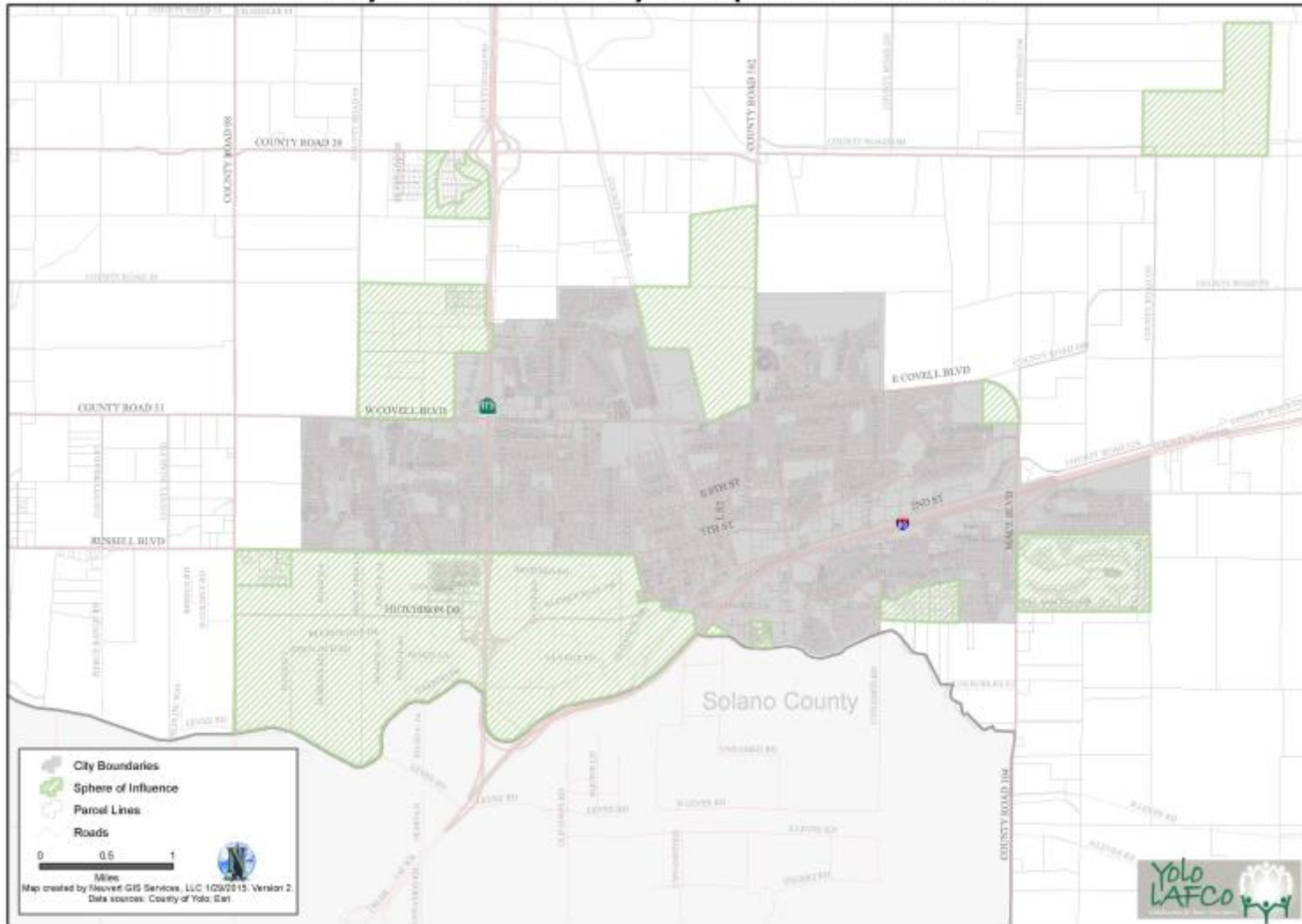
The City of Davis is situated in Yolo County, in the Central Valley of northern California, about 11 miles west of Sacramento, and 72 miles northeast of San Francisco. A major advantage of the Davis region is that it is situated at the hub of several highways, a nearby deep-water port, a major airport, and transcontinental rail lines.

Davis is located within a predominantly agricultural area and separated from surrounding cities in the counties of Yolo and Solano by 5 to 15 miles of agricultural land. Surrounding cities in Yolo County are Woodland to the north, West Sacramento to the east, Winters to the west and Dixon to the southwest. Located between Davis and West Sacramento is the two-mile wide Yolo Bypass—one of the overflow drainways, which provide flood protection for the Sacramento River valley.

Boundaries and Sphere of Influence

The city boundaries cover about 10.5 square miles. The City's sphere of influence (SOI) is larger than its boundary area. When the City's SOI was last updated, Yolo LAFCo had defined 10-year and 20-year SOIs. The Davis 10-year SOI included city-owned properties, including Davis Municipal Golf Course, City of Davis Park on County Road (CR) 102 (Old Landfill Site), Davis Wastewater Treatment Plant, urbanized properties, including El Macero, Willowbank, Royal Oak (formerly Barthel's Mobile Home Park), the Rust home site parcel, the University of California, Davis campus, and undeveloped properties, including the Covell Village parcel, Mace Curve parcel, and Nishi parcel. In addition, the 20-year SOI also included the urbanized property of Cactus Corners (CR 98 and Russel Boulevard) and the undeveloped property of Northwest Quadrant (north to Binning Tract subdivision, east to SR 113, south to Covell Boulevard, and west to CR 99). On January 22, 2016, LAFCo amended its SOI policies to remove the distinction between the 10 and 20-year SOI; accordingly, the City of Davis now has a single SOI with all of the territory previously mentioned included.

City of Davis Boundary and Sphere of Influence



Adopted by Yolo LAFCo

Structure and Governance

The City of Davis is a municipal corporation operating under the general laws of the State of California. The City is a legally separate and fiscally independent agency. It can issue debt, set and modify budgets, collect fees for services, and sue or be sued.

Davis operates under the Council-Manager form of government with a five-member council, elected at large by city residents. The City Manager serves as the administrative head of city government overseeing the departments of fire, police, parks and community services, administrative services, community development and sustainability, and public works.

The City has fourteen council-appointed commissions that are devoted to various aspects of community life including planning, recreation, finance, budget and economic development, natural resources, and university student relations.

In FY 15-16, the City employed a total of 423.21 full-time equivalent employees (FTEs), consisting of 341 regular full-time FTEs, 6.5 regular part-time FTEs, three full-time special (SP) funded regular full-time FTEs, one SP funded regular part-time FTE, and 71.71 temporary part-time FTEs. During the same fiscal year, the City employed 352 regular (excluding temporary) employees, which constituted a reduction of 24.1 percent from FY 07-08.

Municipal Services

As a general-purpose city, Davis provides essential municipal services. Municipal services provided by the City and reviewed in this MSR include:

- Law enforcement,
- Fire,
- Parks and community services,
- Public transit, transportation and streets,
- Water,
- Wastewater,
- Storm sewer, and
- Solid waste.

The City provides some services outside of its boundary area. Some services were extended to areas outside of the City prior to the requirement for LAFCo approval. Davis provides water and wastewater services to El Macero County Service Area (CSA), water service to Willowbank CSA, and wastewater service to North Davis Meadows CSA and a few individual customers in Willowbank CSA, as well as contractual water system maintenance to North Davis Meadows. Davis also provides contractual water and wastewater services to Royal Oak Mobile Home Park. All of these communities, with the exception of North Davis Meadows, are located within the City's sphere of influence.

Additionally, the City of Davis Fire Department provides fire services on a contractual basis to three neighboring fire protection districts (FPDs), including East Davis County FPD, No Man's Land FPD, and a portion of Springlake FPD.

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, **El Macero**, Garcia Bend, Madison-Esparto Regional CSA (MERCSA), **North Davis Meadows**, Snowball, Wild Wings, and **Willowbank**

School Districts:

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

Special Districts:

- Cemetery District – Capay, Cottonwood, **Davis**, Knight's Landing, Mary's, Winters
- Community Service District – Cacheville, Esparto, Knight's Landing, Madison
- Fire Protection District – Capay, Clarksburg, Dunnigan, **East Davis**, Elkhorn, Esparto, Knights Landing, Madison, **No Man's Land**, **Springlake**, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- 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, Knight's Landing Ridge Drainage, **YCFCWCD**

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

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 a significant negative impact on the subject agency's service needs and demands such that agency investment would be required to increase capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's sphere of influence boundary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) The City of Davis is the land use authority within its city boundaries, while Yolo County is the land use authority within the City's sphere of influence and other areas outside of the City's boundaries. The State of California is the land use authority on state-owned lands including the University of California, Davis (UCD) campus. The City of Davis General Plan was last updated in 2001 with a planning horizon through 2007. The housing element that contains the City's population and housing projections was updated more recently with a planning period of 2013 through 2021.

According to the U. S. Census Bureau, the City had a population of 65,622 in 2010, not including the on-campus population of UCD, which was 5,786. Based on Department of Finance (DOF) data, as of January 2015, the City's population was estimated to be 66,757 with total housing units of 26,063, of which 25,174 were occupied, which equates to a 0.3 percent vacancy rate.

Davis saw significant new home development during the 1990s; however, the limited potential for new development has continued to affect the Davis housing market and its affordability. Additional pressure on the housing market was caused by a rise in the UCD student population, which has gone from 25,000 in the 2000-2001 academic year to over 32,000 today. There has also been a corresponding increase in faculty and staff.¹

According to the 2010 U. S. Census, the population of Davis grew by 8.8 percent from 2000 to 2010. However, population growth totaled less than two percent from 2005 to 2010, perhaps due to the slowing economy and the slow rate of new housing development. No new land for development was annexed to the City between 2005 and 2010. There were 619 new in-fill housing units added to Davis between 2005 and 2010. The limited potential for new development is expected to continue to affect the Davis housing market and its affordability. Further adding pressure to the housing market will be the projected continued increase in the UCD student population. Provision of affordable housing is one of City Council's 2014-2016 objectives in their goals.

Because UC Davis is adjacent to the city limits, a significant portion of the housing units in the City are rentals. Approximately 57 percent of the 25,869 housing units in Davis are rental properties and 55 percent of Davis residents live in rental housing. More than 43 percent of the housing units in Davis are multi-unit structures (apartment complexes).²

Most of the City's growth has been in the residential and open space land categories, with a relatively small amount of commercial development. Significant multifamily residential development occurred to meet increasing student population housing needs. In the commercial sector, there was some growth in high technology and tourist related businesses.

The study performed for the most recent housing element update identified the potential for more than 1,000 residential units and 300,000 square feet of retail and office use beyond those in the 1987 General Plan. The study also indicated that the following factors make the financial feasibility difficult for an infill project—the high cost of land, large differences in values per square foot between detached and attached single-family homes, the lack of a difference in impact fees based on the size of the unit, the small difference between development fees for infill projects and peripheral growth areas, and parking requirements versus available space.

¹ City of Davis Budget FY 15-16.

² City of Davis website.

The City's updated housing element uses the Sacramento Area Council of Governments (SACOG) population projections as the City considers them "the most current and geographically detailed projections available for population, households, and employment in the Sacramento region, which were developed for the 2035 Metropolitan Transportation Plan/Sustainable Communities Strategies (MTP/SCS)." The projections for the planned neighborhood at UC Davis, West Village, are derived from information available in the UC Davis 2003 Long Range Development Plan Final EIR, as well as the West Village Implementation Plan. The City's housing element projects that the population in Davis will grow by nine percent from 2013 to 2021 (or by one percent annually) and households will grow by 9.5 percent in the same time period. The City is expected to add 6,868 persons and 3,135 households in the current housing element cycle (2013-2021). These projections do not include any growth that may be anticipated from the West Village project that is built on land outside Davis city limits on UCD property.

Projected population growth increases from nine to 9.3 percent with the addition of full implementation of the West Village project. At build-out, the project was planned to include 663 apartments, 343 single-family homes, 42,500 square feet of commercial space, a recreation center and study facilities. Under the Neighborhood Master Plan for UC Davis West Village, a future construction phase could include another 1000 student beds and 132 single-family homes. However, UC Davis has recently embarked on a process to update its 2003 Long Range Development Plan, which may affect the future development of West Village. The West Village population and household projections only represent a portion of the growth anticipated at UC Davis. Of the students and employees that will not reside in West Village or on campus, the Environmental Impact Report (EIR) projects that a net of 60 additional student and 970 employee households will seek housing in the City of Davis through 2021, based on the University's overall growth projections. While the Village does not make direct use of City infrastructure (i.e., wastewater collection system), the residents do make use of ancillary municipal services such as parks and recreation and transit services, which impacts demand for the City's services.

According to SACOG data, the population of the City of Davis is projected to grow to 69,301 in 2020 and to 78,060 in 2035 (an increase of 22 percent since 2008), while the expected population within the Davis SOI but outside of its boundaries in 2020 is 13,339 and 15,562 in 2035 (an increase of 59 percent since 2008).³ The Department of Finance (DOF) projections show population increase in Yolo County from 201,311 in 2010 to 223,657 in 2020 (an increase of 11 percent), and to 266,653 in 2035 (an increase of 32 percent from 2010).⁴

The City reported that there were 23 proposed and planned projects in and around Davis in various stages of development, details of which may be seen in the table below.

³ SACOG Population Projections.

⁴ California Department of Finance.

YOLO LAFCO MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

Project Name	Address/Location	Status	Use	Units	Commercial Sq. Ft.
2nd and D office	505 2nd St.	Under Construction	2-story office	N/A	3,352
3rd and G retail/office	239 G St.	Under Construction	2-story retail/office	N/A	4,974
5th Street Affordable Site	2990 5th St.	To Be Submitted	Affordable Housing Site	78	N/A
315 D St. Mixed Use Building	315 D St.	Plan Check Review	3 apartment units	3	180
Berrybridge Cottages (Hackberry Affordable Site)	4100 Hackberry Pl.	Planning Application	Single-family dwellings	8	N/A
Cannery Subdivision	1111 Covell Blvd.	Under Construction	Residential & commercial	549	170,000
Chiles Ranch Subdivision	2411 E 8th St.	Planning Approved	Single-family dwellings	108	N/A
Davis Innovation Center	Cowell Blvd.	On Hold	Innovation center	N/A	4,000,000
Del Rio Live Work	2751 Del Rio Place	Plan Check Review	Live work units	16	N/A
DJUSD Site (SACOG grant)	5th and B St.	Planning Grant	Residential	N/A	N/A
Grande Subdivision	Grande Ave.	Planning Approved	Single-family dwellings	41	N/A
					15,000 conf. center & 132 hotel rooms
Hotel Conference Center	1111 Richards Blvd.	Planning Application	Hotel conference	N/A	
Mace & Alhambra Center	Mace/Alhambra Blvd.	Application- On Hold	Commercial center	N/A	56235
Mace Ranch Innovation Center	Mace Blvd.	Planning Application	Innovation center	N/A	2,650,000
Mission Residences	225-229 B St.	Plan Check Review	Condominiums	14	N/A
Nishi/Gateway Innovation District	East Olive Dr.	Planning Application	Residential/Business park	650	350,000
Panattoni (Willowcreek R&D)	Chiles/Cowell Blvd.	To Be Submitted	R&D/Light Industrial	N/A	150-250,000
Paso Fino Subdivision	2627 E. covell Blvd.	Planning Application	Single-family dwellings	6	N/A
Shell Gas Station	1010 Olive Dr.	Planning Approved	Service station/carwash	N/A	3804
Sterling 5th St. Apartments	2100 5th St.	Planning Application	5-story apartments	270	N/A
Trackside Center	901-919 3rd. St.	Planning Application	6-story retail/apartments	48	7330
Trokanski Performance Center	2720 Del Rio Pl.	Planning Application	Performance center	N/A	22,000
URC expansion	1515 Shasta Dr.	Planning Approved	Skilled nursing expansion	17 beds	7413
Villages at Willowcreek	Drummond Ave./Cowell Blvd.	Planning Application	Single-family dwellings	35	N/A

- b) Based on local information regarding affordability, overcrowding, and workforce commuting, there is evidence that the City needs additional rental housing units for students and other low and very low income households, including elderly households, single-parent households, and persons with disabilities.

According to the updated housing element, the City's 2013–2021 housing needs will be provided through a combination of development on entitled sites. Approved units on these sites total 120 housing units. Other sites with residential development potential have received planning permits (334 units). In addition to entitled and pending sites, there are underutilized sites with residential development potential in the City. It is anticipated that the gradual upward demand trend will continue.

Based on the study performed for the housing element update, the City has adequate infrastructure capacity for the 2,300 total units allowed by the City's one percent housing needs policy. In making an assessment of the City's capacity, the following resources were considered:

- Wastewater Treatment Plant Capacity,
- Sanitary Sewer System,
- Stormwater Sewer System,
- City Water System,
- Transportation System,
- Fire Protection, and
- Police Protection.

Although large projects would require additional analysis and potential mitigation measures related to such things as street capacity and traffic impacts, sewer line connections, and other site-specific review items, overall capacity exists for the total number of housing units that could be developed during the current planning period of 2013-2021, which includes the 23 planned and proposed projects outlined in the prior table.⁵

- c) The City's 2013-2021 housing element makes population projections for the eight-year period and plans for the housing needs accordingly. Based on the City's estimates, there will not be a need to annex additional territory to accommodate future residential growth at least through 2021.

As reported by the City, potential residential growth areas outside of the Davis boundaries are El Macero, Royal Oak Mobile Home Park, Willowbank, Binning Tract, and Cactus Corner. None of these areas, however, are anticipated to be annexed in the near future. According to the Davis Community Development Department, none of the communities served by the

⁵ City of Davis General Plan Housing Element 2013-2021.

three CSAs surrounding the City (El Macero, Willowbank and North Davis Meadows) have expressed interest in being annexed. The City would reportedly not pursue annexation without resident support. The Royal Oak Mobile Home Park is an unincorporated island substantially surrounded by the City and is considered to be a Disadvantaged Unincorporated Community as discussed in the following section. The Park receives out of area water and wastewater services from the City. The area should be considered for annexation by the City; however, the preferences of the landowner are unknown at this time.

The UC Davis West Village, which is included in the City's projections and planning and is located within the City's SOI, is similarly not anticipated to be annexed in the near future.

The City is considering annexing additional territory to accommodate business growth in the form of three innovation centers. The projects are in various stages of consideration. The City Council has approved the Nishi Innovation Center, and the subject territory is within the City's SOI and would need to be annexed prior to initiation of the project. Mace Ranch Innovation Center, which is under consideration, would require prior expansion of the SOI for annexation into the City. However, the applicant for the Mace Ranch Innovation Center put this project on hold as of April 13, 2016. The proposed Davis Innovation Center is also on hold and annexation of that area is not under consideration for the near future; however, the property where the project has been considered is within the City's SOI.

The City reported that there were discussions of expanding the City-owned Davis Golf Course, which is presently outside of the City's boundaries but within its SOI. Should the golf course property be expanded in the future, the additional property would need to be added to the City's SOI for consistency with the rest of the golf course. At present, there are no specific plans for expansion to prompt an SOI expansion.

Growth and Population MSR Determination

The City of Davis is projected to grow at a steady but moderate pace for the next five to 10 years. According to the City's estimates, Davis has sufficient infrastructure capacity to accommodate planned growth.

Based on local information regarding affordability, overcrowding, and workforce commuting, there is evidence that the City needs additional rental housing units for students, members of the local workforce, and other low and very low income households, including elderly households, single-parent households, and persons with disabilities. There is also a need for permanent supportive housing units to serve extremely low income individuals, who are homeless or at-risk of homelessness. While there are pressures to increase housing within and outside of the City, the City's Housing Element indicates that residential growth can be accommodated through 2021 without annexation of additional territory. As a result, no changes to the City's SOI are necessary to address residential growth at this time.

While the City does not plan to annex territory to accommodate residential growth at least over the next five years, there are plans to expand to include properties with proposed innovation

centers in order to attract and retain growing technology companies in the City. The proposed Mace Ranch Innovation Center (currently on hold) is the only proposed project that is located outside of the City's SOI which will require an SOI expansion prior to annexation.

Recommendations

None.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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) that do not already have access to public water, sewer and structural fire protection?	<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 City of Davis provides water, wastewater, and fire protection services that would potentially activate the provisions of SB 244.
- 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 (\$129k)

Capay
Clarksburg
Dunnigan

El Macero (\$144k)

El Rio Villa
Esparto
Guinda
Knights Landing
Madison
Monument Hills

North Davis Meadows

Patwin Road

Royal Oak (\$40k)

Rumsey
West Kentucky
West Plainfield
Willow Oak

Willowbank (\$105k)

Yolo
Zamora

According to the U.S. Census, the median income for the Census Tract of which Willowbank is a part of is \$105,607,⁶ and the El Macero community has a median household income of \$144,063,⁷ both of which are well above 80 percent of the statewide median household income of \$48,875.⁸ Household income information in North Davis Meadows was not available; however, based on property values in the community, it is estimated that North Davis Meadows' median household income is similarly higher than the 80th percentile of the statewide median household income. The City's SOI also includes the community of Binning Farms, the median household income of which is \$129,000, which is also higher than the 80 percent of the statewide median household income based on information collected by Statistical Atlas.⁹ All four communities are considered inhabited unincorporated communities, however not disadvantaged based on the information regarding the respective median household incomes.

Royal Oak Mobile Home Park is the only unincorporated community within or adjacent to the City's SOI that is considered "disadvantaged". Based on information from Statistical Atlas, the community's median household income is about \$40,000, which is below the 80th percentile of the statewide median household income, and therefore Royal Oak is considered a Disadvantaged Unincorporated Community (DUC). Although Royal Oak is considered a DUC, the community already has public water, sewer and structural fire protection services provided by the City of Davis. Therefore, the provisions of SB 244 are not applicable to this MSR/SOI.

⁶ US Census, 2010-2014 American Community Survey 5-year Estimates, Census Tract 106.07 Block Group 1, Median Household Income in the Past 12 Months (in 2014 inflation-adjusted dollars).

⁷ US Census, 2010-2014 American Community Survey 5-year Estimates, Census Tract 104.01 Block Group 1, Median Household Income in the Past 12 Months (in 2014 inflation-adjusted dollars).

⁸ In 2009-2013, the statewide median income was \$61,094, according to the U.S. Census Bureau.

⁹ <http://statisticalatlas.com/place/California/Davis/Overview>. Statistical Atlas collects information from U.S. Census Bureau and American Community Survey.

- c) The Royal Oak community, as was already mentioned, is located within the City's SOI just to the south of its boundaries and characterized by a number of mobile homes, low income population, and high criminal activity. The community is served with water and wastewater by the City of Davis on a contractual basis. These services are provided to the same level that they are provided within the City's boundaries. Fire services are also provided by the City of Davis through a contract with the East Davis County Fire Protection District that contains the Royal Oaks community in its boundaries. Therefore, no agency reorganization is necessary to serve this community.

Disadvantaged Unincorporated Communities MSR Determination

The City of Davis' SOI and surrounding area includes five inhabited unincorporated communities, including Binning Farms, El Macero, North Davis Meadows, Royal Oak, and Willowbank. Only Royal Oak, however, is considered to be disadvantaged. The Royal Oak Mobile Home Park, located to the south of the City, is within its sphere of influence. However, Royal Oak is currently provided with water and wastewater services by the City of Davis on a contractual basis, and with fire protection services by East Davis County Fire Protection District. Water and wastewater services are provided at the same level as other parts of the City's service area and fire services are consistent with services provided throughout East Davis County FPD. Therefore, no agency reorganization is necessary to serve the Royal Oak Mobile Home Park.

Recommendations

None.

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 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"/>
b) 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"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input 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-c) The City of Davis provides seven municipal services that are evaluated as part of this service review, including fire, police, water, wastewater, solid waste, transportation, and parks and community services.

Parks and Community Services

Parks and recreation services for the City are provided by the Davis Parks and Community Services Department that consists of three divisions—parks and urban forestry, aquatics, and community services.

The Parks and Urban Forestry Division provides comprehensive management of City-owned assets, including community and neighborhood parks, greenbelts, streetscapes, athletic fields, community gardens, urban trees and select open space areas. The division performs a wide range of planning, maintenance, repair, and rehabilitation, along with managing the work of subcontractors to provide public with recreational facilities.

The Aquatics Division is responsible for the maintenance of four pool complexes that include nine bodies of water and one splash pad. City aquatics summer programming consists of learn to swim programs, recreational swim opportunities, and instructional programs to train lifeguards and swim instructors.

The Community Services Division provides a wide variety of recreational opportunities, including alternative recreation for persons with disabilities, community events, gymnastics and dance programs, outdoor education, specialty camps, special interest classes, teen and senior services, youth and adult sports, and the rental management of community facilities, athletic fields, park and picnic areas. Community Services also manages the operation of the Davis Community Transit, providing Paratransit services required by the Americans with Disabilities Act (ADA).

Davis' park amenities range from picnic facilities, ball fields, and swimming pools to wildlife habitat. Central Park includes the U.S. Bicycling Hall of Fame, California Bicycle Museum, and the Davis Farmer's Market. There are 36 parks and 485 acres of improved developed landscape owned and maintained by the City. There are also over 50 miles of bicycle paths. The following table outlines the facilities that are maintained and made available to the public. In addition, demand statistics for FY 14-15 are shown in the form of number of enrollees in recreation programs and the number of facility rentals during the year.

Parks and Community Services Statistics (FY 14-15)	
Recreation program enrollees	16,583
Facility, picnic and field rentals	16,748 (clients served)
Reservable picnic areas	12
Pools maintained	9
Volleyball courts	7
Neighborhood and community parks	34
Total acres of landscape maintained	485
Total acres of open space maintained	570
Miles of greenbelts	55
Athletic fields maintained	24
Battling cages maintained	1
Dog park/exercise areas	4
Basketball and hard courts	13
Playgrounds maintained	65
Skate park	1
Restroom facilities maintained	22
Tennis courts	32

Capital outlay expenditures for the Department are largely equipment replacement and building maintenance costs. Playground replacements were added in FY 15-16 for Walnut Park (\$75,000) and Northstar Park (\$65,000). Also new storm water pollution prevention plan compliant trash and recycling containers are being purchased for parks throughout the City (\$35,000), as well as one-time funding of \$8,500 for upgraded credit card readers to comply with new federal requirements effective November 2016. The Parks & Community Services Department is also planning to replace the west foyer exterior door at the Civic Center Gym and repair the clay tile roof at the Senior Center for \$57,000. Additional projects are planned for Oxford Park improvements, Veterans' Memorial Center, and the Senior Center patio.

Adequacy

The City of Davis General Plan sets the Level of Service (LOS) for standard recreation (community, neighborhood and mini parks) at 3.8 acres per 1,000 persons. The City's current LOS is about three acres per 1,000 population, which is 0.8 acres per 1,000 people below the adopted standard. The City further estimates that based on the projected 2020 population in the City, the LOS will be 1.2 acres per 1,000 residents below the established standard.

The City is in the midst of planning for a sports park, which would increase park acreage available to public. It was estimated by the City that the addition of the 100-acre Sports Park will achieve the level of service standards for park acreage. The Sports Park was planned for back in 2001, but temporarily put on hold due to the economic downturn. The City is now interested in resuming the project. The acquisition of additional neighborhood park acreage associated with new residential development will also allow the City of Davis to meet or exceed the established level of service. In accordance with the State of California Quimby

Act, developers must dedicate either land and/or pay an in lieu fee equivalent to five acres of parkland for every 1,000 people that result from residential development. Furthermore, the City of Davis may require additional funding for the construction of new parks through a development agreement negotiated as a part of granting land use. The Parks and Recreation Facilities Master Plan projects four new neighborhood parks amounting to a minimum of 24 acres total to be constructed through development agreements.

To further assess its park and recreation service adequacy, the City benchmarks its services with those provided by other cities and park service providers in the area, including the City of Woodland, the City of West Sacramento, Fulton-El Camino Recreation and Park District (RPD), and Carmichael RPD.

The City of Davis is above average when compared to other communities in the provision of soccer, football, and rugby fields, basketball and tennis courts, as well as playgrounds and pools.¹⁰ The City of Davis provides a lower level of service than neighboring jurisdictions in the provision of adult and older youth baseball facilities, as well as volleyball courts, gymnasiums and community centers. The City of Davis provides residents with greater access to developed recreational opportunities and natural areas than comparable communities.

Park access is another key criterion in establishing an appropriate level of service for the provision of parkland. In the City of Davis, the analysis of park access is based on a starting premise that most residents should live within 3/8th of a mile of a park that provides basic recreation opportunities. Most communities in California employ a half-mile standard for neighborhood parks, which is a lower standard than the City's operating premise. Based on the analysis, Davis residents have very good and widely-distributed access to park facilities.

According to the City's Park and Recreation Facilities Master Plan, all the parks and facilities have been evaluated. The assessment generally found that all the facilities are well maintained. It was also determined that a number of neighborhood and mini parks have inadequate lighting and safety issues, while community parks are generally safe and well-lit.

The study recommended several key improvements that included:

- Where possible, develop hiking and biking connections.
- Davis parks should be easily accessible by public transit.
- Park signage should be improved from fair to good.
- Safety and visibility in parks should be further improved.

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on the type of service provided. Generally, capacity may be assessed through

¹⁰ City of Davis, Parks and Recreation Facilities Master Plan Update, 2012, p. 56.

service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including finances, and ability to satisfy current and future demand.

- Based on the assessment of the Parks and Community Services Department's service adequacy, the City's capacity to provide park and recreation services is sufficient.
- Davis will have to acquire additional neighborhood and mini parks to meet its LOS and accommodate future population growth.
- The City's recreational users are primarily city residents and UC Davis students. Any increase in either the student population or city population would likely result in an increase in demand for city recreation services that would have to be accommodated.
- The City assessed infrastructure needs and necessary improvements and outlined its short- and long-term goals accordingly in the Park and Recreation Facilities Master Plan, as well as annual budgets.
- The City's analysis of indoor recreational facilities revealed that these facilities have adequate capacity to serve the community.
- It is expected that the City's existing recreational facilities will be more heavily utilized in the future as population and demand grow, triggering the need to potentially increase the Department's facility maintenance capacity.

Fire

The City of Davis Fire Department (FD) provides all-risk response, prevention, and preparedness services to the community. The Fire Department responds to structural, vehicular and vegetation fires, medical and rescue incidents, hazardous materials and conditions calls, special operations (confined space, trench, low angle, and water rescue), public assistance requests, and other emergencies. The prevention services provided by the Department include fire and life safety inspections, plan review services, fire safety and prevention public education, fire investigations, and a youth fire diversion program. The Department's training division prepares firefighters for response to a wide range of incidents, which may occur in the community.

The mission of the City of Davis Fire Department is to protect life, property, and the environment in its service area. The Department will deliver these services to the community through an efficient and effective use of its resources, while always providing the highest quality of customer service.

Since 2008, when the most recent MSR was completed for the City of Davis, its Fire Department implemented some changes to its service provision structure that primarily involved new service sharing arrangements with other agencies to increase efficiency and cut costs. For instance, 30 percent of the City's fire marshal position time is now contracted

to the City of Woodland for fire prevention services. The City of Davis also entered into a shared fire management agreement with UC Davis in January 2014 to provide a single management team to operate both agencies. In 2013, the City entered into a shared services agreement with Yolo County to provide emergency management, disaster planning, and continuity of services. Additionally, the City's FD is a part of the West Valley Regional Fire Training Consortium (WVRFTC) for training services. The WVRFTC is responsible for developing, delivering, and coordinating training activities for the City's Fire Department.

The Fire Department has contractual agreements with the East Davis County Fire Protection District (FPD), the Springlake FPD and No Man's Land FPD for emergency response to these areas. The City and these three districts are divided into seven emergency first-response areas. These areas provide a clearly defined territory for dispatching the nearest fire and EMS personnel and equipment to an emergency.

The total service area covered by the Davis Fire Department consists of the entire City of Davis, the East Davis County FPD (El Macero, Willowbank, and areas east and northeast of Davis), No Man's Land FPD (rural area south of Putah Creek in Yolo County), and a portion of the Springlake FPD (Binning Tract, North Davis Meadows, and other areas north of Davis). The population served by the Department within its service area is 68,894 within a protected area of 133 square miles.

The Department has an automatic aid agreement with the cities of Woodland, West Sacramento and Dixon and a mutual aid agreement with all other fire protection agencies in Yolo County and in the State of California.

All of the City's firefighters are certified Emergency Medical Technicians (EMT), allowing the first responders to provide emergency services on many calls such as vehicle accidents. Ambulance services are provided by American Medical Response (AMR), a private provider. AMR has ambulances located within the City.

The Department operates out of three fire stations located in central, west, and south Davis.

Station 31 is known as the "headquarters station" or the downtown station and it is located at the corner of 5th and E Streets. It is the station with the highest call volume (over 50 percent of the calls occurring in the City are responded to by the staff at this station). The station was built in 1965.

Station 32 built in 1985 is known as the West Davis station and located on the corner of Arlington and Lake Boulevards. The response area for this station includes the west and north sections of Davis and the Springlake FPD territory.

The response area for Station 33 is the east and south sections of Davis, including Interstate 80 and the Causeway. Station personnel are also responsible for responding to East Davis County FPD and No Man's Land FPD, which is south of Davis. The station was built in 1964.

Department apparatus consists of three engines, one rescue, one squad, two grass/wildland units, one water tender, two reserve engines, three command vehicles, two fire prevention staff vehicles, and two antique fire apparatus.

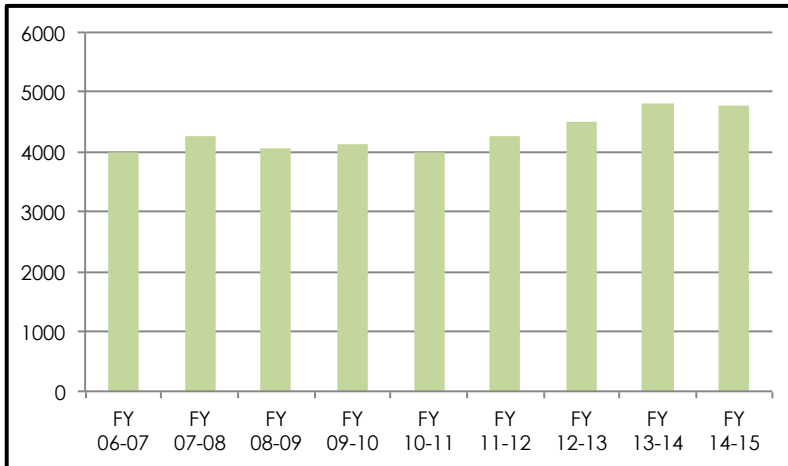
Dispatch services for the Fire Department are provided by the City's Police Department. Davis does not, however, provide emergency medical dispatch, pre-arrival dispatch, or priority dispatch of units based on incident severity, which are all best management practices provided by **the Yolo Emergency Communications Agency (YECA), a joint powers authority for shared dispatch services which includes the cities of West Sacramento, Woodland, Winters, Yolo County and the Yocha Dehe Wintun Nation.** ~~Yolo County dispatch.~~ The City Fire Department indicated that it may be more beneficial for it to receive dispatch services from **YECA** ~~the County~~; however, Davis Police Department is not amenable to the idea as the Department reported it would have to retain a similar staffing level to continue dispatch operations regardless of the reduction in demand as a result of no fire service calls. Additionally, the services can be provided by the Police Department, if the Fire Department were to make slight technology upgrades to their fleet and American Medical Response ambulance has already agreed to provide pre-arrival at no cost to the City. There have been considerations of regionalization of dispatch in some form, but at the present, the Police Department maintains that a transition of all city dispatch to **YECA** ~~the County~~ would result in a decline in level of services provided.

In FY 14-15, the City's Fire Department implemented multiple measures to improve the Department's efficiencies and infrastructure. The Department developed several new Standard Operating Guidelines, assisted with an International Organization for Standardization (ISO) review, and continued to work on accreditation. Improvements to the three fire stations included furniture replacement and organization. Department staff discussed, created a site plan and issued a bid for a shipping container training prop at Station 33. Staff also began discussion and review of sites for a department training tower. A committee was formed to begin the planning process for the re-build of the downtown station. The Fire Department's website was also updated.

Looking into the future, the Department would benefit from more advanced traffic control, which would improve response times and safety and cost less than additional fire stations.

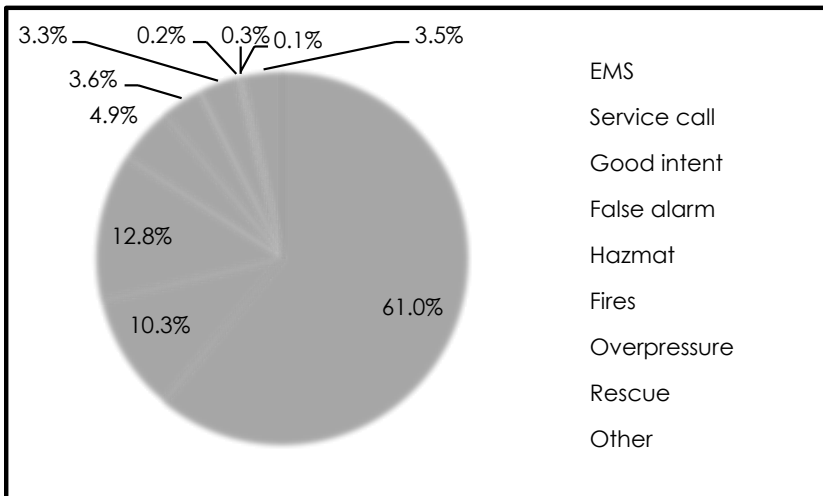
Capital expenditures planned for FY 15-16 include safety equipment replacement such as defibrillation equipment (\$22,000), spreaders/cutters/rams (\$61,000), turnouts \$20,000, a one-time purchase of an extractor turnout washer (\$35,000) and other miscellaneous safety equipment (\$5,000).

Adequacy



Over the years as the population of the FD's service area has increased so have the requests for service, as is depicted in the graph of calls over time shown here. Demand for emergency medical services has also been heavily impacted by a large number of senior and assisted living centers in the City.

In FY 14-15, the total number of calls was 4,787. Calls for emergency medical services made up 61 percent of all the calls, while fires accounted for 3.3 percent, as is shown in the accompanying figure. In FY 14-15, the Department responded to 11 mutual aid requests for staff and equipment to help fight fires all across the state of California.



Fire services in the communities are classified by the Insurance Service Office (ISO), an advisory organization. This classification indicates the general adequacy of coverage, with classes ranking from 1 to 10. Communities with the best fire agency facilities, systems for water distribution, fire alarms and communications, and equipment and personnel receive a rating of 1. The City of Davis Fire Department's ISO rating is 4.

The City's response time goal for its Fire Department is five minutes 90 percent of the time that includes a call processing time of 50 seconds, a personnel turnout time of 60 seconds, and a travel time of three minutes 10 seconds. In 2012, the City met its goal 42 percent of the time. In 2015, Davis met its goal 68 percent of the time. The improvement may be attributed to the City's agreement with UC Davis. The City's Fire Department meets the NFPA 1710 response time standard of six minutes 86 percent of the time.

It was reported by the City that in its northern areas the response time objective is consistently not met, sometimes exceeding the adopted goal by as much as two minutes. The Fire Department looked into relocating the downtown station to the north, but it would have compromised service to the higher-volume area in the City and the Interstate 80 corridor. A solution has not been reached on how to better serve this area and where to acquire an additional source of financing. As reported by the Fire Department, contract service areas including East Davis, No Man's Land, and Springlake FPDs do not suffer from any response difficulties.

The Fire Department routinely evaluates its own performance through annual reports and monthly performance audit reports. Time sheets are completed bi-weekly and the fire personnel's activities are logged by various applications, including fire incident reporting software, the City's computer aided dispatch system, and training management software.

Long-term objectives are established by the City Council and the City Manager with Fire Department collaboration. The Department uses response data to analyze trends in service demand over time, population, demographics, and other appropriate criteria.

The Department conducts extensive public outreach. In FY 14-15, the engine companies made 52 public education contacts.

If a customer is dissatisfied with the Department's services that customer could submit a complaint either through the City's customer response manager software on the City's website, by email to the Fire Department, or by telephoning the City Manager or the Fire Chief's offices. A complaint no matter how it is received is forwarded to the appropriate staff or department. Once the problem has been investigated and resolved the complainant is provided with the resolution via email or phone.

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on the type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including finances, and ability to satisfy current and future demand.

- As reported by the City's Fire Department, it currently has sufficient capacity to provide services to the existing city boundary area.
- The Department will have difficulty serving future growth without additional resources. The Fire Department would need an additional station for the mid-northern area, as well as additional resources in the southwest. The least impacted areas will be eastern and northern developments.
- Due to the geographic locations of the City's fire stations, the first due response time to a small portion of the north areas of Davis exceeds the Department's response time goal.

- The Department reportedly has not received any complaints in 2015.
- The City undertakes sufficient planning efforts for the Fire Department's infrastructure needs and performs timely facility and apparatus upgrades and maintenance.
- Although the Department's level of financing is sufficient and supports the current level of services provided, there is no room for additional resources or improvements. Personnel have been reduced in the last several years to cut costs, and there are currently no opportunities to rehire lost positions.
- Due to the reduction in the number of firefighters on each company from four to three over the last five years, lengthy response times to specifically fires in more distant areas (Station 33 response areas) have been exacerbated, due to guidelines that require a four man team on scene for two to enter and two to remain outside.
- The Fire Department is served by the City's outdated dispatch system and may benefit from receiving dispatch services from ~~Yolo County~~ **YECA**.

Law Enforcement

Law enforcement for the City of Davis is provided by the Davis Police Department (PD). The mission of the Police Department is to help create and maintain a community where all who live, work, learn, and visit the City of Davis may attain the highest quality of life and security. The Department does this by working with the community, promoting safety, and reducing crime.

The Police Department is organized into four divisions consisting of administration, patrol, investigations, and records and communications. The Administration Division provides overall management, planning, coordination, and evaluation of the department functions, while the Patrol Division provides first-line emergency response to crimes in progress, traffic collisions, and tactical situations. The Patrol Division handles a combined average of 4,280 calls for service and officer initiated activity calls per month. The Investigation Division takes care of major criminal investigations of all types and missing persons. In calendar year (CY) 2014, the division handled 367 assigned cases. The Records and Communication Division receives all emergency 911 and non-emergency calls for service and ensures that appropriate resources are dispatched, as well as maintains all departmental records.¹¹ The dispatch center is staffed with a minimum of two dispatchers 24 hours a day, seven days a week, 365 days a year. Dispatch staff are responsible for answering all 911 lines, seven-digit police and fire emergency lines, business and internal lines—for a total of 20 different phone lines. Along with those duties the center is also responsible for police and fire dispatch radio communications. In 2014, the division handled over 99,000 incoming and out-going phone calls—emergency and nonemergency combined.

¹¹ The City of Davis Police Department Annual Report 2014.

It was reported by the City that generally services were equally provided everywhere in the City; however, the Department participates in a memorandum of understanding (MOU) with UC Davis according to which the primary responder to UC properties within the City is the University, while Davis PD is a secondary responder. Based on the MOU, the first responder may be the department that is on scene first. The City also contracts for patrol of private properties and parking lots. There are select properties within the City that are owned by Yolo County, such as an administrative building and a library, but the City is the responder on these properties.

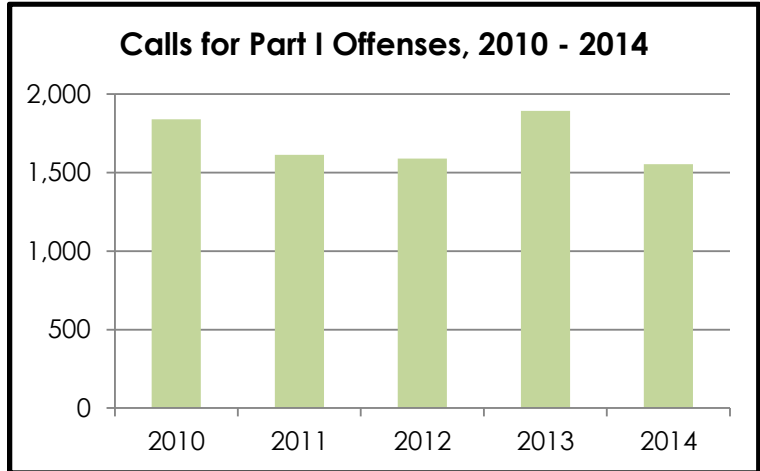
The Davis Police Department has an authorized force of 61 sworn officers. In addition, the Department employs 37 civilian employees who provide services such as finance, executive support, records, dispatch, property and evidence, crime analysis, crime prevention programs, youth intervention and diversion services, code compliance, graffiti abatement, parking enforcement, vehicle maintenance, and volunteer services. Additionally, there are more than 60 civilian volunteers (VIPS) and cadets, who assist the Department with such services as code compliance, graffiti abatement, vehicle and bicycle abatement, parking enforcement, vacation house checks, downtown host services, and assist patrol with events such as Picnic Day, Davis Neighbors Night Out, and the Annual Holiday Parade and Tree Lighting.

The Department is staffed by one police chief, two deputy police chiefs, one executive assistant, one intelligence/resource analyst, six police corporals, 0.6 fiscal analyst shared with the Fire Department, three police lieutenants, 41 police officers, four records specialists II, nine sergeants, 10 police services specialists, one police services specialist supervisor, one public safety dispatch supervisor, two public safety dispatchers I, ten public safety dispatchers II, one records and communications manager, one records supervisor, one youth intervention specialist, 2.07 community service officers, 1.22 police officer trainees, and 0.17 public safety dispatcher II.

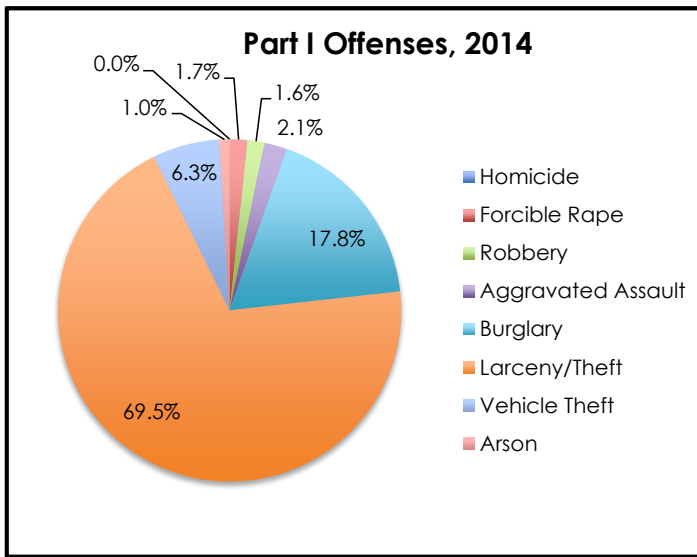
Since the City was last reviewed in 2008, the Police Department started providing new services that include a restorative justice program (Neighborhood Court) in conjunction with the Yolo County District Attorney's Office, neighborhood watch toolkits, social media tools and alerts (Facebook, Twitter, NextDoor, Nixle), crisis intervention training for patrol response (response to persons with disabilities and/or mental illness), and formed a Special Assignments and Focused Enforcement (SAFE) team.¹² The City's Police Department also ceased to provide certain services since the last MSR period, such as online crime mapping, Public Safety Day, red light camera traffic enforcement, youth academy, patrol response to unverified burglar alarms, and patrol response to various low-level/quality of life calls.

¹² In response to the rising residential burglary rate in 2013, the Davis Police Department established a new team, the Special Assignments and Focused Enforcement (SAFE) Team. The Team provides the department with the ability to quickly address emerging crime trends and problem areas, and allows the department to direct trained investigators to a specific problem.

The Police Department provides services out of one police station. In 2014, Davis PD responded to 57,371 calls for service, 13,690 911-calls, and 1,554 Part I offenses that include homicide, rape, robbery, aggravated assault, burglary, larceny, arson, and motor vehicle theft. Larceny and theft was the highest demand category as shown in the chart. To distinguish between the various categories of theft, larceny/theft is the act of



taking another's property, burglary generally involves the act of breaking and entering to take property, and robbery is the forced stealing of an item from a person.



The City's Police Department reported that its demand had increased overtime; specifically, there has been an observed increase in fraud, cyber crime, and identity theft. Demand for Part I offenses has been fluctuating, as shown in the accompanying graph.

The main sources of income for the Police Department are the General Fund (87 percent), fees and charges, grants, public safety service fee, internal service fund, and special revenue funds.

The largest expense category is patrol (55.2 percent), followed by administration (17.8 percent) and records and communication (14.2 percent), investigative services (10.8 percent), and parking enforcement (two percent).

The Davis Police Department routinely evaluates its own performance through annual reports and unit analyses. The latest analysis performed was for calendar year 2014. The Department staff workload is tracked through computer aided dispatch, productivity reports, and report tracking. Long-term goals and objectives are established through the strategic planning process. The most recent strategic plan for the Department was adopted in 2009 and had a planning horizon of three years. The Department's goals have since been included in the citywide strategic plan. The Department forecasts service needs through constant review of best practices, growth projections, and analysis of local and regional trends.

If a customer is dissatisfied with the Department's services, that customer can submit complaints directly with a department or through the police auditor.¹³ All complaints are investigated and tracked. A deputy chief logs and tracks all the complaints.

In the last five years, the Department has completed multiple efficiency improvements and cut costs in various areas to cope with the challenging financing situation caused by the most recent economic recession:

- Comprehensive analyses have been conducted on the traffic unit, investigations unit, K9 unit, and parking unit. Changes to services have been made accordingly.
- In cooperation with the Yolo County District Attorney's Office, Davis Police Department takes part in the new restorative justice program. The intent of the Neighborhood Court is to address nonviolent and low level crimes through community-based solutions to swiftly redress the harm caused by these offenses outside of the traditional criminal justice system to reduce recidivism and restore the victim and community.
- The PD has improved its overtime tracking and monitoring.
- The Department applied for and received multiple grants; it continues to apply for grants as an alternative revenue source.
- The Department improved information sharing and crime analysis and intelligence.
- Civilian staffing reductions (records specialist and CSOs) have been executed.
- The PD implemented and coordinated a volunteer program.
- The Department enhanced crime analysis.
- Calls for service and beat analysis have led to more efficient patrol staffing.
- The Department increased flex-staffing usage.

To take advantage of untapped opportunities for efficiency and service improvement, the Department attempts to form more partnerships with County and regional agencies. According to the PD, services such as crime scene response, evidence processing and handling, SWAT, and identity theft response can potentially be shared or further regionalized. Since the nature of crime has shifted more from local to global targets (cyber crime, identity theft), there are many opportunities for future collaborations and resource sharing.

¹³ In 2006, the City Council created a part-time Independent Police Auditor position. The Davis Independent Police Auditor is an independent entity hired to assist with concerns about the Police Department and to make recommendations to improve the delivery of police services. The Police Auditor reviews citizen complaint investigations, takes citizen complaints about the Police Department from people who do not feel comfortable going directly to the department, and interacts with community members and organizations.

In FY 14-15, the Department received a grant for \$25,000 from the Department of Homeland Security for the purchase of communications equipment and pole cameras. These funds were unspent and available to carry over into FY 15-16.

Adequacy

According to several service adequacy indicators, including response times, range of services provided, officers per capita ratio, and number of complaints, the City's Police Department's services are moderately adequate.

Due to the economic recession and consequential financing constraints, the Department's services have been negatively affected. The PD had to cut the number of services or reduce the portion of time dedicated to a specific service. The Department no longer responds to non-injury traffic collisions and burglar alarms, does not provide as much routine patrol, and no longer works with children (other than a designated school resource officer at the secondary school level).

The situation is further exacerbated by reductions in staff. The Department currently has a ratio of 0.9 sworn officers per 1,000 residents. Although, there are no established State or national standards for police staffing levels, according to the FBI data in 2014 police departments nationally employed an average of 2.3 full-time sworn personnel per 1,000 residents; similarly, in California the ratio was 2.3. During the same year, the City of Davis had a ratio of 0.9 officers per 1,000 population.¹⁴ The Department's ratio has not changed since the City was last reviewed in 2008, but the Department is largely affected by high-density developments and population growth that have occurred outside of the city limits, particularly in UC Davis.

According to the Davis Police Department response times for Priority 3 crimes have increased due to resource cuts, but response times to Priority 1 and Priority 2 calls have not changed.

The Police Department reported that in 2014 it received 12 complaints, all regarding the Department's performance.

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on a type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including financial, and ability to satisfy current and future demand.

- The Department reported that it had sufficient capacity to provide services at the current level to the current service area. However, services have been reduced and

¹⁴<https://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2014/crime-in-the-u.s.-2014/police-employee-data/main>

the Department no longer responds to low-level service calls. Services are expanded or reduced according to the available level of financing.

- Generally, it was reported that no matter the future growth, the Department will provide services that it is able to provide with available resources. More officers may not reportedly prevent more crimes, but might be able to solve a larger number of them. The primary challenge, as seen by the Department, will be to match constituent expectations of service and the actual level of service that the Department is able to provide within limited resources. This balancing act is reflected by the complaints with regard to performance that the Department has received.
- While capacity and level of dispatch services is adequate for law enforcement purposes, improvements could be made to enhance dispatch services for fire and emergency medical services, such as emergency medical dispatch, pre-arrival dispatch, or priority dispatch of units based on incident severity. The Department does have the ability to provide proximity dispatching for fire units based on incident severity, although the Fire Department would have to agree to make slight technology upgrades to their existing fleet. Additionally, the Department will be finalizing an agreement with American Medical Response to do pre-arrival instruction.
- The City reported that there were no particularly challenging areas to serve within the city limits. The area is divided into beats to which officers are assigned.
- As previously mentioned, one of the City's principal challenges is its inability to fill vacant positions in the Police Department. Davis is currently attempting to increase compensation and benefit offers to attract qualified candidates.
- Limited financing has also caused deferred infrastructure maintenance and equipment replacement. The Department is trying to catch up, and is currently updating its computer system.

Public Works Department Services

The City of Davis Public Works Department performs administrative, technical, and operational activities in support of the City's infrastructure and related services in the areas of transportation, wastewater, storm drainage, water, engineering, solid waste, fleet, building facilities, and capital improvements. Municipal services reviewed in this report include transportation, water, wastewater, storm drainage, and solid waste.

The Department's operations and productivity are routinely evaluated. Some of the City's federally funded capital improvement projects, for example, are audited by state and/or local agencies, such as Cal Trans, FTA, and CAL-EMA to name a few. The California Department of Water Resources annually inspects the Davis water system. The wastewater treatment plant (WWTP) is inspected annually by the Regional Water Quality Resources Board (RWQCB). The City is required to submit self-monitoring reports on the WWTP monthly,

quarterly, and annually to the RWQCB for compliance purposes. The collection system is regulated under a general permit and evaluated according to assessment requirements. Department staff work to accomplish the City Council's goals, as well as those set annually by the Public Works Department itself.

The Department also evaluates its own performance. To oversee capital improvement projects, public works tracks the budget and schedule of construction contracts, the consultants, and city staff. The Department compares the actual amounts expended to budgeted amounts. The City also holds 'lessons learned' meetings after significant projects to discuss and assess ways to perform more efficiently or to cut costs. Individual employees of the Public Works Department are evaluated annually. The City's annual budget includes a list of goals for the preceding year and for the upcoming year. The budget report states whether the goals from the preceding year were achieved.

The Department tracks the workload handled by its staff through timesheets for hours worked by program, project, and funding source. The City also uses a work order system, operation sheets, maintenance sheet logs, and time cards to quantify work completed. Work orders and requests for service are tracked through software systems. The wastewater treatment plant has a log book to record all process changes made to the plant.

As already mentioned, goals for the Department are established by the City Council through the budgeting process and employee evaluations that include objectives for the next year. Age, condition, and community growth are factors used in determining the goals in connection with maintaining the City's water system in an optimum condition. For the Department's wastewater services the main focus is on customer service and improving efficiency. Frequently goals are established based on regulatory requirements.

The Department forecasts service needs based on past experiences. The Water Division also has multiple tools to forecast its future needs, such as pump and motor efficiency testing to determine if there is a performance drop off, which would indicate a potential for failure. The Department performs corrosion studies of the City's distribution system to reveal problem areas that may need attention. Future needs are also based on projected growth using existing infrastructure as a baseline. In addition, the useful life of infrastructure such as striping and roads give an indication of future needs.

- The Department is engaged in multiple efforts to cut costs and improve efficiency.
- The Water Division has begun a community outreach program to encourage residents to conserve water.
- The Water Division also uses only premium efficiency pump motors since electrical costs are the division's largest expense.
- The City is undergoing an LED conversion project to conserve electricity and reduce maintenance costs.

- The Department initiated an evaluation process of its wastewater collection system to set achievable goals and improve efficiency in work practices. The assessment is currently in draft stage and should be completed by June 2016.

The Department has enhanced revenue sources by appropriately charging developers for review and inspection work for new developments. The City is also in the process of performing a connection fee study to determine whether the Department charges enough to cover the cost of connecting to the water system.

If a customer is dissatisfied with services provided by the Department, that customer may submit complaints through several website portals, including the water portal, PWweb portal, WaterInsite, and Citizen Response Management (CRM). During normal working hours a resident can also call the Department directly to lodge a complaint.

Complaints are forwarded to the appropriate staff member the same day. Staff attempts to address complaints within a day. However, frequently complaint resolution requires multiple communications with the complainant. While the Department receives complaints regarding water quality, water waste, water leaks, and leak detection, as well as complaints related to road condition, the most frequent complaint type is sewer related.

Complaints are tracked via software and through resulting work orders. All requests for service or complaints are entered into the work order system. Once resolved the work order is closed, and detailed comments are provided for future reference. The complainant is provided with the results. The work order system provides tracking of how a complaint was handled.

A major part of capital outlays in the Public Works Department are for the replacement of fleet vehicles. The Fleet Services Division of the Department manages and maintains the City's centralized vehicle and equipment fleet, comprised of 243 diverse units and the City's fuel facility, which provides emergency and 24/7 refueling capabilities. Fleet services' primary purpose is to provide efficient and cost effective services to all City departments, and to maximize the fleet's availability in support of crucial City functions. The current estimated fleet replacement value is \$15,557,286, annual miles driven are 990,972, and annual fuel consumption is 115,789 gallons. Capital outlays for the Fleet Division in FY 15-16 totaled \$1,115,570. Replacement of lab equipment, a copier and traffic signals accounts for an additional \$125,000.

The Asset Management Division of the Department performs comprehensive management of City-owned assets, including city facilities and city fleet. The division performs a wide range of maintenance, repair, and rehabilitation planning, along with managing the work of subcontractors.

Transportation

The Transportation Division of the Public Works Department maintains, operates, and plans for improvements to the City's transportation infrastructure for the safe and efficient use by bicyclists, pedestrians, automobiles, and public transit. The division provides:

- Street and bike path maintenance,
- Sidewalk, curb, and gutter maintenance,
- Signing and striping,
- City parking lot maintenance,
- Weed abatement, in conjunction with the Parks and Fire Department programs,
- Bike rack installation and maintenance,
- Hazardous materials cleanup and disposal,
- Street, parking lot, bike path, and park lighting,
- Traffic signal maintenance,
- Electrical maintenance of all city facilities,
- Staffing of the Unitrans advisory committee,
- Administration of Unitrans and Yolobus contracts, and
- Graffiti abatement for public works assets.

The division maintains 162 mile of streets, 275 miles of sidewalks, 54 miles of bike lanes, 25 bicycles over/under crossings, 55 miles of bike paths, over 200 miles of pavement markings, over 20,000 signs, 6,100 street and pathway lights, 60 traffic signals, and 1,708 fire hydrants.

The road network is separated into three primary categories of streets, including arterials, collectors, and local streets. Arterial streets are the main "arteries" of the road network, carrying the highest volume of traffic and representing 21 percent of the City's road network. Collector streets generally connect residential neighborhoods to arterials and represent 14 percent of the road network. Local streets, primarily residential in nature, comprise the bulk of the City's road network at 64 percent.

The City of Davis is served by the following three transit systems, including Unitrans, providing bus service within the City, Yolobus, which connects Davis to other cities in Yolo County, and Davis Community Transit, which provides door-to-door demand response service to the disabled within the City. The City provides some funding for Davis Community Transit, Unitrans, and Yolo Bus.

~~The City contracts with PG&E for street lighting services. The electric company maintains all the lights in Davis on a fixed rate schedule per fixture that includes the cost of energy, lamp maintenance, and ballast maintenance.~~ **The City of Davis has approximately 6,000 street**

lights within the City limits. Of those lights, the City owns, maintains and operates approximately ninety percent with the remaining lighting within the City being maintained by PG&E.

Street sweeping services are provided by the Davis Waste Removal company.

Over the last fiscal year, the transportation division performed a number of essential repairs and projects, including but not limited to:

- Maintained 6,000 street, pathway and greenbelt lights,
- Installed 15 new Neighborhood Watch signs and 61 park closure signs as requested by the Davis Police Department,
- Completed patching on 83 utility patches, graded and compacted two miles of city access roads, and repaired more than 800 potholes.
- Completed 226 sign work requests, 32 pavement marking work requests, 35 street cleaning requests, and 17 bike path repair work orders, 47 sidewalk work requests, and 57 pothole work requests.
- Installed, repaired and replaced numerous bike racks at various locations throughout the City, adding 15 more bike parking stalls.

Adequacy

In 2011, the City and UC Davis campus earned Platinum and Gold certification, respectively, from the League of American Bicyclists for bicycle friendliness.

The City currently utilizes the StreetSaver (Version 9) pavement management program (PMP) for the street network. Bicycle paths are maintained in a separate database. The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed street has a PCI of 100, while a failed street has a PCI of 25 or less. The average PCI for the city street network is 62, which indicates that the network overall is in fair condition. The average PCI for the bicycle paths is 59, which is very close to the street network. Approximately 71 percent of the City's streets are in the good to fair condition categories. However, equally significant is that 29.1 percent are considered to be in poor or very poor condition. In general, the streets are in slightly better condition than the bicycle paths.

The City has utilized crack seals and surface treatments as a means of preventive maintenance when the pavements are in fair condition or above. When the pavement condition deteriorates further, overlays and reconstruction are performed. Base repairs are commonly used as preparation prior to overlays. History has shown that it costs much less to maintain streets in good condition than to repair streets that have failed. Delays in repairs can result in costs increasing as much as 20-fold.

The Davis street network suffers from load-related distresses. Bicycle path distresses were found to be environmentally related rather than load-related, such as block cracking or raveling.

If sufficient funding is not available for street maintenance, the average PCI of the network is expected to decrease and the cost associated with deferred maintenance will greatly increase. A greater backlog will result in increased future costs as more capital intensive treatments (such as reconstruction) will be necessary, where less expensive treatments (such as surface seals or overlays) are currently feasible.

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on the type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including finances, and ability to satisfy current and future demand.

- A majority of the efforts of the transportation and electrician crews are limited to reactive work orders. Proactive work efforts are minimal, due to the existing workload and limited staff resources.
- The Public Works Department tracks all traffic-related concerns received. Formally submitted concerns either in writing or via the City's online service request portal are entered into a database and mapped into a geographical information system (GIS) layer.
- It was reported that the Transportation Division receives between 150 and 175 service calls per year—about 50 of which are complaints related to engineering, including potholes, concrete uplifts, and cracking. If the complaint is perceived as a safety hazard, the division repairs it immediately. Otherwise, the request is put on the annual project list.
- The spring 2015 Transportation Improvement Plan (TIP) noted the pavement condition index had been in decline for many years. Many factors have prevented the City from maintaining pavement conditions at desired levels, including historical underinvestment, the recent recession, and stagnant fuel tax levels, among others. In 2014, the City estimated that deferred street maintenance amounted to an over \$100 million deficit. The City Council recently established a budget priority to allocate approximately \$3 million annually for street rehabilitation. The City actively pursues grant funding for street maintenance purposes.
- The Transportation Division reports that more annual funding than is currently invested is required to maintain pavement at adequate PCI levels to accommodate not only future growth, but also current demand.

Water

The Water Division of the City's Public Works Department operates and maintains the water production and distribution infrastructure, engages in water production, distribution and storage, performs water meter readings and maintenance, tests and monitors water quality, performs long range utility and resource planning, and promotes water conservation.

The City's water supply is drawn from aquifers ranging from 300 to 1,700 feet below surface level. Davis draws water from 20 water wells located throughout the City, one elevated storage tank with 200,000-gallon capacity, two ground level water tanks **with four million-gallon capacity**, and 187.8 miles of water distribution pipes. The City currently has **16,755 municipal connections**. ~~17,073 water connections and reads 16,704 meters every month.~~

Besides its own boundary area, the City provides water services to El Macero CSA and Willowbank CSA through out-of-area service agreements, as well as Royal Oak Mobile Home Park through a contract. The City also provides water infrastructure maintenance to North Davis Meadows CSA.

The City currently relies solely on groundwater to meet its entire potable water demand. The City's groundwater supply infrastructure has a total groundwater pumping capacity of 32,250 gallons per minute (gpm). All of the wells pump directly into the distribution system. Some of the wells pump from the intermediate depth aquifer, and the newer wells pump from the better quality deep aquifer.¹⁵

The City pumps from the Sacramento Valley groundwater basin, Yolo subbasin, 5-21.67. The Yolo subbasin has not been adjudicated and until recently there were no legal restrictions to groundwater pumping. However, the State Legislature passed the 2014 Sustainable Groundwater Management Act, which the City will need to address as it moves forward. In order to meet the requirement of creating a groundwater sustainability agency (GSA) by July 1, 2017 as outlined in the act, the City passed a resolution in support of the Water Resource Association of Yolo County acting as the planning forum to determine which agency or agencies in Yolo County should serve as the GSA. The GSA will be responsible for developing and implementing a groundwater sustainability plan (GSP) to meet the sustainability goal of the basin to ensure that it is operated within its sustainable yield, without causing undesirable results.

Aquifers in the Davis area are recharged by a number of sources. Deep percolation of rainfall and to a lesser extent irrigation water, are major components of groundwater recharge. Other significant sources include infiltration in streambeds, channels, and the Yolo Bypass. Relatively coarse-grained deposits line both Putah and Cache Creeks, allowing substantial infiltration.

The City's water distribution system operates as one pressure zone with one elevated tank and two ground level storage tanks (total capacity of 8.5 million gallons) with booster pump

¹⁵ City of Davis Urban Water Management Plan, 2014.

stations. The hydraulic grade in the system is based on the level in the elevated tank. The wells are controlled by a Supervisory Control and Data Acquisition (SCADA) system based on the level in the elevated tank.

The City's water system consists of piping ranging from two to 14-inches. Almost 90 percent of the distribution system consists of six- to 10-inch diameter pipelines. The City's pipeline system was constructed to support localized supply, with wells spread throughout the City. This type of localized supply does not require large diameter transmission mains.

The only self-serving water system to which the City's is connected is the UC Davis water system via two interties, both owned by the UC Davis. The agreement is valid from July 9, 2010 until June 30, 2016. The water supply agreement limits the City from receiving water supply in excess of 300,000 hundred cubic feet (ccf) per year with a flow rate not to exceed 1,500 gpm from UC Davis.

The City presently does not use recycled water to mitigate urban demand. The City uses a portion of its secondary treated effluent as the primary source of water for approximately 77 acres of a 398-acre, City-owned reclamation wetland facility. The City is looking for ways to expand its recycled water program.

Davis currently utilizes no surface water, relying solely on local groundwater resources for its entire community water supply. However, the City of Davis, City of Woodland, and UC Davis are jointly involved in the construction of a surface water supply project through a joint powers authority—the Woodland Davis Clean Water Agency (WDCWA). The project will draw water from the Sacramento River and deliver it to a new regional water treatment plant and then deliver treated water to Woodland, Davis, and UC Davis. The City estimates the wholesale surface water supply will become available in 2016, after which some of the City's intermediate aquifer wells would be kept for emergency supply, and the deep aquifer wells would remain online to help supply maximum day and peak hour demands. Peak demand months tend to be summer months for the City of Davis.

The City's 2009 and 2010 potable water demands (based on water production) were about 2,000 to 2,800 acre feet per year lower than 2007 demands. This reduction in potable water demand is partially due to additional water conservation measures, which were implemented during the recent drought, relatively wet conditions in 2010, and a declining economy. This trend has generally been experienced by water utilities throughout California during this period. The City has made future projections of supply and demand for normal years and single dry years, which are shown in the tables below.¹⁶

¹⁶ Source of the data is the city of Davis Urban Water Management Plan, 2014.

Supply and Demand Comparison - Normal Year (ac-ft/yr)						
Year	2010	2015	2020	2025	2030	2035
Supply totals	15,000	15,000	19,450	19,450	19,450	23,450
Demand totals	11,955	13,095	13,749	14,437	15,158	15,916
Difference	3,045	1,905	5,701	5,013	4,292	7,534
Difference as percent of supply	20%	13%	29%	26%	22%	32%
Difference as percent of demand	25%	15%	41%	35%	28%	47%

Supply and Demand Comparison - Single Dry Year (ac-ft/yr)						
Year	2010	2015	2020	2025	2030	2035
Supply totals	15,000	15,000	19,450	19,450	19,450	23,450
Demand totals	11,955	13,095	13,749	14,437	15,158	15,917
Difference	3,045	1,905	5,701	5,013	4,292	7,534
Difference as percent of supply	20%	13%	29%	26%	22%	32%
Difference as percent of demand	25%	15%	41%	35%	28%	47%

While the City does not experience any water shortages with exclusive groundwater supplies, groundwater levels do decline during dry years. Once surface water supplies are available, water shortages are likewise not projected with the deep aquifer groundwater supply helping to supplement surface water supply reduction during dry years, even multiple in a row, when surface water is reduced.

Adequacy

The City's water supply quantity available from groundwater is adequate and not impacted by dry, average, or wet years. In dry years the groundwater levels may decline, but this does not reduce the pumping capacity of the City's wells. Groundwater levels have not declined in past dry years to the level that the wells do not have adequate submergence. The City's current groundwater supply is the same for average, single dry, and multiple dry water years. However, the long-term withdrawal of groundwater has resulted in significant ground subsidence (sinking of the surrounding land) such that damage to some well casings has occurred and several of the well pumps can no longer be pulled to the surface for repair or replacement.¹⁷

The quality of the existing groundwater supply sources and planned surface water supply sources over the next 25 years is expected to be adequate. In recent years a number of City intermediate-depth wells have been removed from service due to water quality problems, including high concentrations of nitrates, iron, manganese, and selenium. The City has constructed wells in the deep aquifer to obtain water with higher overall quality versus the current quality of water from the intermediate depth aquifer. Groundwater will continue to be disinfected, and treated as necessary to meet drinking water standards.

According to the Davis Water Quality Report for Year 2014, the City's groundwater supply contained several elements that exceeded primary or secondary standards, including chromium six, boron, aluminum, iron, and manganese. The City is monitoring certain wells, while select wells were taken off line and will be operated as stand-by wells. Davis is monitoring Well 21 every quarter due to high concentrations of sulfates, total dissolved solids, electrical conductivity, and hardness.

Drinking water quality is also determined by a combination of historical violations reported by the EPA. The City of Davis had no health-based or monitoring and recording violations in at least the last 10 years.

Twenty years of technical studies have resulted in a number of temporary solutions to the quality of water and well repair, but current information indicates that continued reliance on groundwater as the City's sole source of supply will not meet the region's long-term wastewater discharge quality and drinking water supply needs. The Davis Woodland Water Supply Project discussed earlier will provide 12 million gallons per day (MGD) of surface water from the Sacramento River to Davis water customers (**10.2 MGD to the City and 1.8 for UCD**) and 18 MGD to Woodland customers. When the project is completed, the City's water system will primarily use surface water and continue to use groundwater when water demand is at its highest. The project includes the construction, operation and maintenance

¹⁷ **Cities of Davis and Woodland, and UC Davis, Davis-Woodland Water Supply Project Community Report, October 2007, p. ii.**

of a water intake facility that would take water from the Sacramento River, and a water treatment facility and pipelines. The water intake facility will be built and operated in conjunction with Reclamation District (RD) No. 2035 and replace RD 2035's current intake facility. The water treatment facility and pipelines will be constructed, owned and operated by WDCWA for the benefit of Davis and Woodland. The two cities will continue to independently operate their individual water systems. Davis, Woodland, and RD 2035 will each fund its pro rata share of the project.

The City experiences water losses due to water treatment, firefighting, construction water use, main breaks, and leaks. Losses that occurred monthly between April 2015 and November 2015 are shown in the table.¹⁸ The City averages 9.6 percent of unaccounted for water losses during the period shown, which is within the industry standard of maximum acceptable losses of between 10 and 15 percent,¹⁹ indicating that the City's water distribution system integrity is adequate.

April	May	June	July	August	September	October	November
14.9%	21.5%	3.7%	13.2%	5.3%	6.2%	10.7%	1.5%

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on the type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including finances, and ability to satisfy current and future demand.

- The City's water supply capacity has been estimated as adequate to meet the City's projected demand. However, while the City's wells will continue to have a groundwater pumping capacity greater than the amounts projected to be pumped, and groundwater levels have not dropped below pumpable levels, there is a subsidence issue due to overdraft of the groundwater basin.
- The City has few physical constraints on its groundwater supply. The Plainfield Ridge creates a minor restriction to east-west groundwater flow just west of the City.
- Davis is struggling with its groundwater quality, and to mitigate the problem is pursuing a surface water supply to diversify its water supply portfolio.
- The Department receives complaints regarding water quality, water waste, water leaks, and leak detection.

¹⁸ Prior to April 2015, some city facility usage is included in the losses and thus omitted from this table.

¹⁹ US Environmental Protection Agency, Control and Mitigation of Drinking Water Losses in Distribution Systems, November 2010, P. v iii.

Wastewater

The Wastewater Division of the Public Works Department operates and maintains the City's sanitary sewer system in accordance with federal, State, and local regulations. The division operates and maintains the wastewater collection system and treatment plant, as well as conduct restoration treatment of wetlands, administers the industrial wastewater pretreatment program and the national pollutant discharge elimination system, and engages in wildlife habitat management.

The City provides sewer services outside of its boundaries to El Macero and North Davis Meadows through out-of-area service agreements, and Royal Oak Mobile Home Park and Teichert Construction Company through contracts. The City does not own these satellite systems. The City has an agreement to provide the same level of service to El Macero CSA as within the City. The City service and obligation to North Davis Meadows is limited to repairing the low-pressure line. Yolo County provides North Davis Meadows pump station maintenance services. Select customers in Willowbank CSA are also served by the City.

Teichert Construction Company has a three-inch force main running under SR 113 close to North Davis Meadows. This connection provides sewer service for Teichert's storage and repair facility located at SR 113 and CR 29. The Teichert force main connects to the City's service at the low pressure sewer lateral coming from North Davis Meadows.

The City also collects wastewater from the Royal Oak Mobile Home Park.

The sanitary sewer collection system consists of 164 miles of sewer mains. Sewer pipelines range in diameter from six inches to 66 inches. The City has six sewer lift stations to facilitate the flow of wastewater to the wastewater treatment plant (WWTP).

The City of Davis owns and operates an equivalent-to-secondary WWTP with a design capacity of 7.5 million gallons per day (mgd) and peak wet weather flow of 12.6 mgd. After treatment, the disinfected equivalent-to-secondary effluent is discharged into two different receiving waters, the Willow Slough Bypass and the Conaway Ranch Toe Drain, which converge into the Yolo Bypass immediately downstream of both discharge locations.

The existing WWTP consists of headworks, primary sedimentation, aeration ponds, oxidation ponds, a Lemna (an aquatic plant) pond, an overland flow system, disinfection and dechlorination, wetlands, anaerobic digesters, and a sludge lagoon. The treatment train varies and the City alternates discharge to the two receiving waters. Effluent discharged to the Conaway Ranch Toe Drain passes through wetlands; effluent discharged to the Willow Slough Bypass does not pass through the wetlands. Sludge is dewatered in an unlined sludge lagoon and hauled to the County landfill to be used as alternate daily coverage material.

Adequacy

The City performs regular maintenance of its sewer system. The City's Computerized Maintenance Management System (CMMS) complements the Preventive Maintenance and Operations and Maintenance Programs. All asset inventories are entered into the CMMS and

a sewer geographic information system (GIS) map. CCTV data is combined with the CMMS program and GIS map.

The City has an extensive preventative and corrective maintenance program that includes the following:

- Hydro clean all six-inch to 15-inch sewers annually,
- Inspection of all the maintenance holes every three years,
- Hydraulic cleaning of the core area collection system quarterly,
- Regular lift station inspection and maintenance,
- Utility connections inspection,
- Root control program for service laterals,
- Mainline and service line repair and replacement program,
- Maintenance hole repair and replacement program,
- Service line lateral CCTV inspection program,
- Service line lateral location program,
- Service line lateral replacement and repair program, and
- Emergency response and investigations program.

The City uses closed circuit television (CCTV) on sewers in the problem areas when required. The City's goal is to perform a complete CCTV of the entire system every fifteen years. Maintenance hole inspections and updates of invert measurements are done routinely every 12 to 18 months when hydro cleaning is being performed on the collection system. The City inspects and performs maintenance on all six sanitary sewer lift stations routinely.

The City has a dedicated reserve fund of \$125,000 a year for maintenance of holes and mainline repairs and is currently rehabilitating all of the sewer trunk lines leading to the WWTP. The approximate cost of trunk line rehabilitation is \$3.5 million.

Since the completion of the last MSR, the City between 2008 and 2016 has been issued 107 violations for its WWTP (two of which were priority violations) and two violations for the sewer system (none of which were considered priority violations) by the State Water Resources Control Board (SWRCB). Of the violations received, 12 were in 2015. There have been 36 enforcement actions during the same time period related to these violations. The substantial number of violations and enforcement actions are primarily a result of the existing WWTP being unable to treat and remove certain contaminants from the effluent to those levels required in the City's discharge requirements. Contaminants for which the City has been issued enforcement orders include copper, aluminum, selenium, and cyanide. The City has settled several of the enforcement orders by payment. These issues will be addressed as part of the treatment plant improvements discussed below.

Wastewater agencies are required to report sewer system overflows (SSOs) to SWRCB. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of collection piping per year. The City had 48 overflows during the period from the beginning of 2008 through 2015, averaging six SSOs a year, which equates to 3.7 spills per 100 miles of pipeline annually on average.

Inflow and infiltration (I/I) is water that enters the sewer system through breaks, gaps, and joints during rain, flood, and high water table conditions. The inflow and infiltration quantities are estimated to be approximately 280 acre feet per year. During the larger storm in December of 2005, the maximum daily flow at the WWTP was measured at 8.83 mgd. The associated average dry weather maximum monthly flow (ADWMMF) was 6.47 mgd for 2005, creating a one-day I/I flow of 2.36 mgd. The 2.2 inches of rain falling over the City's 5,000-acre service area would represent about 300 mg of rainwater over a 24-hour period. Dividing the amount of rainfall dependent I/I by the volume of rainfall represents the percent of rainwater leaking into the sewer system. This is commonly referred to as the system's "R Value". For that larger storm, the overall system would have an R Value of about 0.8 percent. Sewer Basins with R-Values of less than five percent are often considered to be performing well.

In October 2007, the Central Valley Regional Water Quality Control Board issued a new discharge permit to the City that requires significant upgrades to effluent quality to produce treated wastewater that meets Title 22 reclamation requirements by October 2017.

The City of Davis's \$90 million Wastewater Plant Improvements Program will upgrade the existing treatment plant by replacing the secondary treatment system of ponds and overland flow with a conventional activated sludge system. The plant will also be upgraded by the addition of tertiary treatment (filtration). The proposed maximum permitted flow rate and discharge locations will remain the same as in the existing NPDES permit.

The project is funded by the citizens of Davis, El Macero, and North Davis Meadows through their sewer rates. The project is financed with existing City sewer enterprise funds and an \$81,000,000 low interest loan from the Clean Water State Revolving Fund (CWSRF) through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and State bond proceeds. The CWSRF loan is financed at a 1.5 percent annual interest rate over 30 years, with a potential savings to the City of over \$38,000,000 in interest costs compared to conventional municipal financing.

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on a type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to

meet them, challenges and constraints including financial, and ability to satisfy current and future demand.

- The City does not have a dynamic sewer hydraulic model. Sewer capacity is assessed with the use of land use mapping and associated sewer use records and supplemented with periodic direct measurements to assess capacity. The City performs capacity assessment as needed when proposed developments may be connecting to the City's sewer system. The City is developing a dynamic model that will be available in 2017 to assess sewer capacity.
- The City reports that it has adequate equipment for its operations and maintenance and keeps adequate parts for critical assets.
- The City's spreadsheet hydraulic model indicates that the City's main trunks have adequate capacity to accommodate peak flows. The City appears to have about five to six mgd of residual capacity to absorb the peak hourly flows in the main trunk sewer.
- The Waste Discharge Requirements (WDRs) require the City to select a design storm event. The City's data suggests that the City can pass well over a 10-year event.²⁰
- While the specific capacity of the upgraded WWTP has not yet been approved by the City Council, it is likely to remain the same as the existing WWTP, at approximately 7.5 mgd. The WWTP size provides the capacity for growth of 0.5 percent from 2012 to 2018, and one percent growth through 2037.

Storm Drainage

The Stormwater Division of the Public Works Department operates and maintains the City's storm sewer infrastructure to ensure stormwater²¹ is collected and discharged in accordance with federal, State, and local environmental regulations. The division maintains the stormwater conveyance system, operates and maintains the El Macero Maintenance District Stormwater Pump Station, and manages and maintains wildlife and stormwater basin habitat.

The City's storm drainage service area extends outside of the city boundaries and includes the El Macero Drainage Channel and pump station (through an agreement with the County and Yolo County Flood Control and Water Conservation District (YCFCWCD)) and stormwater collection from the Royal Oak Mobile Home Park.

²⁰ City of Davis System Evaluation and Capacity Assurance plan, 2009.

²¹ Stormwater is the water from precipitation that flows across the ground and pavement when it rains. Stormwater should mostly be rainwater, but as it runs off a roof, yard, driveway, and any impervious surface, it can pick up dirt, debris, animal waste, oil, gas, fertilizers, pesticides, and other materials in its path.

The City's flood hazards generally consist of shallow sheet flooding from surface water runoff in large rainstorms. The Public Works Department mitigates this impact by maintaining 127 miles of storm drainage lines, three main channels, and seven detention ponds, which provide for drainage and stormwater detention.

Impervious surfaces, such as roads, parking lots and driveways, prevent stormwater from being absorbed into the ground. Instead, stormwater runs off into the storm drain system. Because more stormwater runs off impervious surfaces, developed areas can experience local flooding. The increased quantity of stormwater runoff can also cause stream banks to erode and increase the amount of sediment in waterbodies.

Storm drains lead directly to Davis ponds, creeks and wetlands. Unlike sanitary sewers that direct water to a wastewater treatment facility before being discharged to a local water body, stormwater is discharged untreated.

The City of Davis has developed a Stormwater Management Plan (SWMP) to address stormwater within the City's jurisdiction. The SWMP addresses activities conducted in the City that are potential sources of pollutants in stormwater. The most recent SWMP was adopted in 2006; however, the City releases SWMP annual reports that provide status of implementation of the City's SWMP and report activities performed for each fiscal year.

The City's storm drain system is divided into 11 basins. Rainfall runoff flows by gravity into the City's seven detention ponds. Pump stations lift water from these facilities into main drainage channels that include the Covell Drainage Channel, Channel A, Mace Ranch Park Drainage Channel, and the El Macero Drainage Channel. These channels ultimately drain to Willow Slough Bypass or the Yolo Basin Wetlands.

Adequacy

The table below summarizes the Small MS4 General Permit²² requirements for stormwater and how the City's SWMP meets these requirements to develop, implement and enforce the required six minimum control measures.²³

Minimum Control Measures	Implementation
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²² The Municipal Storm Water Permitting Program of the Regional Water Quality Control Board regulates storm water discharges from municipal separate storm sewer systems (MS4s). MS4 permits require the discharger to develop and implement a Storm Water Management Plan/Program with the goal of reducing the discharge of pollutants to the maximum extent practicable (MEP).

²³ Source of the table is SWMP.

Minimum Control Measures	Implementation
<p><u>Public Education and Outreach</u></p> <p>Implement a public education program to educate the community about the impacts of stormwater discharges on water bodies and the steps that the public can take to reduce stormwater pollution.</p>	<p>The City currently implements a comprehensive public outreach program through its Parks and Community Services and Public Works Departments. The current public outreach program focuses on the City's environmental programs that can be revised with minor efforts to address the city's SWMP.</p>
<p><u>Public Involvement and Participation</u></p> <p>Include a public participation program that complies with applicable State and local public notice requirements. The public should be encouraged to participate in developing, implementing and reviewing the SWMP. Include a procedure to receive and respond to comments from the public regarding the SWMP.</p>	<p>The City utilizes special commissions, groups and other public outreach methods to ensure public participation and involvement during development of city policy and programs. The City's Natural Resource Commission (NRC) serves as a primary public participation function. This group is appointed by the City Council to serve as an advisory board.</p>
<p><u>Illicit Discharge Detection and Elimination</u></p> <p>Develop a map of the stormwater sewer system and receiving waters. Implement a program to detect and address non-stormwater (including illicit) discharges. Provide outreach to public employees, businesses, and the general public regarding illegal discharges and proper disposal of wastes. Adopt regulatory mechanisms to prohibit illicit discharges to the stormwater sewer system and implement appropriate enforcement procedures</p>	<p>The City has maps of its stormwater sewer system and outfalls. During FY 95-96, the City conducted an extensive field screening monitoring program. The investigation found illicit connections are not a significant concern in the City, and additional screening is not necessary. Currently the City investigates for illicit discharges when there is a complaint, or when a questionable flow is detected. The City immediately responds to all spills and implements control measures to protect discharges to the stormwater sewer system.</p>

Minimum Control Measures	Implementation
<p><u>Construction Site Stormwater Runoff Control</u></p> <p>Develop a program to control pollutants in stormwater runoff from construction sites. Include erosion and sediment controls, pollutant source control, and pre-construction site plan and BMP review. Implement procedures for public notification and inspection and enforcement measures.</p>	<p>The City ensures that conditions of development approval address requirements for stormwater pollution prevention during construction activities. City inspection staff are trained to understand regulatory requirements, and how to inspect sites for stormwater issues. The construction program addresses private and public construction activities.</p>
<p><u>Pre-Construction Stormwater Management in New Development and Redevelopment</u></p> <p>Develop, implement and enforce a program to address long-term impacts of stormwater runoff from new development and redevelopment projects.</p>	<p>The City employs many permanent stormwater best management practices (BMPs) using wet weather ponds and constructed wetlands. Treatment is provided through settling, filtering, infiltration, absorption, and other processes related to water traversing through vegetated ponds. The City developed procedures to ensure that staff engaged in review of development plans specifically address stormwater quality issues.</p>
<p><u>Pollution Prevention/Good Housekeeping for Municipal Operations</u></p> <p>Develop and implement a cost-effective operation and maintenance program to prevent or reduce pollutant runoff from municipal operations. Employee training is required.</p>	<p>The City conducts numerous operation, maintenance and repair activities in public right-of-ways, and public facilities, buildings, parks, and open-spaces. Many activities related to maintenance and repair in public right-of-ways currently implement stormwater pollution prevention measures. The program also focuses on employee training and education.</p>

Stormwater infrastructure is routinely inspected and maintained. The City is sectioned into quadrants; and inspections conducted by the Stormwater Division are recorded and maintained by quadrant. Maintenance records show catch basins characterized as dirty and cleaned. Field crews replace damaged or missing "rainwater only" curb tiles during the storm drain cleaning and inspection program. Siphon-type drains in the downtown area are

flushed and vacuumed quarterly. Collected water is discharged into the sanitary sewer system.

The division inspects and maintains each of its seven retention ponds annually prior to the wet season. This is part of the routine maintenance program beginning September and completed by the end of October. The ponds are inspected and maintained for damage, erosion, and trash build-up. Ponds are equipped with catchment screens to gather debris. Accumulated sediment at pond inlet structures is spread throughout the pond and not removed. Excess vegetation and accumulated trash are removed. Damage or erosion is repaired.

From November through April, the division inspects the ponds at a minimum of two times per week. During rain events, ponds are inspected during normal week day work hours and once following each event. Damage or erosion is repaired as soon as practically possible. During non-normal work hours, stand-by staff responds to alarms or other reports of problems. During the dry season months, May through October, the ponds are inspected at least once per week.

During August and September of each year Davis cleans and inspects every pump station in the City to remove silt and trash. During the rest of the year pumps are maintained similarly to ponds, with regular inspections and necessary repairs. Preventative maintenance of pump stations occurs quarterly and is in addition to the annual inspections.

The City operates and maintains major drainage channels and ditches that traverse the City. Each year from May to November the City inspects, repairs, and maintains the channels and ditches. Approximately 60 percent of the vegetation (mostly tule weed) is mechanically excavated and the rest is chemically treated along the bottom of each ditch.

Channels and ditches are inspected during and immediately following each storm event during normal working hours. Inlet and outlet structures are cleared of debris. Inspectors report repair items to their supervisor and the work is scheduled. A work order system is used to track the completion of repair work. The Department uses BMP activity sheets for several work activities.

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on the type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including financial, and ability to satisfy current and future demand.

- Some portions of the City's storm drainage system remain susceptible to major storm events. Unusually heavy rainstorms can cause minor street flooding in some areas, which is considered normal.

- The City is in compliance with the National Pollutant Discharge Elimination System (NPDES) permits for stormwater discharges into public waterways.
- The City has an NPDES permit for the Storm Water Management Plan issued by the Regional Water Quality Control Board. Although the City does not operate any stormwater treatment facilities, natural stormwater treatment occurs at the detention basins in a limited manner.
- Any development and urbanization would increase runoff and will require adequate storm drainage facilities and improvements. All future development is required to fund and install the infrastructure necessary. New storm drainage infrastructure is typically constructed by developers, in accordance with City design standards. This ensures that future developments accommodate the stormwater flows. City staff designs, reviews, and inspects most of the City's current capital improvement programs and all improvements to the City's infrastructure.

Solid Waste

The solid waste division of the Public Works Department manages the private contract for refuse and recycling, administers source reduction and recycling programs, performs long-range resource planning, monitors the Old Davis landfill, conducts commercial and residential recycling outreach, sets utility rates, and collaborates with UCD and Yolo County on recycling and hazardous waste disposal issues. The current residential per capita disposal rate is about 2.7 pounds per person per day. The City's goal is to have a rate of 1.9 pounds per person per day by 2020.

The City has an exclusive franchise waste agreement with a local private hauler, Davis Waste Removal (DWR). DWR collects trash, recyclables, yard materials, and performs street sweeping within the city limits. The Davis Recycling Program encourages the 5 R's: Reduce, Reuse, Recycle, Rot, and Rebuy.

The City uses the revenues from the fees to pay DWR for the solid waste services provided under the agreement, and to recover operational and administrative costs of providing these services, including billing and collection of the service fees. The agreement establishes a formula for the amount that DWR charges the City.

Pursuant to state law, the City is currently required to annually divert 50 percent of its waste (3.8 pounds of waste generated per person, per day equivalent) from the landfill. Both the City and the State have set a goal of reaching 75 percent diversion (1.9 pounds of waste per person, per day) by 2020. To comply with the State diversion mandate, the City implemented a recycling program, a yard material composting program, and a commercial food scrap program.

The fee structure for commercial and multi-family residential customers is determined on the basis of the number and size of the carts or bins picked up at a property, the number of pick-ups per week and the day(s) of the week the waste is picked up, and the amount of waste

generated and disposed of (in cubic yards). The fee for food scrap service for commercial and multi-family residential customers is a flat rate determined on the basis of the number of carts picked up at a commercial business. The proposed fees are calculated on the basis of the charges imposed on the City by DWR for these solid waste services pursuant to the agreement and the City's administrative and operations costs, and are structured to proportionately allocate the cost of providing solid waste services to those who generate the most waste.

DWR hauls the solid waste to the Yolo County Central Landfill (YCCL), a County owned and maintained facility. The County itself only contributes eight percent of total waste tonnage while Woodland contributes 32 percent, West Sacramento 24 percent, and Davis 22 percent.

Adequacy

Adequacy of the Davis solid waste services is routinely assessed by the City. The contract with Davis Waste Removal is renewed based on the private contractor's performance.

The California Integrated Waste Management Act made all California cities, counties, and approved regional solid waste management agencies responsible for enacting plans and implementing programs to divert 25 percent of their solid waste by 1995 and 50 percent by year 2000. Later legislation mandates the 50 percent diversion requirement be achieved every year. The City's current residential disposal rate is 2.7 pounds per person per day, which is better than the required standard of 3.8 pounds.

City Council established waste reduction targets in City Resolution 11-185, where expansion and improvement of the solid waste programs are recommended to divert approximately 8,583 tons of waste per year from the landfill using criteria, such as reducing landfill disposal, converting landfill waste to the recycling/composting stream, and cost-effectiveness as defined by potential rate impacts.

In 2012, the City received a California Resource and Recovery Association Pavitra Crimmel Reuse Award, honoring the City's Apartment Move-Out Waste Reduction Program (AMOWRP).

Capacity

Capacity of an agency to provide services depends on a number of factors and varies based on the type of service provided. Generally, capacity may be assessed through service adequacy, number and nature of complaints received, infrastructure needs and ability to meet them, challenges and constraints including financial, and ability to satisfy current and future demand.

- In 2013, the City adopted an integrated Waste Management Plan, which is an adaptive document compiled by Davis staff with collaborative input from the Davis Natural Resources Commission (NRC), industry experts, and the community at large. The Plan's goal is to reduce waste disposal to 1.9 pounds per person per day

calculated by the California Department of Resources Recycling and Recovery (CalRecycle) by 2020 and as close to zero pounds per day as possible by 2025.

- There appears to be sufficient capacity to provide solid waste services based on performance of the contractor as defined by the renewal of the contract and adequately provided services including ability to meet required diversion rates and extensive planning and outreach efforts implemented by the Solid Waste Division.

d)

Capital Improvements

Capital improvement projects are included in the annual budget. The Engineering Division is responsible for delivering the Capital Improvement Projects (CIP) Program. This involves the planning, design, and construction of all new City improvements and major rehabilitation of existing facilities.

Major city projects planned for FY 15-16 include:

- Upgrade Third Street to improve safety and enhance the joint use of the travel segments by pedestrians, bicyclists, and motorists.
- Make surface improvements to Well 34 including piping of groundwater to the distribution system as well as chlorine dosing and SCADA controls.
- Set up automatic meter readers throughout the City in order to improve information available to the customer and delivery of utility services in the City.
- Complete project to replace over 2,600 street lights with LED fixtures and over 3,000 park and greenbelt lights to reduce energy consumption and maintenance costs. Siemens is performing the work. This program is initially funded through a loan from Siemens Corporation; however, the City is anticipating receiving a low interest loan through an energy conservation grant. If the grant money is awarded it would be used in place of the Siemens financing.
- Continue work on the wastewater treatment plant upgrade by initiating design and construction activities in order to comply with State discharge requirements that go into effect in October 2017.
- Continue the transportation infrastructure rehabilitation program that focuses on maintaining and repairing streets throughout the City.
- Continue to improve irrigation systems for city facilities and parks to support water conservation efforts.

- Continue to support the major efforts towards bringing surface water to the City through the Davis Woodland Supply Project, which will bring water from Sacramento River and reduce the City's reliance on deep water wells.²⁴

Based on the performed analysis of all the municipal services provided by the City, it appears that Davis already possesses or has planned for enough capacity to accommodate demand brought about by projected future growth. The City experiences challenges and financing constraints caused by economic conditions, but the departments are aware of the planned developments and projected growth and incorporate future resource needs in their planning documents. The City reported that generally all the departments had capacity to provide services on a basic level. A challenge is the disconnect between City's existing resources and abilities with public expectations. The issue is being addressed through public outreach.

- e) In October 2007, the Central Valley Regional Water Quality Control Board issued a new National Pollutant Discharge Elimination System (NPDES) permit to the City that included more stringent discharge requirements. The compliance schedule contained within the 2007 permit provided Davis until October 2017 to complete the project. The plant upgrade project is currently underway and is on schedule to be completed by the required due date.

The City is in the process of addressing requirement adopted in the 2014 Sustainable Groundwater Management Act. As mentioned the City has taken steps to collaborate with other agencies in determining which agency may appropriately serve as the groundwater sustainability agency (GSA). The GSA must be created by July 1, 2017.

- f) As determined in Section 2 of this report, the community of Royal Oak Home Mobile Home Park is considered a disadvantaged unincorporated community (DUC). The mobile park currently receives water, wastewater, and drainage services from the City of Davis through contracts. Fire protection is also provided by the City of Davis through a contract with East Davis County FPD that contains Royal Oaks in its boundaries. Although Royal Oak is considered a DUC, services are provided at the same level within the community as they are provided in the City, and there is no discrepancy in service levels.

Capacity and Adequacy of Public Facilities and Services MSR Determination

The City has sufficient capacity to provide all services to at least a basic level. Having cut a variety of resources and staffing under the pressure of the recent economic downturn, Davis has also made cuts to some of its services creating an incongruity with public expectations, which is currently being mitigated through constituent outreach.

Generally, the City provides adequate park and recreation services and has sufficient capacity to provide these services presently and in the future. The Parks and Community Development

²⁴ The City of Davis Budget FY 15-16.

Department has planned for additional park acreage and future increased demand for maintenance.

Fire services are adequately provided, with sufficient current capacity; however, like other departments, the Fire Department has faced budget constraints and made cutbacks in recent years. Growth in demand, however, will require additional stations and resources. Fire services appear to be adequate with an opportunity for improvement to shorten lengthy response times in more distant areas. Additionally, for consideration is the potential for the Fire Department to be dispatched by **YECA** ~~the County~~ to enhance coordination among the regional fire providers and receive emergency medical dispatch, pre-arrival dispatch, and priority dispatch of units based on incident severity, which the City does not offer. Dispatch appropriate to the needs of the Fire Department could improve response time capabilities; however, this option has not been evaluated to determine if it is financially viable given cost constraints.

Police services have suffered more impairment than some of the other services provided by the City. The Department was forced to eliminate several of its services under the pressure of financial and personnel reductions and is currently experiencing challenges related to deferred infrastructure maintenance and apparatus replacement.

The Public Works Department is heavily involved in planning for the future and evaluating its services and work practices to increase efficiency. The City's roads and bike paths are in fair condition and require multiple upgrades. Davis roads and bike paths suffer from extensive deferred maintenance and will severely deteriorate if not repaired in the near future. The City Council started taking measures to correct the situation.

Water, stormwater, and solid waste appear to be adequately provided, with sufficient capacity at present and in the future. Wastewater services have faced challenges in meeting discharge requirements and have been issued multiple enforcement orders and paid several penalties for contaminant exceedances in treated effluent. In order to address these issues, the water and wastewater systems are undergoing significant upgrades that will increase adequacy and capacity, as well as compliance with legal requirements.

Recommendations:

- Continue City efforts to increase park and recreation acreage to meet its adopted level of service standard. The City should also improve signage, safety, and visibility in its parks as deemed necessary.
- Consider contracting with **YECA** ~~Yolo County~~ for Fire Department dispatch services or upgrading the City dispatch service in order to better provide effective and timely emergency services **to enhance coordination among the regional fire providers and receive emergency medical dispatch, pre-arrival dispatch, and priority dispatch of units based on incident severity, which the City does not offer.**
- Explore additional possibilities for its Police Department to share more resources and contract for services with other agencies and actively apply for grants, such as

regionalization of or contracting for crime scene response, evidence processing and handling, SWAT, and identity theft response services.

- Maintain roadway and bike path repair as a City priority to avoid greater future costs associated with infrastructure replacement.
- The Davis Stormwater Management Plan is currently out of date and should be updated.
- Complete a formal multi-year capital improvement plan to address the City's deferred improvement challenges.

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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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)

Budget

The City has been experiencing challenges associated with the recent economic recession, as demonstrated by local job deficits, deflated property values, and slower than expected rises in sales tax revenues.

The City has been addressing its financial challenges for several years. Over the past eight years, 112 positions (24 percent of the City's workforce) funded in whole or in part by the general fund have been cut. Furthermore, employees are paying more of their benefit costs, the City uses more contract services in areas where cost savings can be realized, and new voter approved sales tax revenue enhancements have been implemented.

The Sacramento region has reportedly begun to show solid signs of recovery. Local government revenues usually recover slightly slower than the broader economy as property tax assessments and retail spending begin to increase. The City of Davis has seen strong home value

appreciation in the last two years with an average annual rate of over 15 percent. The median home price in the City currently stands at \$570,200. In June 2014, the voters approved an additional half-cent sales tax measure, which will bring in approximately \$3.6 million annually for six years.²⁵

The City is calling the FY 15-16 budget a transitional budget that bridges a period of drastic cuts and program changes to a period of relative stability. This budget proposes no major cuts nor funding requests for large, new initiatives, providing instead minor funding to address council goals and objectives, while maintaining a 15-percent general fund reserve. With a positive balance of revenues to expenditures, the current proposed budget is showing growth in fund balance for the first time in the last few years.

The five-year forecast projection indicates improved fund balance by the end of the five-year forecast period. The forecast also shows that the current trend of revenues meeting or exceeding expenditures may remain as long as increases to general fund expenditures are kept within allowable limits and keeping with the general fund reserve of 15 percent.²⁶

The City has indicated that it needs to continue looking for ways to contain costs, ensure that its revenue collections for user fees and efforts to obtain grant funding are robust, consider other revenue sources, including taxes or fees, that may preserve and/or improve service levels and address long-term needs, seek partnerships with government and private agencies that will reduce costs, and, through targeted economic development efforts, increase and broaden the tax base of the general fund.

Revenues and Expenditures

The accounts of the City are organized on the basis of fund accounting. The seven fund groups include general, special revenue, capital projects, debt services, proprietary, redevelopment agency, and fiduciary.

The City maintains 29 individual governmental funds. Davis also has two different types of proprietary funds, and uses enterprises funds to account for its water, sewer, sanitation, storm sewer, and public transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City's governmental activities rely on several sources of revenue to finance ongoing operations. Taxes (\$35.6 million), operating grants and contributions (\$12.6 million), and charges for services (\$15.0 million) comprise the largest sources of revenue. Operating grants and contributions include revenues such as gas tax revenue passed through from the State for maintenance of the streets, HOME and CDBG federal grant funding from HUD for housing and community needs, and FTA federal funding for transportation. Charges for services are revenues that arise from charges to customers who purchase, use, or directly benefit from goods or

²⁵ The City of Davis Comprehensive Annual Financial Report FY 14-15.

²⁶ City of Davis Budget FY 15-16.

services. Examples of the types of services that fall under this category include building permits, business licenses, and park and recreation fees. Also included in charges for service is an internal administrative overhead charge to departments within the City for services provided to them by the City Manager's, City Attorney's and City Clerk's offices, Human Resources, and Finance services.

At the end of FY14-15, total revenue for governmental activities was \$73.0 million, an increase of \$5.1 million compared to the prior year. General revenues accounted for the entirety of the increase.

Sales tax revenues increased \$3.0 million, primarily due to the passage of Measure P, to collect an additional half-cent in sales taxes as previously discussed. Charges for service increased \$1.2 million, due in part to fees collected for development projects in community development. Operating grants and contributions increased \$3.0 million due to the prior year's grant revenue received in fiscal year 2014-15. Revenue for capital grants decreased, as the previous year (FY 13-14) had large awards for projects, such as Fifth Street Corridor, and Urban Greening, and a grant from the Natural Resource Conservation in the Open Space fund.

General fund revenues consist primarily of property taxes and other taxes, which accounted for 71.3 percent of total fund revenue for FY 14-15.

The City applies for and receives grants for specific projects, such as transportation projects, housing, construction of facilities, purchase of vehicles and equipment, and others. For instance, in 2013, the City of Davis applied for a FEMA Assistance to Firefighters Grant (AFG). The Operations and Safety PPE grant was awarded in 2014 to the City of Davis and City of Woodland. Davis received funds to purchase 46 Self-Contained Breathing Apparatus (SCBAs). Davis is applying for a grant to replace over 2,600 street lights with LED fixtures. In FY 15-16, the City is applying for a total of 57 state, federal, and private grants to augment its revenue.²⁷

The City has five business-type activities consisting of water, sanitation, sewer, storm sewer, and public transit. Business-type activities report charges for services as their largest source of revenue, with public transit showing operating grants as the largest source of revenue.

Water fund operating revenues, which are charges for services to the residents of Davis and some residents in the County, total \$12.1 million. Operating revenues represent 99.7 percent of total fund revenue. Operating expenses for the water fund totaled \$9.8 million, with the primary expenses for water production, distribution, and system maintenance totaling \$6 million.

Sanitation fund operating revenues consist of charges for services to the residents of Davis and totaled \$10.6 million, or 99.7 percent of total fund revenues. Primary expenses are for waste removal, solid waste management and street sweeping totaling \$9.7 million.

Sewer fund operating revenues, which are charges for services to the residents of Davis and some residents in the County, total \$14.7 million, or 98.7 percent of total fund revenues. Primary

²⁷ City of Davis Budget FY 15-16.

operating expenses are for sewage collection and treatment totaling \$6.3 million. The sewer fund ended the year with a positive change in net position of \$6.1 million. Rates increased in fiscal year 2014-15 to fund construction of the sewer treatment plant.

Storm sewer fund operating revenues consist of charges for services to the residents of Davis and totaled \$1.7 million, or 95.8 percent of total fund revenues. Primary operating expenses are for maintenance of the storm drainage system totaling \$1.3 million. The storm sewer fund ended the year with a net loss of \$1.9 million due to insufficient storm sewer rate charges covering the cost of system operations, maintenance, and depreciation.

Public transit fund revenues consist primarily of operating grants and contributions in the amount of \$6.3 million, or 99.3 percent of total fund revenues. Primary operating expenses are for the provision of public and special transportation services totaling \$6.3 million. While the public transit fund ended the year with a net loss of \$89,691, this is primarily attributed to depreciation costs of \$136,035. The fund net position was \$3 million.

Major revenue sources for the overall FY 15-16 city budget include property tax (6.9 percent), sales tax (4.6 percent), service charges (17.3 percent), intergovernmental revenue (5.9 percent), and other taxes (3.7 percent). Other revenue accounts for 61.6 percent of revenue in the year's budget, attributable to financing of \$137.7 million for large CIPs. Major expenditures within the general fund are police and fire (45.4 percent combined), parks and community services (18.4 percent), and capital improvements (18 percent).²⁸

In FY 14-15, total expenses for the City amounted to \$67.5 million. Total governmental activities expenditures were \$67.2 million, an increase of \$1.2 million from the prior year. Parks and community services decreased \$4.0 million, due in part to the City paying \$1.8 million for water usage for prior years in FY 13-14. In addition, parks maintenance was shifted from the Parks and Community Services Department to the Public Works Department, accounting for an increase in expenditures in Public Works of \$1.3 million. (Note: Since then, parks maintenance has shifted back to the Parks and Community Services Department.) General fund expenditures increased \$1.3 million, with the most significant increases proportionally in capital outlays (175 percent), community development (38.4 percent) and public works (78.6 percent).

As is shown in the accompanying tables, the City's revenues over expenditures ratio has improved in the last five fiscal years, mostly due to the steady increase in revenue (an overall change of nine percent from FY 10-11 to FY 14-15), but also expenditure cuts that Davis has instituted since FY 10-11. Based on the difference between revenues and expenditures in enterprise funds, the City's storm sewer and public transit funds still experience challenges. The sanitation enterprise fund has experienced improved net amounts over the last five years.

The financial situation of the City of Davis has dramatically changed since its financials were reviewed as part of the last MSR. In FYs 04-05 and 05-06, the City's financing was characterized

²⁸ City of Davis Budget FY 15-16.

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as stable and sufficient both in terms of assets and funds available. As was already discussed, however, the economic downturn that followed the MSR review changed the climate in which the City operates and for which Davis was not financially prepared. The result was the struggles of the last five years. Both revenues and expenditures experienced a decline since FY 05-06.

City of Davis					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Program Revenues:					
Charges for Services	\$ 43,551,000	\$ 45,533,000	\$ 49,116,000	\$ 55,840,000	\$ 54,213,000
Operating Contributions and Grants	\$ 19,276,000	\$ 17,888,000	\$ 16,634,000	\$ 15,316,000	\$ 18,885,000
Capital Grants and Contributions	\$ 656,000	\$ 5,006,000	\$ 3,576,000	\$ 7,125,000	\$ 2,850,000
General Revenues:					
Taxes	\$ 36,574,000	\$ 27,195,000	\$ 30,684,000	\$ 31,376,000	\$ 35,584,000
Motor Vehicle in-lieu	\$ 5,213,000	\$ 4,879,000	\$ 4,980,000	\$ 5,291,000	\$ 5,524,000
Investment income	\$ 535,000	\$ 455,000	\$ 411,000	\$ 495,000	\$ 210,000
Miscellaneous	\$ 2,835,000	\$ 971,000	\$ 962,000	\$ 310,000	\$ 1,510,000
Total Revenues	\$ 108,640,000	\$ 101,927,000	\$ 106,363,000	\$ 115,753,000	\$ 118,776,000
Expenditures					
General government:					
City Council	\$ 174,000	\$ 171,000	\$ 160,000	\$ 124,000	\$ 161,000
City Attorney	\$ 308,000	\$ 348,000	\$ 256,000	\$ 545,000	\$ 296,000
City Manager's Office	\$ 2,465,000	\$ 2,655,000	\$ 2,480,000	\$ 2,676,000	\$ 1,950,000
Administrative Services	\$ 2,207,000	\$ 2,008,000	\$ 2,928,000	\$ 2,638,000	\$ 3,038,000
Community Development	\$ 3,307,000	\$ 3,145,000	\$ 3,720,000	\$ 3,987,000	\$ 5,291,000
Public Works	\$ 11,608,000	\$ 9,894,000	\$ 9,073,000	\$ 9,777,000	\$ 11,063,000
Special Projects	\$ 16,767,000	\$ 1,836,000	\$ 1,945,000	\$ 1,871,000	\$ 2,053,000
Parks and community services:					
Parks and Community Services	\$ 21,142,000	\$ 19,845,000	\$ 18,631,000	\$ 20,403,000	\$ 16,284,000
Public safety:					
Fire	\$ 9,364,000	\$ 9,330,000	\$ 10,047,000	\$ 9,809,000	\$ 10,230,000
Police	\$ 15,861,000	\$ 14,786,000	\$ 15,333,000	\$ 16,018,000	\$ 16,753,000
Interest on Long-Term Debt	\$ 2,798,000	\$ 1,612,000	\$ -	\$ -	\$ -
Water	\$ 9,946,000	\$ 9,918,000	\$ 10,069,000	\$ 11,723,000	\$ 9,861,000
Sanitation	\$ 9,169,000	\$ 9,313,000	\$ 9,627,000	\$ 9,944,000	\$ 10,359,000
Sewer	\$ 8,248,000	\$ 8,554,000	\$ 8,230,000	\$ 8,368,000	\$ 8,760,000
Storm Sewer	\$ 3,868,000	\$ 3,530,000	\$ 3,733,000	\$ 3,714,000	\$ 3,669,000
Public Transit	\$ 4,307,000	\$ 4,183,000	\$ 4,255,000	\$ 5,818,000	\$ 6,387,000
Total Expenditures	\$ 121,539,000	\$ 101,128,000	\$ 100,487,000	\$ 107,415,000	\$ 106,155,000
Net Amount	\$ (12,899,000)	\$ 799,000	\$ 5,876,000	\$ 8,338,000	\$ 12,621,000
End of Year Fund Balance	\$ 567,517,000	\$ 598,026,000	\$ 603,902,000	\$ 612,240,000	\$ 539,021,000
City of Davis Summary					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Total Revenues	\$ 108,640,000	\$ 101,927,000	\$ 106,363,000	\$ 115,753,000	\$ 118,776,000
Total Expenditures	\$ 121,539,000	\$ 101,128,000	\$ 100,487,000	\$ 107,415,000	\$ 106,155,000
Revenue less Expenditures	\$ (12,899,000)	\$ 799,000	\$ 5,876,000	\$ 8,338,000	\$ 12,621,000

Source: City of Davis Comprehensive Annual Financial Reports

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City of Davis General Fund					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Taxes					
Property Taxes	\$ 9,894,662	\$ 9,953,799	\$ 10,741,612	\$ 11,926,326	\$ 12,156,824
Sales Tax	\$ 7,894,939	\$ 8,279,385	\$ 10,267,444	\$ 10,282,592	\$ 13,302,816
Real Property Transfer	\$ 125,638	\$ 185,320	\$ 194,326	\$ 225,977	\$ 367,464
Municipal Services	\$ 2,417,072	\$ 2,492,849	\$ 2,578,655	\$ 2,669,472	\$ 2,770,291
Business License	\$ 1,466,725	\$ 1,556,797	\$ 1,470,124	\$ 1,669,289	\$ 1,735,021
Construction Tax	\$ 342,590	\$ 925,461	\$ 905,411	\$ 229,579	\$ 562,206
Franchise	\$ 533,536	\$ 545,547	\$ 551,285	\$ 575,083	\$ 743,175
Transient Occupancy	\$ 958,434	\$ 740,157	\$ 1,436,067	\$ 1,250,725	\$ 1,319,909
Motor Vehicle in-lieu	\$ 4,881,091	\$ 4,879,324	\$ 4,979,748	\$ 5,262,856	\$ 5,496,622
Licenses and permit	\$ 182	\$ 317	\$ 353	\$ 301	\$ -
Fines and Forfeitures	\$ 1,004,144	\$ 961,642	\$ 826,972	\$ 833,513	\$ 661,160
Use of Money and Property	\$ 234,750	\$ 221,212	\$ 422,341	\$ 2,903,593	\$ 1,255,693
Intergovernmental	\$ 656,383	\$ 354,567	\$ 208,442	\$ 280,545	\$ 780,343
Charges for Current Services	\$ 5,046,761	\$ 7,167,027	\$ 6,987,895	\$ 6,899,349	\$ 9,303,663
Admin Fee- Enterprise Fund	\$ 2,296,790	\$ 2,523,552	\$ 2,541,485	\$ 2,626,107	\$ 2,329,522
Other	\$ 186,914	\$ 252,557	\$ 484,772	\$ 452,435	\$ 1,125,838
General Fund Revenues	\$ 37,940,611	\$ 41,039,513	\$ 44,596,932	\$ 48,087,742	\$ 53,910,547
Expenditures					
City Council	\$ 161,532	\$ 146,932	\$ 150,439	\$ 124,507	\$ 168,389
City Attorney	\$ 307,893	\$ 362,967	\$ 265,804	\$ 555,619	\$ 296,143
City Manager	\$ 1,749,825	\$ 1,837,850	\$ 1,900,696	\$ 2,132,160	\$ 2,057,190
Administrative Services	\$ 1,963,212	\$ 1,956,122	\$ 2,603,321	\$ 2,452,791	\$ 2,416,569
Community Development	\$ 1,653,177	\$ 3,063,773	\$ 3,779,609	\$ 3,881,272	\$ 5,372,346
Parks and Community Services	\$ 9,274,878	\$ 10,026,812	\$ 9,802,109	\$ 11,834,326	\$ 8,154,484
Fire	\$ 7,805,320	\$ 8,185,940	\$ 8,853,543	\$ 8,500,700	\$ 9,070,145
Police	\$ 13,307,560	\$ 13,479,505	\$ 14,077,888	\$ 14,800,248	\$ 15,826,724
Public Works	\$ 1,191,572	\$ 924,883	\$ 1,904,732	\$ 1,679,091	\$ 2,998,835
Capital Outlay	\$ 58,760	\$ 22,044	\$ 104,857	\$ 510,193	\$ 1,402,972
Special Projects	\$ 31,579	\$ 67,214	\$ -	\$ -	\$ -
Debt Service	\$ 205,559	\$ 196,295	\$ -	\$ -	\$ -
General Fund Expenditures	\$ 37,710,867	\$ 40,270,337	\$ 43,442,998	\$ 46,470,907	\$ 47,763,797
<i>Net Amount</i>	<i>\$ 229,744</i>	<i>\$ 769,176</i>	<i>\$ 1,153,934</i>	<i>\$ 1,616,835</i>	<i>\$ 6,146,750</i>
End of Year Fund Balance	\$ 6,541,258	\$ 6,254,898	\$ 7,919,947	\$ 9,536,782	\$ 15,683,531

YOLO LAFCO MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

City of Davis Water Enterprise Fund					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Operating Revenues:					
Charges for Services	\$ 10,131,953	\$ 10,479,767	\$ 11,310,371	\$ 15,825,471	\$ 12,079,724
Non-Operating Revenues:					
Interest Income	\$ 85,586	\$ 20,722	\$ 12,298	\$ 10,740	\$ 11,095
Grants and Contributions	\$ 6,348	\$ 2,855	\$ 5,548	\$ -	\$ -
Other	\$ 207,137	\$ 24,778	\$ 107,419	\$ 3,290	\$ 21,650
Water Revenues	\$ 10,431,024	\$ 10,528,122	\$ 11,435,636	\$ 15,839,501	\$ 12,112,469
Expenditures					
Operating Expenses:					
Administrative and Billing	\$ 301,188	\$ 339,952	\$ 303,601	\$ 464,330	\$ 744,667
Payments to General Government	\$ 211,411	\$ 237,869	\$ 196,735	\$ 237,788	\$ 386,566
Water Production	\$ 3,012,480	\$ 2,844,291	\$ 3,109,200	\$ 5,184,927	\$ 3,237,598
Water Distribution	\$ 1,880,750	\$ 2,312,297	\$ 1,645,429	\$ 1,942,837	\$ 1,925,299
Water System Maintenance	\$ 1,168,028	\$ 1,249,475	\$ 1,892,442	\$ 919,407	\$ 842,303
OPEB Expense	\$ 191,051	\$ 182,963	\$ 68,360	\$ -	\$ -
Depreciation	\$ 2,489,601	\$ 2,494,548	\$ 2,530,551	\$ 2,554,200	\$ 2,629,804
Other	\$ 104,135	\$ 209,077	\$ 85,759	\$ 101,240	\$ 44,424
Non-Operating Expenses:					
Interest	\$ 587,444	\$ 47,803	\$ 236,583	\$ 318,278	\$ 50,729
Water Expenditures	\$ 9,946,088	\$ 9,918,275	\$ 10,068,660	\$ 11,723,007	\$ 9,861,390
<i>Net Amount</i>	<i>\$ 484,936</i>	<i>\$ 609,847</i>	<i>\$ 1,366,976</i>	<i>\$ 4,116,494</i>	<i>\$ 2,251,079</i>
End of Year Fund Balance	\$ 90,364,323	\$ 92,685,732	\$ 94,052,708	\$ 98,169,202	\$ 93,365,074
City of Davis Sanitation Enterprise Fund					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Operating Revenues:					
Charges for Services	\$ 8,975,404	\$ 9,134,378	\$ 9,454,530	\$ 10,118,187	\$ 10,604,488
Non-Operating Revenues:					
Interest Income	\$ 8,452	\$ 6,051	\$ 3,472	\$ 2,556	\$ 3,794
Grants and Contributions	\$ 38,512	\$ 39,554	\$ 22,625	\$ 18,651	\$ 18,583
Other	\$ 24,996	\$ 31,778	\$ 26,079	\$ 19,486	\$ -
Sanitation Revenues	\$ 9,047,364	\$ 9,211,761	\$ 9,506,706	\$ 10,158,880	\$ 10,626,865
Expenditures					
Operating Expenses:					
Administrative and Billing	\$ 197,857	\$ 191,845	\$ 216,262	\$ 241,960	\$ 332,799
Payments to General Government	\$ 307,359	\$ 325,191	\$ 362,118	\$ 427,795	\$ 297,621
Street Sweeping	\$ 740,126	\$ 750,260	\$ 759,203	\$ 784,686	\$ 804,506
Waste Removal and Solid Waste Management	\$ 7,907,886	\$ 8,027,457	\$ 8,280,269	\$ 8,489,091	\$ 8,923,589
OPEB Expense	\$ 16,066	\$ 17,774	\$ 9,535	\$ -	\$ -
Non-Operating Expenses:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitation Expenditures	\$ 9,169,294	\$ 9,312,527	\$ 9,627,387	\$ 9,943,532	\$ 10,358,515
<i>Net Amount</i>	<i>\$ (121,930)</i>	<i>\$ (100,766)</i>	<i>\$ (120,681)</i>	<i>\$ 215,348</i>	<i>\$ 268,350</i>
End of Year Fund Balance	\$ 1,021,871	\$ 921,105	\$ 800,424	\$ 1,015,772	\$ 180,115

YOLO LAFCO MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

City of Davis Sewer Fund					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Operating Revenues:					
Charges for Services	\$ 12,613,144	\$ 13,120,690	\$ 14,103,581	\$ 14,264,259	\$ 14,709,852
Non-Operating Revenues:					
Interest Income	\$ 188,341	\$ 130,135	\$ 84,270	\$ 56,738	\$ 51,781
Other	\$ 56,063	\$ 134,809	\$ 148,476	\$ (319,629)	\$ 137,232
Sewer Revenues	\$ 12,857,548	\$ 13,385,634	\$ 14,336,327	\$ 14,001,368	\$ 14,898,865
Expenditures					
Operating Expenses:					
Administrative and Billing	\$ 550,503	\$ 845,401	\$ 486,458	\$ 832,100	\$ 479,419
Payments to General Government	\$ 317,803	\$ 288,709	\$ 265,867	\$ 207,253	\$ 232,699
Sewage Collection	\$ 981,982	\$ 1,148,971	\$ 1,080,292	\$ 1,392,185	\$ 1,393,261
Sewage Treatment	\$ 4,062,698	\$ 4,316,578	\$ 4,600,502	\$ 3,831,761	\$ 4,933,826
OPEB Expense	\$ 174,889	\$ 187,454	\$ 71,823	\$ -	\$ -
Depreciation	\$ 1,810,077	\$ 1,728,266	\$ 1,714,826	\$ 1,719,613	\$ 1,772,235
Other	\$ 52,511	\$ 38,985	\$ 101,536	\$ 65,645	\$ (51,611)
Non-Operating Expenses:					
Interest	\$ 296,874	\$ -	\$ (91,085)	\$ -	\$ -
Sewer Expenditures	\$ 8,247,337	\$ 8,554,364	\$ 8,230,219	\$ 8,048,557	\$ 8,759,829
Net Amount	\$ 4,610,211	\$ 4,831,270	\$ 6,106,108	\$ 5,952,811	\$ 6,139,036
End of Year Fund Balance	\$ 89,973,371	\$ 95,852,964	\$ 101,959,072	\$ 107,911,883	\$ 105,322,651
City of Davis Storm Sewer Enterprise Fund					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Operating Revenues:					
Charges for Services	\$ 1,561,457	\$ 1,605,903	\$ 1,662,303	\$ 1,701,784	\$ 1,742,022
Non-Operating Revenues:					
Interest Income	\$ 15,644	\$ 17,152	\$ 10,130	\$ 7,216	\$ 8,941
Grants and Contributions	\$ 500	\$ -	\$ -	\$ -	\$ -
Other	\$ 50,672	\$ 45,583	\$ 148,336	\$ 52,662	\$ 66,613
Storm Sewer Revenues	\$ 1,628,273	\$ 1,668,638	\$ 1,820,769	\$ 1,761,662	\$ 1,817,576
Expenditures					
Operating Expenses:					
Administrative and Billing	\$ 79,909	\$ 88,400	\$ 82,058	\$ 67,881	\$ 127,836
Payments to General Government	\$ 133,386	\$ 143,376	\$ 142,910	\$ 151,300	\$ 81,826
Storm Drainage System Maintenance	\$ 1,475,192	\$ 1,152,377	\$ 1,160,826	\$ 1,373,153	\$ 1,324,568
OPEB Expense	\$ 40,121	\$ 35,712	\$ 14,428	\$ -	\$ -
Depreciation	\$ 2,023,809	\$ 2,000,093	\$ 2,005,216	\$ 2,005,218	\$ 2,005,218
Other	\$ 97,049	\$ 106,782	\$ 325,477	\$ 114,792	\$ 123,794
Non-Operating Expenses:					
Interest	\$ 18,776	\$ 2,836	\$ 2,335	\$ 1,414	\$ 6,210
Storm Sewer Expenditures	\$ 3,868,242	\$ 3,529,576	\$ 3,733,250	\$ 3,713,758	\$ 3,669,452
Net Amount	\$ (2,239,969)	\$ (1,860,938)	\$ (1,912,481)	\$ (1,952,096)	\$ (1,851,876)
End of Year Fund Balance	\$ 76,750,175	\$ 75,217,194	\$ 73,304,713	\$ 71,352,617	\$ 67,506,996

YOLO LAFCO MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

City of Davis Public Transit Enterprise Fund					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Operating Revenues:					
Charges for Services	\$ 32,585	\$ 30,012	\$ 31,105	\$ 32,241	\$ 31,963
Non-Operating Revenues:					
Interest Income	\$ 718	\$ 155	\$ -	\$ 29	\$ 87
Grants and Contributions	\$ 3,953,145	\$ 4,061,282	\$ 4,300,352	\$ 5,695,812	\$ 6,256,562
Other	\$ -	\$ 13,330	\$ -	\$ 3,400	\$ 8,976
Public Transit Revenues	\$ 3,986,448	\$ 4,104,779	\$ 4,331,457	\$ 5,731,482	\$ 6,297,588
Expenditures					
Operating Expenses:					
Public Transportation Service	\$ 3,721,120	\$ 3,607,243	\$ 3,633,154	\$ 5,153,793	\$ 5,692,736
Special Transportation Service	\$ 483,231	\$ 473,010	\$ 508,547	\$ 528,480	\$ 558,508
OPEB Expense	\$ 192	\$ 338	\$ 4,926	\$ -	\$ -
Depreciation	\$ 102,011	\$ 102,736	\$ 108,060	\$ 136,035	\$ 136,035
Non-Operating Expenses:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Public Transit Expenditures	\$ 4,306,554	\$ 4,183,327	\$ 4,254,687	\$ 5,818,308	\$ 6,387,279
<i>Net Amount</i>	<i>\$ (320,106)</i>	<i>\$ (78,548)</i>	<i>\$ 76,770</i>	<i>\$ (86,826)</i>	<i>\$ (89,691)</i>
End of Year Fund Balance	\$ 2,989,204	\$ 2,910,656	\$ 3,081,596	\$ 2,994,770	\$ 2,879,366
City of Davis Governmental Activities - Internal Service Funds					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Operating Revenues:					
Charges for Services	\$ 14,878,734	\$ 18,847,730	\$ 22,043,889	\$ 23,482,722	\$ 25,011,722
Non-Operating Revenues:					
Interest Income	\$ 236,141	\$ 54,585	\$ 40,415	\$ 31,460	\$ 30,866
Gain on Disposal of Capital Assets	\$ 32,060	\$ -	\$ -	\$ -	\$ -
Other	\$ 3,546,639	\$ 306,403	\$ 392,540	\$ 297,330	\$ 503,850
Public Transit Revenues	\$ 18,693,574	\$ 19,208,718	\$ 22,476,844	\$ 23,811,512	\$ 25,546,438
Expenditures					
Operating Expenses:					
Central Stores	\$ 207,626	\$ 236,446	\$ 278,786	\$ 209,679	\$ 228,395
Central Equipment	\$ 1,549,271	\$ 1,572,335	\$ 1,977,837	\$ 1,586,341	\$ 1,512,039
Duplication- postal	\$ 176,574	\$ 185,876	\$ 176,505	\$ 164,740	\$ 172,333
City Administrative Facility Maintenance	\$ 1,867,531	\$ 1,480,931	\$ 480,368	\$ 673,511	\$ 2,085,396
City Electrical Maintenance	\$ 216,564	\$ 160,132	\$ 1,180,169	\$ 1,336,791	\$ -
Insurance Administration	\$ 309,857	\$ 417,749	\$ 510,960	\$ 615,789	\$ 408,372
Insurance Premiums	\$ 7,317,311	\$ 7,885,472	\$ 10,533,108	\$ 12,569,464	\$ 12,731,319
Litigation	\$ 103,119	\$ 116,588	\$ 68,743	\$ 25,584	\$ 47,315
MIS Services	\$ 2,117,751	\$ 1,535,157	\$ 2,196,596	\$ 1,961,643	\$ 2,170,550
OPEB Expense and Leave Benefits	\$ 3,268,115	\$ 3,218,649	\$ 3,530,072	\$ 3,017,626	\$ 2,902,881
Depreciation	\$ 1,868,692	\$ 1,017,287	\$ 828,892	\$ 917,207	\$ 844,344
Non-Operating Expenses:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Public Transit Expenditures	\$ 19,002,411	\$ 17,826,622	\$ 21,762,036	\$ 23,078,375	\$ 23,102,944
<i>Net Amount</i>	<i>\$ (308,837)</i>	<i>\$ 1,382,096</i>	<i>\$ 714,808</i>	<i>\$ 733,137</i>	<i>\$ 2,443,494</i>
End of Year Fund Balance	\$ 15,374,364	\$ 16,756,460	\$ 17,471,268	\$ 18,204,405	\$ 14,024,761

Current Situation

The City reports that its financing is still not adequate today. Despite recent improvements, Davis has a significant list of infrastructure needs. There are not adequate funds to finance needed facility replacement, street maintenance, and park infrastructure upgrades.

The City, however, believes that there are no concerns for sustainability of operations as long as service levels are not increased. Enterprise activities are considered stable. Davis is currently making full pension and benefits obligations payments and is planning for the worst-case scenario. Medical benefits for retired employees were scaled back and are not likely to be returned to the prior level.

As was previously mentioned, although the City's financial situation is becoming more stable Davis is cautiously optimistic as another economic downturn could change the direction of positive trends very rapidly. The City is therefore looking for additional ways to increase efficiency, contain costs, and acquire new revenue sources.

Davis has a finance and budget commission that looks into financing options, unfunded liabilities, joint ventures, and partnerships.

Projections

General fund revenues are projected to grow at an average annual rate of 2.5 percent per year, resulting in ongoing revenue growth of \$6.21 million for the period of FY 15-16 through FY 20-21.

General fund expenditures are projected to experience annual increases from FY 15-16 through FY 20-21 averaging 2.1 percent per year, resulting in the growth of total general fund expenditures of \$5.07 million over the forecast period.

The operating projections shown over the five-year planning horizon remain sensitive to assumptions related to major city revenues and expenditure categories. Among the main areas of concern are property and sales tax revenues. While the City has seen a fairly robust improvement to these revenues for the past several years, it is not certain that it will continue to grow at these levels. In addition, expenditures for personnel services are sensitive to employee negotiations, as well as CalPERS pension and medical costs.

City service costs for water and sewer have been included in the forecast model with anticipated increases to rates over the next five years consistent with Council approved rate structures. Water and wastewater costs are projected to increase nearly \$1.0 million over this time. This cost is partially offset by \$581,937 in annual lease revenue. The City is also setting aside money to improve and upgrade the current irrigation infrastructure in an effort to conserve water use in the City parks. The FY 15-16 Budget allocates \$500,000 towards this effort as well as \$150,000 carried over from the prior year.

City roads and bike paths are in need of rehabilitation. The City dedicates \$3.4 million for the annual street and bike path paving program, which is aimed at improving the pavement throughout the City in an effort to ensure that the City's transportation infrastructure is

maintained to an acceptable level. This effort frontloads the infrastructure maintenance project until a long-term funding source can be identified.

b)

Reserves

The current general fund reserve policy is set at 15 percent of general fund revenues. This policy is under review by staff to confirm that it identifies a proper value for the City's reserve. This review will be completed in FY 15-16.²⁹

In FY 14-15, the general fund's unassigned balance was \$15,536,438, which constituted 29 percent of the general fund revenues and 33 percent of the fund's total expenditures (or about four months of the general fund's expenditures). The unassigned fund balance represents available liquid resources.

The table on the next page shows nonspendable, restricted, committed, assigned, and unassigned fund balances for all of the City's governmental funds. In the last five years, the City's unassigned fund balance went below the 15 percent mark twice, in FY 11-12 and FY 13-14. There was an increase in the unassigned fund balance of 161 percent from FY 10-11 to FY 14-15, with the most significant increase of 126 percent from FY 13-14 to FY 14-15. This substantial increase in the FY 15 fund balance is partially attributable to the City's new increase in the sales tax. It is projected that after FY 21, when the half-cent sales tax sunsets, in the absence of any other revenue sources or expenditure reductions, the City's budget surplus will become a budget deficit by FY 24. The FY 15 balance is also artificially high because the budget for that year includes the removal of expenditures carried over to FY 15-16. Carrying this beginning balance into next year where the carryovers are shown as expenditures would project the FY 15-16 ending with a reserve balance of 15.42 percent.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, it is the City's policy to first apply the restricted fund balance. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

The general fund reserve is intended to buffer against downturns in the economy, reductions in State and federal funding, and could be used to buffer the impacts of potential budget balancing measures. The City currently believes that a reserve of 15 percent of the general fund revenues is enough to absorb the impact of a loss of a revenue source such as State or federal funding and mitigate potential operating shortfalls. Davis currently exceeds its reserve goals.³⁰

²⁹ City of Davis Budget FY 15-16.

³⁰ The restricted funds for "Low Income Housing" are from the Redevelopment Agency Low Income Housing Fund.

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City of Davis Fund Balances					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Nonspendable:					
Loans Receivable	\$ 190,606	\$ 9,949,222	\$ 9,918,793	\$ 1,899,876	\$ 147,093
Total Nonspendable Fund Balance	\$ 190,606	\$ 9,949,222	\$ 9,918,793	\$ 1,899,876	\$ 147,093
Restricted for:					
Debt Service	\$ 381,341	\$ 381,929	\$ -	\$ -	\$ -
Child Care Services	\$ 81,595	\$ 347,273	\$ 383,316	\$ 396,554	\$ 318,121
Housing	\$ 7,569,736	\$ -	\$ -	\$ -	\$ -
Development Services	\$ 2,503,458	\$ 1,407,193	\$ 1,401,746	\$ 1,398,489	\$ 1,407,343
Roadways and Street Improvements	\$ 13,578,503	\$ 13,875,973	\$ 14,727,773	\$ 13,863,412	\$ 13,126,810
Parks	\$ 8,935,796	\$ 5,900,904	\$ 5,557,284	\$ 9,503,574	\$ 9,849,911
Public Safety	\$ 2,014,206	\$ 2,287,554	\$ 2,408,556	\$ 2,572,775	\$ 2,621,181
General Facilities	\$ 1,723,708	\$ 1,748,899	\$ 1,731,885	\$ 1,646,618	\$ 1,225,374
Open Space	\$ 975,745	\$ 777,132	\$ 1,344,286	\$ 1,372,583	\$ 1,399,788
Grants	\$ 11,192,026	\$ 944,504	\$ 1,723,359	\$ 180,395	\$ 2,070,770
Public, Educational and Gov.	\$ 570,698	\$ 485,743	\$ -	\$ -	\$ -
Public Facilities	\$ 17,405,783	\$ 217,650	\$ 735,462	\$ 218,472	\$ 218,872
Land Acquisition	\$ 1,549,917	\$ -	\$ -	\$ 1,561,549	\$ 1,564,408
District Improvements	\$ 1,207,703	\$ 1,212,191	\$ 1,214,930	\$ 1,216,768	\$ 1,603,116
Low Income Housing	\$ 18,129,487	\$ 24,699,660	\$ 24,672,407	\$ 33,725,931	\$ 33,844,286
Total Restricted Fund Balance	\$ 87,819,702	\$ 54,286,605	\$ 55,901,004	\$ 67,657,120	\$ 69,249,980
Committed to:					
Building and Planning	\$ -	\$ -	\$ 295,748	\$ -	\$ -
Parks	\$ -	\$ -	\$ -	\$ 341,101	\$ 408,175
Cable TV	\$ 968,294	\$ 1,028,089	\$ 1,115,939	\$ 1,646,968	\$ 1,733,794
In Lieu of Parking and Parking	\$ 535,878	\$ 608,783	\$ 667,124	\$ 729,828	\$ 785,744
Agriculture Land Acquisition	\$ 425,790	\$ 426,274	\$ 426,114	\$ 425,653	\$ 425,412
Municipal Arts	\$ 176,565	\$ 149,175	\$ 81,435	\$ 45,384	\$ 40,271
Public Safety	\$ 284,874	\$ 341,450	\$ 224,516	\$ 9,269	\$ 34,668
Capital Projects	\$ 7,475,336	\$ 5,279,379	\$ 4,834,432	\$ 4,849,888	\$ 4,900,573
Other Special Revenues	\$ 32,798	\$ 32,976	\$ 9,029	\$ 10,295	\$ 5,498
Total Committed Fund Balance	\$ 9,899,535	\$ 7,866,126	\$ 7,654,337	\$ 8,058,386	\$ 8,334,135
Assigned to:					
Land Acquisition	\$ -	\$ 1,555,674	\$ 1,559,189	\$ -	\$ 147,093
Next Year's Budget	\$ -	\$ -	\$ -	\$ 1,458,749	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ 383,420	\$ -
Total Assigned Fund Balance	\$ -	\$ 1,555,674	\$ 1,559,189	\$ 1,842,169	\$ 147,093
Unassigned:					
Total Unassigned Fund Balance	\$ 5,950,830	\$ 5,900,601	\$ 7,939,607	\$ 6,878,099	\$ 15,536,438
TOTAL FUND BALANCE	\$ 103,860,673	\$ 79,558,228	\$ 75,033,323	\$ 86,335,650	\$ 93,267,646

c)

Rate/Fee Schedule

The City of Davis charges its constituents for various services that it provides. The City has fee schedules for basic trade (plumbing, electrical, and mechanical) permits, building division plan checks and inspection and permit fees, city manager office services, such as processing fees and citations, Fire Department fees that include inspection, permit, plan review, and weed abatement charges, Police Department fees and fines for various permits, false alarms, and miscellaneous services including fingerprints livescan and information release, and public works various permit and inspection fees. The Planning Division charges for design review, environmental review, and map applications. The City has an extensive fee schedule dedicated to its recreation programs and facilities. Fees for the use of facilities, fields, parks, and pools are charged on hourly, event, or daily basis. All fee schedules are updated annually; schedules for FY 15-16 are available online.

The City bills and collects service charges for water, sanitation, sewer and storm sewer service. The City's utility accounts for sewer, sanitation, and storm sewer are billed flat rates for services on a monthly basis, on the 1st of the month. Water is billed on a consumption basis. Storm sewer service rate depends on lot size and use and ranges from \$0.000480 per square foot to \$0.000863 per square foot. For example, a 0.5-acre residential lot would pay about \$5 a month.

The City also collects two additional charges for general government purposes, a municipal service tax at a monthly unit rate of \$6.97, and public safety charge at a monthly unit rate of \$5.46, on the bills with the utility services. Utility billing for all service charge types are included in a single bill on each billing date.

North Davis Meadows and El Macero are billed via the County twice a year. Willowbank is billed as a direct customer on a monthly basis. These communities are charged the same rates as all other customers with the exception of El Macero sewer services. El Macero sewer is presently charged at the median single-family winter water use rate, rather than assessed individually. This was a negotiated agreement between the County and the City entered into in FY 14-15.

More information about utility and public safety fees is available in the accompanying tables.³¹

Water Base Rates	
Meter Size	Monthly Base Rate
5/8" or 3/4"	\$8.88
1-inch	\$13.48
1 1/2 -inch	\$23.85
2-inch	\$37.75
3-inch	\$68.39
4-inch	\$104.43
6-inch	\$201.43
8-inch	\$316.57
Water Metered Charges	
User Classification	Unit Charge (per CCF)
Single-family Residential	\$2.92
Multi-family Residential	\$2.94
Commercial	\$2.84
Irrigation	\$3.61

³¹ 1CCF=748 Gallons.

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Sewer Rates			
Residential	Monthly per Unit	Volume Rate	Monthly Rate
Single Family	\$19.47	\$3.02	\$2.82
Condominium	\$14.82	\$3.02	\$2.82
Duplex	\$14.82	\$3.02	\$2.82
3 Units	\$16.97	\$3.02	\$2.82
4 Units	\$16.82	\$3.02	\$2.82
5-10 Units	\$11.30	\$3.02	\$2.82
11-19 Units	\$11.30	\$3.02	\$2.82
20-49 Units	\$11.30	\$3.02	\$2.82
50 or More Units	\$11.30	\$3.02	\$2.82
Mobile Home	\$11.52	\$3.02	\$2.82
Institutional	Volume Rate	Monthly Base Rate	
Churches	\$5.34	\$2.82	
Schools			
DJUSD Schools	\$5.34	\$2.82	
Private Day Care	\$5.34	\$2.82	
Other			
Commercial		\$2.82	
Industrial		\$2.82	
Open Space (Condo) with Building	\$5.34	\$2.82	
Open Space (Condo) without Building	\$5.34	\$2.82	
Business Type	Rates by CCF		
Office	\$5.34		
Laundries	\$5.41		
Barbers/Beauty Shop	\$5.34		
Convalescent Hospital	\$5.58		
Auto Repair Shops	\$5.69		
Restaurants	\$7.62		
Industrial	\$5.72		
Notes: 1CCF=748 Gallons			

YOLO LAFCo MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

Monthly Solid Waste Rates for Businesses and Communally Serviced Residents												
Level of Service:		1X Per Week		2X Per Week		3X Per Week		4X Per Week		5X Per Week		6X Per Week
Toter	Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	4X/Wk + Sat
1	\$ 62.86	\$ 67.10	\$ 113.76	\$ 120.14	\$ 170.98	\$ 177.40	\$ 230.40	\$ 238.86	\$ 289.80	\$ 304.86	\$ 326.95	
2	\$ 111.64	\$ 118.02	\$ 213.41	\$ 221.88	\$ 321.59	\$ 330.06	\$ 434.46	\$ 442.49	\$ 535.76	\$ 548.50	\$ 658.79	
3	\$ 154.02	\$ 166.76	\$ 298.23	\$ 321.59	\$ 453.02	\$ 472.11	\$ 605.70	\$ 624.81	\$ 756.26	\$ 777.47	\$ 919.52	
Each Add'l Toter	\$ 42.17	\$ 48.53	\$ 84.61	\$ 99.48	\$ 131.24	\$ 141.85	\$ 171.00	\$ 182.13	\$ 220.26	\$ 228.76	\$ 260.55	
Level of Service:		1X Per Week		2X Per Week		3X Per Week		4X Per Week		5X Per Week		6X Per Week
Yards	Mid-Week	Sat	All Mid-Week	1X/Wk + Sat	All Mid-Week	2X/Wk + Sat	All Mid-Week	3X/Wk + Sat	All Mid-Week	4X/Wk + Sat	All Mid-Week	4X/Wk + Sat
1	\$ 98.44	\$ 113.37	\$ 187.10	\$ 201.97	\$ 282.15	\$ 297.01	\$ 378.59	\$ 394.34	\$ 478.55	\$ 491.25	\$ 586.31	
1.5	\$ 134.31	\$ 151.68	\$ 250.30	\$ 265.15	\$ 389.64	\$ 406.61	\$ 522.60	\$ 537.46	\$ 649.17	\$ 664.03	\$ 803.37	
2	\$ 163.75	\$ 189.25	\$ 319.85	\$ 343.16	\$ 478.01	\$ 503.50	\$ 640.40	\$ 663.77	\$ 802.85	\$ 828.34	\$ 986.61	
2.5	\$ 203.86	\$ 227.19	\$ 389.38	\$ 414.89	\$ 591.87	\$ 617.34	\$ 792.22	\$ 817.70	\$ 994.87	\$ 1,020.32	\$ 1,218.60	
3	\$ 243.92	\$ 269.41	\$ 463.16	\$ 488.61	\$ 703.62	\$ 733.29	\$ 948.43	\$ 973.92	\$ 1,186.74	\$ 1,214.35	\$ 1,454.80	
4	\$ 319.85	\$ 353.80	\$ 608.60	\$ 646.81	\$ 925.03	\$ 963.29	\$ 1,237.19	\$ 1,273.22	\$ 1,549.30	\$ 1,587.48	\$ 1,971.81	
5	\$ 391.47	\$ 438.19	\$ 758.28	\$ 802.85	\$ 1,148.54	\$ 1,195.23	\$ 1,536.51	\$ 1,583.26	\$ 1,920.29	\$ 1,964.91	\$ 2,422.99	
6	\$ 467.37	\$ 522.60	\$ 905.94	\$ 954.80	\$ 1,372.01	\$ 1,422.95	\$ 1,831.70	\$ 1,884.74	\$ 2,291.14	\$ 2,344.43	\$ 2,876.41	
Each Add'l Yard	\$ 70.29	\$ 76.65	\$ 139.18	\$ 145.73	\$ 212.40	\$ 218.74	\$ 281.31	\$ 291.93	\$ 348.12	\$ 360.85	\$ 429.80	
Each Compacted Yard	\$ 75.35	\$ 81.73	\$ 149.42	\$ 157.89	\$ 224.08	\$ 231.95	\$ 301.70	\$ 310.23	\$ 375.75	\$ 386.34	\$ 458.65	

To compare with other similar service providers in the area, the City of Woodland charges a monthly fixed charge for its sewer services based on the type of the structure. Generally, Woodland's monthly rates per unit of a particular dwelling are higher than charged by the City of Davis. Rates for water service are also generally higher in the City of Woodland. On the other hand, sewer rates in the City of West Sacramento are significantly lower than in the City of Davis. Water base rates in West Sacramento are higher, while the water unit charge is lower.

The City of Davis charges Development Impact Fees (DIF) based on the Development Impact Fee Study that was originally adopted by the City Council in 1998. In 2009, the City completed the eighth and the latest update. Annual updates since then have generally included making inflationary adjustments to project and infrastructure inputs in the model and the adjustment of development to reflect building activity over the previous year.

d)

Infrastructure Maintenance and Replacement

The Engineering Division is responsible for delivering the Capital Improvement Projects (CIP) Program. This involves the planning, design, and construction of all new city improvements identified in the five-year Capital Improvement Plan and major rehabilitation of existing facilities. The five-year CIP is currently not fully developed, however, and is not available. Planned projects for a specific fiscal year are shown in that year's budget.

Capital expenditures for governmental activities in FY 14-15 included \$1.6 million for transportation infrastructure rehabilitation and \$0.5 million for a fire truck, with the balance being spent on numerous other capital projects. The increase in enterprise activities capital expenditures during the same fiscal year is primarily due to expenditures for the alternative water supply system (\$17.2 million), the WWTP (\$17.1 million), and the Surface Water Pipeline Project (\$1.7 million).

The budget for FY 15-16 continues to include the costs of two large capital projects—the alternative water supply and WWTP. In conjunction with the water supply project, an ancillary surface water local facilities project is budgeted to replace and improve the existing distribution lines. For FY 15-16, the City earmarked \$3.4 million for the annual street and bike path paving program, which is aimed at improving the deteriorating condition of the City's pavement.

Other FY 15-16 planned capital improvements include \$2.4 million for facilities projects, \$1.3 million for parks projects, \$18.5 million for transportation projects, \$94 million for water projects, and \$179.9 million in sewer projects.

Capital improvement projects in FY 15-16 are mostly financed by enterprise funds (87.6 percent),³² special revenue funds (4.1 percent), and general fund (3.8 percent). Other financing sources include capital project funds, construction tax, development impact fees, general fund

³² Mostly financing the City's two large water and sewer projects.

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fees and charges, general fund grant/designated revenue fund, and internal service funds. Some projects are carried out using federal and State grant funds, or they may be contributed by developers or other governments.

It was reported by the City that due to the economic recession many of the needed infrastructure projects were put on hold. Davis is now trying to catch up with its capital improvement program, prioritizing the most pressing upgrades and projects that will improve efficiency. The City provided the following CIP schedule for FY 16-17. Many of the projects were reported to be multiple-year projects.

Category	Name	FY 16-17 Budget
Existing Projects and Medium to High Priority Projects		
CIP Admin	Capital Improvement Administration	-
Facilities	Facilities ADA Assessment and Improvement	-
Facilities	Fire Station Relocation	\$2,200,357
Facilities	Varsity HVAC	\$191,127
Facilities	City Hall Emergency Generators	\$345,000
Facilities	Public Works Facilities	\$66,041
Facilities/CS	Vets Memorial Center Rehab	\$1,289,872
Facilities/CS	Senior Center Improvements	\$249,000
Parks	Walnut Park Tennis Courts Rehab	\$125,000
Parks	Rainbow City Rehab	\$48,000
Parks	Citywide Irrigation Improvements	\$500,000
Parks	Central Park Deck Repair	\$29,254
Stormwater	Citywide Drainage Study	\$22,125
Transportation	ADA Parking & Facility Compliance	\$100,000
Transportation	3rd Street Improvements A to B St	\$5,328,812
Transportation	Roundabout at Drummond / Chiles / Cowell	\$944,000
Transportation	Streetlight Replacement	-
Transportation	Transportation Infrastructure Rehab	\$3,930,000
Transportation	Downtown Parking Improvements	\$20,000
Transportation	L Street Improvements	\$33,105
Transportation	Mace Blvd. Corridor	\$86,140
Transportation	Bicycle and Pedestrian Wayfinding	\$150,000
Transportation	Covell/L Street Intersection Improvements	\$1,303,327
Transportation	Fifth St. Reconstruction @ Maint. Holes	\$867,500
Transportation	I-80/Richards Interchange	\$400,000
Wastewater	Sanitary Sewer Rehab	\$750,000
Wastewater	WWTP Facility Improvement	\$1,000,000
Wastewater	Annual Sanitary Syst Rehab/Repl	\$250,000
Wastewater	Sewage Lift Stations	\$650,000
Water	Well #34 Surface Improvements	\$128,126

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Category	Name	FY 16-17 Budget
Water	Network Radio -Read Water Meters	\$2,863,759
Water	Water Main Replacement	\$500,000
Water	Surface Water Pipelines	\$7,370,425
Water	Well 11 Conversion to Irrigation Well	\$428,400
Water	Water Well Standby Power Generator	\$361,275
Water/JPA	Davis Woodland Water Supply Project	\$5,705,747
New Projects		
Transportation	East Covell Bicycle Path	\$57,780
Transportation	Traffic Calming Measures	\$100,000
Transportation	Olive Drive to Pole Line Overpass Connection	\$600,000
Transportation	Richards Boulevard Corridor Plan	\$250,000
Transportation	Fifth Street, Pole Line to L Street	\$47,600
Transportation	Ponteverde & Tulip Multi-Use Path Extension	\$352,500
Transportation	H Street Improvements / Tunnel Rehab	\$110,500
Transportation	Chavez ES WBAR Improvements	\$218,770
Transportation	Birch Lane ES WBAR HP Improvements	\$382,520
Transportation	Fourteenth St. / Villanova Dr. WBAR Improvements	\$63,000
Transportation	Russell Bike Path, Arthur to City Limits	\$276,000
Completed or Unfunded Projects		
Facilities	Emergency Generators	\$0
Parks	Central Park Upgrades; Interior demolition of old restroom	\$0
Parks	Community Pool	\$0
Parks	Walnut Park Restroom	\$0
Parks	Northstar Observation Platform rebuild	\$0
Police	Firing Range	\$0
Stormwater	El Macero Pump Station Rehab	\$0
Stormwater	Stormwater Drain Stations Rehab.	\$225,000
Transportation	Drexel Bike Blvd / H Street Tunnel (east end)	\$42,897
Transportation	H Street at DLL and Covell	\$339,000
Transportation	Railroad Relocation	\$0
Transportation	Parks Pathway Lighting improvements	\$0
Transportation	Citywide Structural Assessment	\$0
Transportation	Tim Spencer Alley Reconstruction	\$670,544
Transportation	City-Wide Signals Upgrade	\$472,500
Transportation	Richards / Cowell Lane Addition	\$382,734
Wastewater	Ag Well at Howatt Ranch	\$0
Water	El Macero Valves Replacement	\$0
Water	Citywide Anode Installation	\$0
Water	Well 29 Decommissioning	\$175,630

e)

Financial Policies

The City, by ordinance, adopts annually the operating, debt service, and capital improvement budgets for all governmental funds. This budget is effective July 1st for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. Upon approval by the City Manager and City Treasurer, however, amounts may be transferred between activities within a fund's operating budget appropriation total. The City Manager and City Treasurer may also approve routine minor new appropriations of \$10,000 or less subject to limitations. For the capital budget, the City Manager and City Treasurer may approve transfers between projects of \$15,000, as long as each fund's appropriation total remains intact. Increases in excess of the above limits and inter-fund transfers must be approved by the City Council. The budget data reflected in these financial statements incorporate all administrative and City Council amendments through June 30th of each year.

Departments are required to observe the budget document to ensure their financial activities comply for their respective departments and/or areas of operations. Where funds are restricted by law, such as developer fees, gas tax funds, and trust funds, departments must ensure compliance with legal restrictions for such funds under their control. Each department has to establish internal budget controls to administer compliance with the City's policy.

The Davis City Council adopts the City of Davis' annual operating budget no later than June 30th of each fiscal year. Beginning July 1st, the budget process allows the City of Davis to make resource allocation decisions, including choices about staffing, technology, and equipment, as well as determining which program priorities will be addressed in the coming fiscal year. Although the City Council deliberates the proposed budget between May and June, the budget process occurs throughout the year. Staff begins in each December based on projections of city revenues, costs associated with contractual obligations, assessment of city needs, and review of the City's overall financial position. The City Manager meets with departments to discuss budget changes and requests and to obtain additional information to assist in the assessment of the requests.

Beginning in FY 05-06, city staff started presenting quarterly budget updates to the City Council. Separate budget workshops are held in December and March to review budget assumptions and projections as well as establish policies that inform staff's development of the proposed budget.

The City's accounting records are organized and operated on a fund basis. City management staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles that facilitate internal management

reporting. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council via the annual appropriation ordinance. Funds for all operating, special revenue, debt service, and capital improvement activities of the City are appropriated in the annual budget. The legal level of budgetary control is at the fund level.

The City's financials are audited annually in Comprehensive Annual Financial Reports (CAFRs) prepared in accordance with generally accepted accounting principles (GAAP). In FY 13-14, the Government Finance Officers Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting.

Financial policies of the City are adopted by the City Council. City policies, including financial, are generally included in the City of Davis Municipal Code, which was last updated in 2015. The City's financial practices are generally in keeping with best practices established by the Government Finance Officers Association (GFOA). For instance, Davis gets management involved with internal controls, adopts a minimum level of unrestricted fund balance in the general fund, conforms to governmental accounting, auditing, and financial reporting standards, posts financial documents on its website, uses fund accounting effectively, prepares CAFRs, establishes financial committees, and includes budget-to-actual comparisons within financial statements. Additionally, the City adopts charges and fee schedules, practices performance measurement, and manages OPEB and healthcare costs, among many other practices identified by GFOA. An area where the City could implement certain improvements is the development of a multi-year capital improvement program that includes a timeline for completion of every project, as well as funding sources.

f)

Debt

From time-to-time, the City borrows money to provide up-front financing for facilities that are needed prior to when actual cash would otherwise be available. Typically, such borrowing is used for major capital facility acquisition or construction where an identifiable future revenue stream can be reasonably anticipated to be used for repayment. No current debt is backed by the City's general fund.

The significant debt fluctuation from FY 13-14 to FY 14-15 is due to final payoff of two water fund loans. The water storage tank and the Wells Fargo Water line of credit represented over \$15 million dollars in final payments in FY 13-14.³³ Since the last municipal service review, the City paid off or restructured nearly all of the debt that Davis had at the end of FY 05-06 (about \$11 million

³³ City of Davis Budget FY 15-16.

out of \$18.8 million). The two remaining loans since that fiscal year are the two state revolving fund loans discussed later.

In FY 14-15, long-term debt increased in both the governmental and business-type activities since the previous fiscal year due to the recognition of employee pension liability in the financial statements, as required by GASB 68.

The total balance of long-term debt (business type activities) at the end of FY 14-15 was \$41,617,129, including \$285,945 for State Revolving Fund Loan #1 (2.7 percent, due 7/25/15), \$3,198,782 for State Revolving Fund Loan #2 (2.6 percent, due 5/1/19), \$8,977,402 for East Area Water Storage Tank Loan (four percent, due 8/1/38), and \$29,155,000 for Wells Fargo Water Bonds (due 6/30/39).

By 2039, the City will have paid off \$52,194,999 for total business-type long-term debt including principal (\$41,617,129) and interest (\$10,577,870).

- State Revolving Fund Loan #1: The City entered into a contract in February 1994 to borrow funds from the State Water Resources Control Board. The funds are being used for a wetland project and a pollution load reduction program to improve water quality. The maximum loan amount is \$4,900,000, of which the City has drawn \$4,125,369, and bears interest at 2.7 percent per year for a term of twenty years. As of June 30, 2015, the City owed \$285,945 on the loan.
- State Revolving Fund Loan #2: The City entered into a contract in March 1997 to borrow funds from the State Water Resources Control Board. The funds are being used for a water pollution control plant expansion upgrade to the existing wastewater treatment facility to meet the City's future wastewater treatment needs. The maximum loan amount is \$10,603,414, of which the City has drawn \$10,519,106, and bears interest at 2.6 percent per year for a term of twenty years. As of June 30, 2015, the City owed \$3,198,782 on the loan.
- East Area Water Storage Tank Loan: In July 2009, City Council executed an enterprise fund installment sale agreement with the California Infrastructure and Economic Development Bank. The funds are to provide financing for the East Area Tank and other components of the Davis Wells Capacity EIR project. The maturity date for the loan is August 1, 2038, in the amount not to exceed \$10,000,000. The note bears an interest rate of four percent per year. During FY 11-12, the City made a final draw of \$2,577,084 in funds associated with this installment sale agreement resulting in the maximum amount of the loan \$10,000,000 being drawn. As of June 30, 2015, the City owed \$8,977,402 on the loan.
- Wells Fargo 2013 Water Revenue Bonds: In October 2013, the City of Davis Public Facilities Financing Authority executed an installment purchase agreement issuing \$30,000,000 in water revenue bonds for the purpose of providing financing for engineering and planning costs of a surface water supply acquisition and treatment project, part of the

Woodland-Davis Water Supply Capital Improvement Project. The outstanding principal balance on the bonds as of June 30, 2015 is \$29,155,000.

At the end of FY 14-15, the City's governmental activities debt was comprised exclusively of long-term employee benefits in the amount of \$70.494 million. Davis did not incur any new long-term debt in FY 14-15; the business-type activities long-term debt decreased from the previous year by \$1.9 million due to payment of annual debt service. Therefore, the City's debt is at a manageable level based on the City's reserved and unreserved fund balances and total annual revenues.

Financial Ability MSR Determination

The City's financial situation has gradually but steadily improved in the last five years and since the most recent economic recession. After years of financial challenges that resulted in multiple staffing and resource cuts, enhancements in efficiency through technology and collaborations, and new innovative revenue sources, Davis was able to increase its overall revenues and decrease expenditures to achieve a positive revenue to expenditures balance. FY 15-16 is the year that Davis identifies as the turning point year when it can expect a period of relative stability after having overcome multiple challenges. Long-term debt is at a manageable level, financial reserves exceed minimum adopted standards, revenues exceed expenditures, and pension and benefit liabilities are fully funded. However, the City is cautiously optimistic trying to manage its constituents' expectations with reduced service levels that Davis is now providing as the result of multiple resource reductions. The City of Davis plans to continue on the path of cost containment and efficiency increase not only in an attempt to complete deferred infrastructure upgrades but also to ensure its financial stability and safeguarding against future economic downturns.

Recommendations:

- Continue to search for additional stable revenue sources and ways to improve efficiency of operations to better achieve service expectation levels of City constituents as well as be better prepared for economic challenges.
- The City of Davis should complete a stormwater ~~sewer~~ rate study to determine appropriate rates to cover the cost of system operations, maintenance, and depreciation.

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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

a-b) The City practices extensive collaboration and resource sharing with other entities and agencies. Davis participates in regional organizations and planning documents.

City staff and UC Davis were active partners in the collaborative regional process that created the Next Economy Capital Region Prosperity Plan. This plan provides a “road map” to strategically align regional resources and efforts to improve the regional economy.

The City of Davis is also a part of a shared services agreement with Yolo County Office of Emergency Services (OES) since 2013. This is a shared effort among cities in Yolo County to ensure continued existence of the OES. Participating agencies are looking for ways to provide additional funding and expand services of the County OES.

Davis City Council periodically creates committees to address specific projects or concerns, and participates in regular “2x2” meetings with other agencies and organizations, such as Davis Joint Unified School District Board of Education and the Yolo County Board of Supervisors.

Each of the City’s departments is involved in sharing its resources with either other city departments or outside neighboring and/or regional agencies.

Parks and Community Services Department

The Parks and Community Services Department has had an extensive joint development history with the Davis Joint Unified School District. The City of Davis has successful joint use

agreements with the school district for the use of school grounds. The district has first priority for all facilities, so public use is generally limited to hours and times when school is not in session. In addition, the City has a joint agreement with the district for the use of some schools to house classes and programs administered by the Parks and Community Services Department. The City reciprocates by making its facilities available to the school district.

The City is in the process of expanding and enhancing the Veteran's Memorial Center to provide additional meeting and social space. Davis co-located teen center facilities into this multipurpose community center located adjacent to Davis High School, along with provision of services and activities at secondary school sites. This facility development strategy was pursued by the City Council and is more affordable, cost effective and appropriate versus planning and constructing new buildings.

Fire Department

The City's Fire Department shares some staff with other agencies in the area. In January of 2014, Davis entered into a shared fire management agreement with UC Davis to provide a single management team to operate both agencies. Thirty percent of the City's fire marshal position time is contracted out to the City of Woodland for fire prevention services. In 2012, the City of Davis became a part of the West Valley Regional Fire Training Consortium, which provides training services to all of the career fire departments in Yolo County, **except the City of Winters**. Currently, the Consortium is comprised of UC Davis FD, West Sacramento FD, City of Davis FD, ~~and~~ City of Woodland FD **and the Yocha Dehe Fire Department**. Additionally, the Fire Department has contractual agreements with the East Davis County FPD, the Springlake FPD and No Man's Land FPD for emergency response to these areas.

In 2014, the City of Davis Fire Department, along with five partnering agencies, was awarded a Personal Protective Equipment (PPE) grant to purchase turnouts.

Davis FD participates in a countywide fire vehicle sharing agreement with UC Davis, the City of Woodland, and City of West Sacramento.

The Department also practices intra-city sharing. For instance, the time of the Fire Department public finance analyst and administrative aid are shared with the City's Police Department 40 and 75 percent respectively.

The Fire Department reports that it is continuously exploring shared fire prevention and fire investigation services with neighboring cities. The City is planning to expand the fire prevention agreement it has with the City of Woodland to other agencies countywide. Davis is also interested in participating in some sort of a fleet maintenance agreement for apparatus with other fire providers in the County. There have been some discussions in that direction, but no agency has taken a lead to date. In 2012, a study performed by the consulting firm Citygate **Associates** found that opportunities for **consolidating UC Davis and the City of Davis Fire Departments** ~~sharing~~ were great, but consolidation was unlikely due to cost and wage disparity ~~amongst providers in the County~~. Since the completion of the study

fire protection agencies have been working extensively to share resources to the greatest degree possible.

Police Department

The City's Police Department also practices some resource sharing. For instance, the Department utilizes Coplink provided by the Sacramento Sheriff's Office, which is a regional crime information sharing tool. The Police Department also has been sharing animal service agreement and police service agreements (SWAT, hostage negotiations) with regional partners since 2008. Davis PD participates in the countywide mutual aid response agreement. Some patrol services are shared with other law enforcement providers based on proximity. The Department collaborates with state investigative agencies and with California Department of Corrections. Within the City, Davis PD makes its sheds available to other city departments for storage.

It was reported that the Department is constantly working with other law enforcement providers on mutual areas of interest and concern.

Public Works Department

The City participates in a joint powers authority (JPA)—the Woodland-Davis Clean Water Agency—with the City of Woodland to develop a sustainable water supply. The JPA has been in existence since 2009 and coordinates the construction, ownership, and operation of the Woodland-Davis Water Supply Capital Improvement Project, which is scheduled to be completed in 2016. As defined in the JPA agreement, assets and liabilities will be owned by the JPA itself and not its members. Each member is entitled to certain sole use assets, which will be owned and maintained by each member upon completion of the project. Also, upon project completion, each member will be entitled to capacity rights for the treatment and distribution of surface water. The City of Davis' proportion of such rights will be 44.4 percent.

The City contracts with Unitrans and Yolobus for public transportation. The Public Works Department participates on the Unitrans advisory committee and provides some funding for both transportation programs.

The Department's participation in regional plans is mostly focused on the Central Valley and Delta. The Department is a part of the Yolo County Drought Task Force and SACOG regional planning efforts (the City provides information on infrastructure and planned improvements).

c-d)

There may be an opportunity for the City to share more police resources with the UC Davis similar to the Fire Department. However, in order to determine costs and benefits of these options a more detailed study would be required.

Another option discussed more thoroughly in the El Macero CSA chapter of this report is the direct billing of El Macero residents for water and wastewater services similar to Willowbank CSA. By eliminating the County as the intermediary, the residents could realize reduced administration costs associated with determining the amount owed by each customer on the property tax bill annually, receive timely water use indicators, providing the residents with

a greater level of transparency in how their bills are calculated, and the ability to participate in the Proposition 218 rate protest process.

North Davis Meadows CSA is moving forward with connecting to the City's water system. This poses the opportunity for the City and CSA to consolidate water systems, and through the contract negotiation process set up direct billing for greater efficiency.

As previously mentioned, Davis Fire Department receives dispatch through the Police Department. There are certain limitations to the dispatch system, including a lack of emergency medical dispatch, pre-arrival dispatch, or priority dispatch of units based on incident severity, which are all best management practices provided by YECA ~~Yolo County~~ dispatch. The City Fire Department indicated that it may be more beneficial for it to receive dispatch services from YECA ~~the County~~; however, Davis Police Department is not amenable to the idea. This may be an opportunity for further collaboration between the City and other local agencies ~~the County~~. The cost and benefits of such a change have not been assessed to date.

Shared Services MSR Determination

The City of Davis practices extensive collaboration and resource sharing with other local, regional, and state agencies. The City is continuously exploring new ways to share resources in order to increase efficiency.

A few possible governance options and service structure options were identified over the course of the MSR with the potential to promote resource sharing, enhance efficiencies, and reduce costs. Options include 1) enhanced resource sharing between Davis PD, the County Sheriff's Office, and UC Davis, perhaps through contract services or shared management, 2) direct billing of El Macero and North Davis Meadows residents, and 3) the possible transition of Fire Department dispatch to YECA ~~the County~~. With the exception of the possibility of direct billing of CSA residents for utility services, the other options would require a more detailed assessment of the associated costs and benefits.

Recommendations:

- Research and institute enhanced resource sharing between Davis PD, and UC Davis, perhaps through contract services or shared management.
- Consider contracting with YECA ~~Yolo County~~ for Fire Department dispatch services or upgrading the City dispatch service in order to receive emergency medical dispatch, pre-arrival dispatch, and priority dispatch of units based on incident severity, which the City does not offer ~~procedure, or another service structure option in order to better provide effective and timely emergency services.~~

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 staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

a-d) The City of Davis operates under the Council-Manager form of government with a five-member Council, elected at large by city residents to four-year terms. After each Council election, the Councilmember receiving the highest number of votes in the previous election is appointed to serve as Mayor. The Mayor conducts Council meetings and represents the City on ceremonial occasions. The Council appoints the City Manager, City Attorney and all members of the various boards and commissions, which serve in an advisory capacity to the City Council.

The City has 14 council-appointed commissions that are devoted to various aspects of community life including planning, recreation, finance/business and economics, natural resources, and university student relations.

The City Council holds regular meetings beginning at 6:30 p.m. on Tuesdays, with the exception of the fifth Tuesday of the month and the Tuesday prior to a holiday. The schedule for Council meetings is determined in the summer prior to the start of each legislative year; although, the Council may adjust it as necessary over the course of the year. The Davis City Council meets in the Community Chambers at City Hall, 23 Russell Boulevard (corner of Russell Blvd. and B St.).

City Council meeting agendas are available by email and online, and meetings may be viewed on cable TV (Comcast channel 16 or AT&T channel 99) or on live streaming video.

Council receives specialized ethics training every two years; the last training took place on February 24, 2015. Each Council member files the required Form 700 Statement of Economic Interest with the Fair Political Practices Commission in timely manner as required.

The City has adopted a set of policies that provide framework and direction for city governance and administration, that include policies on code of ethics, Brown Act requirements, public requests for information, and expense reimbursements.

The City reports that it seeks input and feedback from the community using a variety of traditional and interactive communication tools to inform, educate, engage and interact with residents and businesses. Davis also actively encourages voter participation. Leading into an election season, the City Clerk's Division increases outreach and distribution of information on voter registration. In addition, the City keeps information about voter registration on its website and hard copies in the City Hall.

Since the completion of the last MSR, the City started providing enhanced outreach services to the public via online tools, such as Facebook, Nexdoor, Twitter, and an electronic newsletter. Hard copies of the newsletter are no longer being provided.

If a constituent is dissatisfied with the City's services, there are several ways to submit complaints. Davis has an online citizen complaint system, which can be accessed via the City's website or an app using a mobile device. Issues are addressed through the appropriate department that is required to respond to the complainant within a specific time frame. Citizens and the City can track progress of complaints. Constituents are also able to submit complaints in person by coming to the City Hall or contacting Council members. The complaint is then forwarded to the appropriate department for handling. Once a month the City hosts a table at the Davis Farmer's Market where individuals can ask questions, submit complaints, or talk to staff and elected officials about city issues.

All complaints are entered into a work order system. Each department has staff assigned to track complaints entered into the system. Categories of complaints are given different lengths of time for city staff to respond. Once staff has responded, the complaint is closed in the system.

The City receives an increasing number of large public records requests. It is reportedly difficult to make timely responses, which results in other work being delayed in order to respond to complex requests. In 2014, the City responded to 428 complaints and requests.

The City manager serves as the administrative head of city government overseeing the departments of Administrative Services, Fire, Police, City Manager, Community Development and Sustainability, Public Works, and Parks and Community Services.

The City Manager's Office employs 14 regular full-time staff, 0.75 regular part-time staff, and 1.36 temporary part-time staff, with a total of 16.11 full-time equivalent employees (FTEs).

The Administrative Services Department is staffed by 29.41 FTEs, consisting of 28 regular full-time employees, 1.25 regular part-time staff, and 0.16 temporary part-time personnel. The Department oversees the Budget and Financial Division, Fiscal Services, Human Resources, and Information Technology.

The Department of Community Development and Sustainability consists of the Sustainability Division, Administration, Planning, Property Acquisition and Management, and Building and includes 21 regular full-time staff and three temporary part-time staff for a total of 24 FTEs.

The Parks and Community Services Department is overseen by the parks and community services director and is comprised of the Community Services Division (responsible for recreation programs, theater, facilities reservations, paratransit, and seniors), Parks and Urban Forestry Division (responsible for parks and greenbelts, streetscapes, athletic fields, community gardens, integrated pest management, park planning and urban forest), and Aquatics Division (responsible for arroyo pool maintenance, civic pool maintenance, community pool maintenance, and manor pool maintenance). The Department is staffed by 44 regular full time employees, 4.75 regular part-time personnel, and 54.41 temporary part-time personnel, making up 103.16 FTEs.

The Fire Chief oversees the City's Fire Department that is comprised of the Operations, Emergency Services Management, Prevention Services, and Training and Emergency Preparedness Divisions. There are 42.15 FTEs, including 41.40 regular full-time employees and 0.75 regular part-time staff. The Department employs nine fire captains, four fire division chiefs, one fire inspection specialist, five firefighters I, 22 firefighters II, 0.4 fiscal analyst and 0.75 administrative aid shared with the Police Department.

The Police Department is managed by the Police Chief and consists of the Patrol and Field Operations Division and Administrative and Support Services Division. The Patrol and Field Operations Division provides patrol and traffic enforcement, parking enforcement, specialized units (SWAT, EOD, HNT), code enforcement, and volunteer and cadet services. The Administration and Support Services Division provides professional standards, investigations and task force (SAFE), crime analysis and crime prevention, and records and communications. The Police Department employs 98.06 FTEs, including 94.6 regular full-time staff and 3.46 temporary part-time staff.

The Public Works Director is the head of the City's Public Works Department that is comprised of the Administration and Management Division, as well as the Public Works/Engineering Division that consists of engineering, transportation, sewer, drainage, water, solid waste, and asset management services. The Department employs 110.32 FTEs, of which 101 are regular full-time staff and 9.32 are temporary part-time staff.

The City performs audits and adopts budgets annually in a timely manner. Budgets, comprehensive annual financial reports (CAFR), and audits are available online.

Goals and accomplishments for each department are recorded in the annual budget. Additionally, budgets also contain performance measures for each department. Each Department has its own planning documents, which are adopted and updated as needed. City service needs are forecasted through the budget process, capital improvement planning, Council goals, and public input.

The City Council holds a strategic planning retreat every two years (with each new Council) to set strategic goals and objectives for each upcoming two-year period. Staff discuss objectives and device specific tasks and return them to City Council for final approval. Department heads participate in the crafting of the goals and objectives with the Council.

Operations and productivity of various services offered by the City are routinely evaluated through the annual budget process and through City Council goals. Departments generally must indicate how their work is furthering Council goals. Individual employees receive evaluations that point toward work achieved to further goals and complete projects included in the budget. Workload handled by staff is tracked through timesheets completed every two weeks.

In the last several years the City implemented multiple measures to cut costs and increase operational efficiency, specifically to address financial constraints as a result of the economic downturn. Davis had to make numerous resource and personnel cuts and organizational changes in an effort to manage declining revenues. The City reorganized its staffing arrangements to streamline services and increase efficiency. Davis has experienced a reduction in staffing of approximately 24 percent since FY 07-08. Each department additionally makes its own efforts to find new sources of revenue, use more advanced technology to automate certain procedures, and become more creative in sharing resources with other departments and agencies in order to eliminate redundancy and achieve economies of scale.

e-g) As mentioned in the Shared Services section, direct billing of El Macero residents for water and wastewater services similar to Willowbank CSA is an option for consideration. The City could begin direct billing of CSA residents through an update of the water and wastewater service agreements between the City and the County. This option is reliant on concurrence by the CSA residents and the County, and would need to be spearheaded by the County through renegotiation of the utility service agreements. This option is discussed in further detail in the El Macero CSA Section of this report.

Another option for consideration is the annexation of El Macero, Willowbank, North Davis Meadows, and the Royal Oak Mobile Home Park to which the City provides water and wastewater services, as well as fire through contracts with their respective fire districts. From the LAFCo perspective, these communities are logical extensions of Davis and should be included. Nonetheless, annexation of these communities is not likely to occur, at least in the near term, given that residents of these areas are generally not supportive of city annexation and the City has indicated it would not pursue annexation without resident support. These communities have generally desired to remain in unincorporated Yolo County and have never expressed the desire to be annexed. With a long term goal of annexation to promote efficient service structure and logical boundaries, the City should continue planning for its entire service area, including these communities.

Accountability, Structure and Efficiencies MSR Determination

The City of Davis holds regular scheduled publicly accessible meetings that are well publicized in accordance with the Brown Act. There appear to be no issues with competitive elections, presence of required policies, or Councilmember adherence to legal requirements. The City adopts annual budgets and comprehensive annual financial statements in a timely manner. City departments continuously look for ways to cut costs, increase operational efficiency, and plan for future needs. No accountability issues or challenges have been identified.

Direct billing of El Macero residents for water and wastewater services similar to Willowbank CSA is an option for consideration. The process of using the County as an intermediary for billing purposes constrains transparency and creates inefficiencies and additional costs. Eliminating the County as an intermediary would increase efficiency, cut costs, provide timely indicators to CSA residents as to their water use, and allow individuals to represent themselves during city rate changes.

Similarly, there is the opportunity to institute direct billing for the North Davis Meadows CSA residents as part of the contract negotiations that will occur prior to consolidation of the water systems.

Another option for consideration is the annexation of El Macero, Willowbank, North Davis Meadows, and the Royal Oak Mobile Home Park to which the City provides out of area services. However, annexation of these communities is not likely to occur, at least in the near term, given that residents of these areas are generally not supportive of city annexation and the City has indicated it would not pursue annexation without resident support.

Recommendations:

- The City should work with the El Macero CSA to update their water and wastewater agreements in order to facilitate direct billing of customers.
- Institute direct billing of North Davis Meadows CSA as part of contract negotiations for the water system consolidation.

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 conducted outreach to several City of Davis stakeholders while researching this MSR, including city staff, the District 4 Supervisor, the El Macero, Willowbank and North Davis Meadows CSA Advisory Committees, residents of the CSAs, and the CSA staff. None of these parties identified issues in addition to those already discussed that need to be resolved in the MSR.

Other Issues MSR Determination

No other issues of concern regarding effective or efficient service delivery were identified during the course of this MSR.

Recommendations

None.

SPHERE OF INFLUENCE STUDY

On the basis of the Municipal Service Review:

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). 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 MAP(S)

Based on the municipal service review and related analysis, as well as the desires of the City of Davis, no expansions or reductions in the sphere of influence for the City are proposed at this time. When the City's SOI was last updated, Yolo LAFCo had defined 10-year and 20-year SOIs. On January 22, 2016, LAFCo amended its SOI policies to remove the distinction between the 10 and 20-year SOI; accordingly, the City of Davis now has a single SOI that includes all territory in its previously divided 10 and 20-year SOIs.

The City of Davis has been considering three different innovation center development proposals and each project is at various stages of the entitlement process. Nishi Gateway and Sutter-Davis are already located within the City's SOI. Mace Ranch is not within the City's SOI and would require an update in order to be annexed into the City, however, an SOI for this project is not being considered at this time and the project is currently on hold. SOI expansion to include Mace Ranch Innovation Center would need to be proposed as a separate application from the City to LAFCo and not as part of this MSR/SOI update in order to meet CEQA review requirements. The City has not requested any further SOI changes to be considered at this time. As such, no SOI determinations are necessary as the SOI boundary is not proposed for any changes.

AGENCY PROFILE: EL MACERO COUNTY SERVICE AREA

El Macero is a residential community located just outside the city limits of Davis, California. El Macero is known for its wide streets, mature trees and scenic golf course views and is home to the El Macero Country Club. With the exception of the country club and its facilities, there are no other commercial properties within the neighborhood.

El Macero **CSA consists of 410 parcels zoned for single family homes (403 presently occupied), 53 parcels parcels zoned for multi-family residences (37 presently occupied) along with their associated common areas, the El Macero Country Club and three County-owned parcels. The estimated population of the CSA is 989 with an average household size of 2.25 per residence.** ~~has an estimated population of 989, consisting of 410 single family homes and 37 multi-family residences,~~³⁴ **The CSA** is largely built out with little opportunity for new development or growth within the community, with the exception of a 16-unit project that is in the planning process for development.

Location

El Macero County Service Area (CSA) is located just southeast of the City of Davis, and immediately abuts the City's boundaries. The CSA is south of Interstate 80 with its western border adjacent to Mace Boulevard.

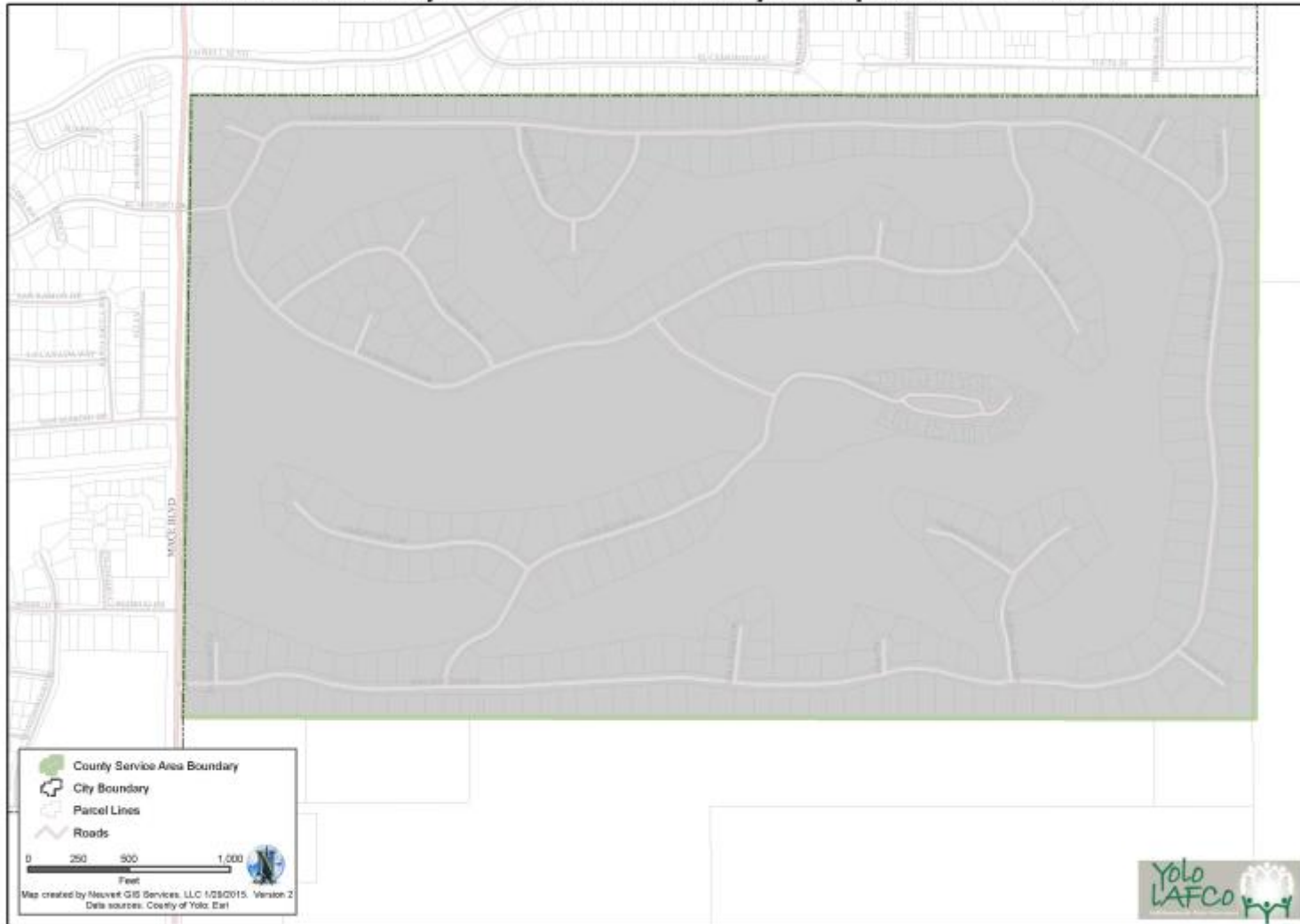
Boundaries and Sphere of Influence

The CSAs boundaries lay just outside North and South El Macero Drive, which loops the outer perimeter of the north, east, and south sides of the District, with **the centerline of Mace Boulevard providing the western boundary of the District. More specifically, the CSA is bounded to the north by the back property lines of residential properties lying north of North El Macero Drive, Sandy Circle, and Caddy Court and is coterminous with the City of Davis city limits. To the east the CSA abuts the back property lines of residential properties lying east of Caddy Court East El Macero Drive, and Eagle View Court, and to the south the CSA is bounded by the back property lines of residential and County-owned properties lying south of Eagle View Court and South El Macero Drive. To the west, the CSA's bounds are the centerline of Mace Boulevard and the City of Davis city limits.**

The CSA's SOI is coterminous with its boundaries.

³⁴ Yolo County Public Works Department, El Macero Wastewater Rate Analysis, December 3, 2012, p. 3.

El Macero County Service Area Boundary and Sphere of Influence*



* Note: Sphere of Influence is coterminous with boundary

Adopted by Yolo LAFCo

Structure and Governance

CSAs were created in state law to address increased demands for public facilities and services when population growth and development occur in unincorporated areas. CSAs create an enterprise fund within a county to finance and provide increased public facilities and services within a defined unincorporated area. CSAs are a dependent special district, meaning that the County Board of Supervisors is the decision making body for CSAs. Under state law, the Board of Supervisors may appoint one or more advisory committees to give advice regarding CSA services and facilities. The County is responsible for the operation of the CSA, and therefore, when this MSR/SOI references the CSA it is, in general, referring to the County and not the advisory committee. CSA advisory committees have no authority over administration of the CSA.

The El Macero CSA was established on February 16, 1969 in order to provide extended services to the El Macero Community.³⁵ The CSA was formed as a replacement to the El Macero Sewer Maintenance District that provided wastewater services and the El Macero Unit #1 Maintenance District that provided water services. The nature of services offered has evolved over time. At formation, the CSA was authorized to provide water, wastewater, and drainage services that it had assumed from the former maintenance districts. In 1971, the Board authorized street sweeping and street lighting services.³⁶ In 1994, the Board approved the addition of street maintenance and improvements and landscaping work.³⁷

El Macero CSA is governed by the County Board of Supervisors as a dependent special district of the County. The Board of Supervisors is advised as to the maintenance and operation of the El Macero CSA by the El Macero County Service Area Advisory Committee. This advisory committee meets on a semi-regular basis to discuss the ongoing issues pertinent to the El Macero CSA.

The CSA is currently staffed by the Department of Community Services (formerly Planning and Public Works), and is billed for the staff time of the CSA Manager, finance staff, and County legal counsel when such services are utilized. As of July 1, 2016, staffing will change and the CSAs will be managed by the County Administrator's Office.

Municipal Services

Service	Service Provider	Manner
Street and Road Maintenance	Yolo County	Regular maintenance - County Department of Community Services Special projects – County conducts bidding process for

³⁵ Yolo Board of Supervisors, Resolution No. 68-110.

³⁶ Yolo Board of Supervisors, Resolution No. 71-40.

³⁷ Yolo Board of Supervisors, Resolution No. 94-79.

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Service	Service Provider	Manner
		private contractor
Street sweeping and street lighting	Yolo County	Contract with street sweeper company and landscaping company, street lighting provided by PG&E
Stormwater Drainage	Yolo County (within CSA) City of Davis by Agreement with County and YCFCWCD (for drainage channel outside of CSA)	County Department of Community Services within CSA City of Davis for drainage channel outside of CSA
Wastewater Collection and Treatment	City of Davis by Agreement	City of Davis
Water Treatment and Distribution	City of Davis by Agreement	City of Davis

AFFECTED AGENCIES

Per Government Code § 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 § 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, **El Macero**, Garcia Bend, Madison-Esparto Regional CSA (MERCASA), North Davis Meadows, Snowball, Wild Wings, and Willowbank

School Districts:

- Davis Joint Unified.
- Esparto Unified
- River Delta Unified

- Washington Unified
- Winters Joint Unified
- Woodland Joint Unified

Special Districts:

- Cemetery District – Capay, Cottonwood, **Davis**, Knight's Landing, Mary's, Winters
- Community Service District – Cacheville, Esparto, Knight's Landing, Madison
- Fire Protection District – Capay, Clarksburg, Dunnigan, **East Davis**, Elkhorn, Esparto, Knights Landing, Madison, No Man's Land, Springlake, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- 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, Knight's Landing Ridge Drainage, **YCFCWCD**

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 type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have a significant negative impact on the subject agency's service needs and demands such that agency investment would be required to increase capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-b) The CSA is mostly built out. There is one development planned in the CSA—El Macero Villas is proposed to consist of 16 condominiums located on Mace Boulevard on a parcel previously used as a golf course corporation yard. It is anticipated that the villas will be served by the CSA. Yolo County approved the project in March 2015, and rezoned the land as medium-density residential. At present, the community has a population of approximately 989 residents. With the addition of this new condominium based on

average household size in the Davis area,³⁸ there would be approximately 41 additional residents upon completion, or a total of 1,030 residents within the CSA. This is not considered a significant population change and it will not affect the provision of municipal services.

- c) El Macero is a self-contained residential community developed around the golf course over the last 50 years; it is not likely that new growth will occur outside of the CSA's bounds that will be considered for addition to the CSA. Unincorporated land to the east and south of the CSA is designated as agricultural uses and is not likely to experience growth in the foreseeable future.³⁹ The area north and west of the CSA is incorporated City of Davis territory that is relatively built up with little opportunity for additional growth.

Growth and Population MSR Determination

El Macero CSA is essentially built out with few opportunities for additional growth within and outside the CSA's boundaries. There is a 16-unit planned development that will have marginal impact on the CSA's demand for and provision of municipal services.

Recommendations

None.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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) that do not already have access to public water, sewer and structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

³⁸ As of January 1, 2015, the California Department of Finance estimates that the average household size in the City of Davis is 2.59 individuals.

³⁹ Count of Yolo, 2030 Countywide General Plan, November 10, 2009 p. LU-8.

- c) If “yes” to both a) and b), is it 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)?
-

Discussion:

- a) El Macero CSA provides water and wastewater services to residents through the City of Davis—the contract service provider. The CSA acts a financing mechanism for these and other services. As a provider of water and wastewater services, El Macero CSA falls under 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.
- 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

El Macero is listed as a community, which is considered by the Commission to be an inhabited unincorporated community. However, according to the U.S. Census (2010) the El Macero community has a median household income of \$144,063,⁴⁰ which is well above the statewide median household income of \$61,400. Therefore, El Macero is not considered to be a disadvantaged unincorporated community.

Disadvantaged Unincorporated Communities MSR Determination

El Macero CSA provides municipal water and wastewater services to the inhabited unincorporated community of El Macero via contract with the City of Davis. And structural fire

⁴⁰ US Census, 2010-2014 American Community Survey 5-year Estimates, Census Tract 104.01 Block Group 1, Median Household Income in the Past 12 Months (in 2014 inflation-adjusted dollars).

protection is provided by the East Davis Fire Protection District, also by contract with the City of Davis. However, the provisions of SB 244 regarding disadvantaged unincorporated communities do not apply to the CSA, because the community has a median household income of \$144,063, and is not considered disadvantaged.

Recommendations

None.

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 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"/>
b) 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"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned?	<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 - d) El Macero provides water, wastewater, drainage, and street maintenance and landscaping through County staff and contracts with other agencies.

Water: El Macero CSA provides water to its residents through a contract with the City of Davis for operations and maintenance of the CSA-owned system. The County, on behalf of El Macero CSA (formerly the El Macero Unit No. 1 Maintenance District), initially entered into an agreement with the City for maintenance and operations of the CSA's water system in November 1966.⁴¹ A new agreement was signed in 1977.⁴² According to the agreement the

⁴¹ Yolo County Board of Supervisors and City of Davis, Agreement No. 66-84, November 7, 1966.

⁴² Yolo County Board of Supervisors and City of Davis, Agreement No. 77-90, March 15, 1977.

City is responsible for furnishing all power, labor, equipment, materials and supplies necessary to operate and maintain the water distribution and supply facilities in the CSA. In return, the CSA pays compensation to the City in the form of water rates that are consistent with city residents. El Macero CSA retains ownership of the water distribution system. However, the City is responsible for replacement of the existing system should there be wear or a failure. CSA residents have in the past paid for significant infrastructure needs to serve the area (i.e., construction of a new well).

The City provides water treatment and distribution to CSA residents from one well as discussed below. The CSA also has multiple interties with the City's water system, which also relies entirely on well water to provide potable water. Water is pumped at the wells and treated via well-head treatment if necessary, then distributed through distribution mains consisting of primarily asbestos cement.

Water Capacity: Water for the CSA is pumped from one CSA-owned well (EM3), which was drilled in 1991 and has a capacity of 1,165 gpm. Until 2008, the CSA also owned another well that was drilled in 1969; however, high nitrate levels made the water unusable and the well was destroyed. Contaminants in the groundwater, such as nitrates, boron, chromium, and manganese, are the region's greatest water source capacity concern. Based on chemical analyses conducted at each well site in 2014, there does not appear to be water quality concerns at the CSA's EM3 well at this time; however, some contaminants are present in semi-high levels. The City has had to retire eight wells in recent years, primarily due to water quality concerns. Additionally, higher salt content in the groundwater has created challenges meeting regulations at the City's wastewater treatment plant. Consequently, the City is in the midst of a collaborative project with the City of Woodland to bring surface water from the Sacramento River to the area to eliminate reliance on well water, which is estimated to be completed and serving the area in phases between June and December 2016. Through the CSA's interties with the City, the surface water would also be made available to El Macero. The CSA-owned well (EM3) will no longer be used by the City when the water project is completed.

The CSA has sufficient water system capacity to serve all areas within its bounds at present. Because the potential for growth within the CSA's bounds is limited, and it is not anticipated that the CSA will grow to include further territory that would result in an increase in demand for water services, there is sufficient water system capacity to serve El Macero CSA's future growth area. The City reported that water source capacity is limited and presently only sufficient to serve infill growth throughout the area served by the City, including El Macero CSA.

Water Adequacy: With every annual contract entered into with an outside entity, the CSA staff must per County standards complete the acquisition process with purchasing stating why the contractor should be employed based on previous quality of work and experience. The County has continued to contract with the City for several decades and indicated no

concerns regarding adequacy of services provided. Additionally, the City reported that there are no particular challenges to providing adequate services in El Macero.

Water Infrastructure Needs: No significant infrastructure needs were reported for the CSA's distribution system. EM3 is of moderate age, drilled to an intermediate depth, and in good condition. The well is considered to be of moderate overall efficiency and requires minimal maintenance. The water is of high hardness and has semi-high levels of total dissolved solids, selenium, chromium 6, and nitrates. In 2011, the City outlined a distribution system optimization plan that proposed converting EM3 into an irrigation well for use at the golf course, once the surface water project is complete.⁴³ **The plan for use of water from the well was originally broached by the Country Club in 2007, and permission was subsequently granted for use of water from the potable water system.** As of the drafting of this report, the CSA and golf course owners were in the process of negotiating a contract for use of water from EM3 **when the well is no longer necessary to provide potable water supply to the CSA.**

Wastewater: El Macero CSA provides wastewater to its residents through a contract with the City of Davis for operations and maintenance of the CSA-owned collection system. The County, on behalf of El Macero CSA (formerly the El Macero Sewer Maintenance District), entered into an agreement with the City for maintenance and operations of the CSA's wastewater system in November 1966.⁴⁴ According to the agreement, the City is responsible for furnishing all power, labor, equipment, materials and supplies necessary to operate and maintain the wastewater collection facilities in the CSA. In return, the CSA pays compensation to the City of the aggregate of service charges for all water service connections. The CSA retains ownership of the collection system within its boundaries, while the City is responsible for replacement of the existing system in the event of wear and tear.

The City provides operation and maintenance of the CSA's wastewater collection system. Effluent is then transported to the City's Water Pollution Control Plant for treatment and disposal. The CSA's collection system was originally constructed in the 1960s during the development of the community.

Wastewater Capacity: The County indicated that there are no concerns regarding capacity of the wastewater system at this time. There are no flow meters to track the amount of effluent flow produced within the CSA; consequently, it is unknown what portion of main capacity within the CSA's system is in use; however, given the low number of sewer system overflows, it can be determined that there is presently sufficient wastewater capacity to serve existing demand in the El Macero CSA.

Wastewater Adequacy: The City has an agreement to provide the same level of service to the El Macero CSA as within the City. The City reported that there were no particular

⁴³ City of Davis, Water Distribution Optimization Plan, May 2011, p. 8-3.

⁴⁴ Yolo County Board of Supervisors and City of Davis, Agreement No. 66-85, November 7, 1966.

challenges to providing wastewater services in the El Macero CSA. Similar to water service, the County reviews the services of the service provider annually to justify the need for the contract. There has not been a sewer system overflow in the CSA in about five years—the last one occurring in August 2011. In general, the County and the CSA seem satisfied with the services provided. Based on these factors, wastewater services in the El Macero CSA appear to be adequate.

Wastewater Infrastructure Needs: No particular infrastructure needs were reported by the City for the El Macero CSA's collection system.

Drainage: Drainage within El Macero CSA is generally provided for by the County. The County inspects and maintains El Macero's storm drain system (pipe network) when blockage problems are apparent.

In addition, there is a drainage channel that runs around the perimeter of the CSA, into which drainage flows from the surrounding City and County areas, as well as from within the CSA. The City of Davis maintains the El Macero Drainage Channel and pump station by agreement with the County and the Yolo County Flood Control and Water Conservation District (YCFWCWD). The CSA provides for reimbursement of services to the City for 12 percent of the total annual costs attributed to the drainage facilities as a portion of the flow through the channel originates within the CSA.⁴⁵

The major stormwater facilities that are affected as part of this agreement include the drainage channel and pump station, which pumps the drainage water to the Yolo Bypass. Based on another agreement between the City of Davis and the County, the County agreed to transfer all drainage related property to the City and the City agreed to continue operations and maintenance of the property by charging an annual sum based on the reasonable cost to the City of providing those services.⁴⁶

Drainage Capacity: The El Macero drainage channel runs from Davis to the Yolo Bypass west levee where the El Macero pumping station operates two 250 horsepower pumps and one 40 horsepower pump during winter months to drain stormwater runoff. It drains agricultural tailwater through the levee into the Yolo Bypass Wildlife Area. In 2014, as part of a condition assessment conducted of all drainage facilities in unincorporated areas of Yolo County, it was determined that the water pumped into the Bypass Area can impact the ability to effectively drain, creating ponded and wet soil conditions. The Yolo Bypass Wildlife Area system is typically already at capacity when the El Macero pumps are turned on in the winter. The suggested improvement as part of the assessment was to lower an existing gravity drainage pipe to relieve flood pressure. By lowering this culvert, drainage pressure on

⁴⁵ Regina Espinoza, Yolo County Department of Community Services, CSA Manager, Correspondence February 3, 2016.

⁴⁶ County of Yolo, Agreement No. 66-86, November 7, 1966.

the El Macero pumps could potentially be reduced.⁴⁷ So, while the drainage channel and pump station have no reported capacity concerns, improvements to the drain are necessary in order to ensure there is sufficient capacity in the Bypass to enable proper draining.

Drainage Adequacy: The CSA has no concerns regarding drainage services within the CSA and the drainage channel. Based on a lack of issues, sufficient capacity, and no known infrastructure needs, it appears that drainage services within the CSA are generally adequate.

Drainage Infrastructure Needs: During the prior MSR, it was noted that the El Macero drainage channel and pump station would require significant work, as the outfall needed rebuilding. The City ultimately hired a company to line the pipes, as other options were determined to be too costly and time-consuming. The work was completed in 2008. As mentioned, there is presently a need to lower an existing gravity drainage pipe to ensure proper drainage capacity downstream in the Yolo Bypass Wildlife Area. The City does not have plans in place to complete this improvement at present.

Street Maintenance and Improvements: The CSA finances certain road maintenance and improvements and other services related to the streets, including street sweeping, street lighting, and median landscaping. Road maintenance services up to the level of other County roads are financed by the County. Road maintenance services beyond the County level of services are financed by the CSA. The County Department of Community Services staff provides standard maintenance services. Specialty services and large improvement projects are put out to bid for completion. Median landscaping services are provided by a private contractor. Street sweeping services are provided by a private contractor that has a contract with the County. Street light maintenance and electricity is provided by PG&E.

Street Maintenance and Improvements Capacity: There are no capacity concerns on the streets within El Macero and the services provided to them. Levels of traffic within the residential community are minimal and do not maximize the potential use of the roads.

Street Maintenance and Improvements Adequacy: The County reported that while there are certain localized areas in need of repairs, the general condition of the streets within El Macero CSA was better than most other County roads. The CSA advisory committee has subcommittees that focus on issues related to each of the services provided.

However, there are concerns by some residents of less than sufficient road conditions in some areas. A resident noted a patch of road that is turning into gravel and debris that has not yet been addressed. According to County public works staff, localized deterioration of roads may be attributable to the County's mandatory use of the lowest responsible bidder

⁴⁷ County of Yolo, Yolo Bypass Drainage and Water Infrastructure Improvement Study, April 2014, p. 25.

as required by the California Public Contracts Code.⁴⁸The County, in consultation with the CSA advisory committee, should develop options for future maintenance and improvements to roads.

Street Maintenance and Improvements Infrastructure Needs: There are some areas in need of improvements, for example areas where there is lifting of street pavement due to tree roots. During the next round of improvements, the CSA advisory committee would like to have a more comprehensive road resurfacing completed with grinding down and an overlay. County staff is working to develop a timeline for these improvements.

- e) There are no new regulations that are anticipated to affect the CSAs existing infrastructure or need for additional infrastructure with regard to the four municipal services offered by the District.
- f) As previously identified, there are no disadvantaged unincorporated communities within the vicinity of El Macero CSA.

Capacity and Adequacy of Public Facilities and Services MSR Determination

There are no concerns regarding the capacity and adequacy of the services provided by the CSA. There are certain improvements that could be made to services, in particular enhancing responsiveness to road condition concerns voiced by the residents, as possible considering timeline for road improvements to be produced and implemented.

There are certain infrastructure needs that need to be addressed, by responsible parties. The roads are anticipated to be in need of resurfacing, and there are other smaller localized road needs that are also in need of correction. Drainage needs immediately outside of the CSA are the responsibility of the City. No immediate infrastructure needs were identified for water and wastewater services within the CSA.

Recommendations:

- The County, in consultation with the CSA advisory committee, should ~~to~~ develop options for future maintenance and improvements to roads, including a feasibility and cost/benefit analysis of potentially privatizing the El Macero road system for maintenance by the HOA. The analysis should review the potential for any unintended consequences to this change in service structure, in particular with respect to homeowner costs, public safety enforcement and solid waste collection.
- If the road system is to remain public, LAFCo encourages County staff, in consultation with the CSA advisory committee, to develop and implement a capital improvement plan for **the CSA with a focus on anticipated road improvements over the next few decades to ensure that the assessment being charged is sufficient to finance projected**

⁴⁸ California Public Contracts Code § 10122

costs. that clearly outlines existing and anticipated needs and appropriately plans for funding requirements to address those needs.

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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input 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 El Macero 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 CSA's finances are also reported in the County's audited annual financial statement and reported to the State Controller's Office (SCO) yearly. While El Macero CSA is included as part of these reports, revenues and expenditures are aggregated and there is no clear representation of the activity for each of the CSA's services. The SCO reports were made use of for the purposes of this report as they provide the greatest level of detail for each services provided by the CSA; however, there are still limits to the information available given the overly broad categories used in the SCO report and some expenses and revenues appear to be misattributed to water services. The County is in the process of switching to a new accounting system (INFOR) and making changes to procedures for reporting CSA funds that are expected to improve clarity of the CSA's financial flow.

The El Macero CSA operates out of a single fund, within which there are subcategories to account for four assessments dedicated to water, wastewater, streets and medians, and

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operations. The assessments for water and wastewater services are used to pay the City of Davis. The assessment for streets and medians is put in a reserve fund for use only on large capital projects. The operations assessment is used to pay for drainage, landscaping, lighting, and minor street repairs and maintenance. Property tax revenues go into the regular operations budget for services and supplies.

The tables below provide five-year budget trends for the CSA's wastewater, water, drainage and street maintenance services. The broad categorization of "services and supplies" as reported under expenditures does not allow for identification of which services (i.e., roads, drainage, or landscaping) were funded by the operations expenditures. It should be noted that revenues and expenditures based on fiscal year appear to have been sporadic over the last five years; however, this is due to a lag between collection of assessments and payment to the City that may cross over fiscal years.

El Macero County Service Area					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Service Charges - Water	\$ 565,648	\$ 575,404	\$ 529,627	\$ 544,322	\$ 441,785
Service Charges - Wastewater	\$ 154,019	\$ 47,950	\$ 226,721	\$ 252,118	\$ 385,221
Current Secured and Unsecured (1%)	\$ 83,525	\$ 85,647	\$ 76,398	\$ 78,118	\$ 77,974
Property Assessments	\$ 20,807	\$ 61,650	\$ 44,553	\$ 26,668	\$ 45,751
Interest Income	\$ 11,029	\$ 8,790	\$ 4,602	\$ 6,250	\$ 5,873
Homeowners Property Tax Relief	\$ 739	\$ 735	\$ 716	\$ 715	\$ 672
Prior Year Taxes and Assessments	\$ 11	\$ 2	\$ 7	\$ 5	\$ 1
State and Other In Lieu Taxes	\$ 24	\$ 27	\$ 21	\$ 1	\$ 1
Total Revenues	\$ 835,802	\$ 780,205	\$ 882,645	\$ 908,197	\$ 957,278
Expenditures					
Transmission and Distribution	\$ 771,398	\$ 416,451	\$ 489,061	\$ 620,610	\$ 240,884
Sewage Collection	\$ 210,000	\$ 34,273	\$ 210,000	\$ 287,397	\$ 210,000
Administration	\$ 40,515	\$ 34,858	\$ 68,097	\$ 53,274	\$ 31,925
Services and Supplies	\$ 29,558	\$ 46,324	\$ 46,207	\$ 32,208	\$ 26,714
Depreciation	\$ 17,258	\$ 17,258	\$ 17,258	\$ 17,258	\$ 17,258
Total Expenditures	\$ 1,068,729	\$ 549,164	\$ 830,623	\$ 1,010,747	\$ 526,781
<i>Net Amount</i>	<i>\$ (232,927)</i>	<i>\$ 231,041</i>	<i>\$ 52,022</i>	<i>\$ (102,550)</i>	<i>\$ 430,497</i>
End of Year Fund Balance	\$ 1,595,632	\$ 1,834,469	\$ 1,886,501	\$ 1,783,951	\$ 2,225,091
El Macero County Service Area Summary					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Total Revenues	\$ 841,876	\$ 780,205	\$ 882,645	\$ 910,280	\$ 957,278
Total Expenditures	\$ 1,074,803	\$ 549,164	\$ 830,623	\$ 1,012,830	\$ 526,781
Revenue less Expenditures	\$ (232,927)	\$ 231,041	\$ 52,022	\$ (102,550)	\$ 430,497
Source: Annual Reports to the State Controller's Office					

El Macero CSA's revenue sources consist predominantly of water and wastewater use fees and a streets and landscaping assessment that are collected through the resident's property tax bill. The CSA also receives property tax revenues and investment revenues. While it is difficult to discern from the table above due to the cash flow manner of accounting, these revenue sources are relatively stable and will likely only significantly change should a water

or wastewater rate modification occur. Revenues have steadily increased since FY 11-12, mostly attributable to an increase in sewer rates. While water rates have gone up as well, conservation efforts during the drought have reduced the total amount collected.

The CSA reported that it is considering some other revenue sources to increase revenues and finance certain capital projects. The CSA is looking for grant funding through the State Water Resources Control Board to finance a recycled water project. There are also discussions of a possible public private partnership to finance road projects; however, these discussions are in the very early stages.

CSA expenditures in FY 14-15 consisted of service financing for water (46 percent), wastewater (40 percent), administration (six percent) street maintenance, landscaping, and street lighting, and drainage (five percent), and depreciation (three percent). These expenditures largely entailed contract service reimbursement to the City of Davis for water and wastewater services. Expenditures for services and supplies are for street maintenance, drainage, landscaping, and street lighting services. There is not a detailed breakdown as to the costs allocated to each of these individual services within that category, with the exception of drainage. Administration costs are for all costs associated with County overhead of managing the CSA, staff time to calculate water and wastewater bills, staff time for advisory committee meetings, and any other additional needs from staff.

The County's financial reports for the CSAs lack clarity and generally do not adhere to recommended best management practices. As mentioned, expenditures appear sporadic, due to a lag between collection of assessments and payment to the City, as reported in a cash flow manner of accounting. The State Controller's Office recommends the accrual method of accounting based on the year in which the bill or expenditure for service occurred. It is recommended that the County begin reporting to the SCO's office based on the accrual method of accounting to more accurately portray the financial transactions of the CSA from year to year. The County is in the process of transferring CSA accounting to the Department of Finance and it is anticipated that these issues will be addressed

Administration costs for the El Macero CSA totaled \$31,925 in FY 14-15, which is significantly higher than the administration costs of the Willowbank CSA, which receives direct billing from the City. Granted the El Macero CSA handles more services than the Willowbank CSA, but some of these additional costs are likely attributable to calculating water and wastewater bills for residents based on the invoices from the City or other billing issues. A potential way to reduce expenditures is to have the County outsource CSA water and wastewater billing to the City and eliminate the County as an intermediary. This option would reduce the administrative costs associated with calculating the amount owed by each resident for the water and wastewater utilities. In other words, the recommendation is that the CSA could continue to negotiate rates with the City of Davis; the County would continue to handle any required Proposition 218 election processes; and the County would merely contract with the City to provide billing services for the negotiated rate.

Another option to reduce costs that residents are already capitalizing on is water conservation efforts to reduce their water bills. Between the 13-14 and 14-15 periods, customers in El Macero made a reduction of 19.5 percent in water use.⁴⁹ The CSA continues to discuss way in which to continue to reduce use to meet State regulations and to reduce household costs. Monthly billing would also provide the residents with analytics regarding water usage for conservation purposes.

Similar to how expenditures are reported in the SCO report, there is no discernible pattern regarding net balances (revenues less expenditures) in each year due to cash flow reporting methods. However, it is apparent that the District's fund balance at the end of the year has continued to rise with the exception of FY 13-14.

b) **Reserves:**

The CSA maintains two reserves dedicated to service specific needs—the water well reserve and the street overlay reserve.

After the completion of the most recent well in 1991, the CSA decided to begin saving for its next well, should another one become necessary. In FY 92-93, the CSA began charging a \$60 water well reserve assessment. This assessment ceased being charged in 2008 when the City announced that it would be converting to Sacramento River water sources instead of reliance on its well system. At the end of FY 14-15, the water well reserve had a balance of \$308,892. Once the City has completed its surface water project, there is a plan to repurpose the existing EM3 well to provide landscape irrigation to the El Macero Country Club golf course. Therefore, these reserve funds will likely either be refunded or utilized for well-related uses, depending on CSA needs and legal parameters.

The street overlay reserve is funded by the \$180 per year street assessment to residents. The entirety of the assessment is placed in the reserve for use on large resurfacing or overlay projects. At the end of FY 14-15, the street overlay reserve had a balance of \$235,742.

The CSA also maintains an operational cushion that is not necessarily in a defined reserve, but is set aside for use when necessary. The cushion has been set aside over years when there has been excess revenues over expenditures. At the end of FY 14-15, \$70,643 had been set aside for operational contingency purposes. And in addition, the CSA maintained an available fund balance of \$740,773.

The El Macero CSA has appropriately prepared for specific capital needs and contingency purposes, and in addition, maintains a healthy available fund balance of approximately one year of expenditures. Whether the street overlay reserve is sufficient to fund anticipated needs is challenging to assess, as a long term plan for street improvements has not been developed to date. However, the CSA has a significant unrestricted fund balance that could provide supplemental funding for street capital needs, if necessary. The CSA is not

⁴⁹ El Macero CSA Advisory Committee, Meeting Minutes May 6, 2015.

responsible for replacement of the existing water and wastewater systems due to age and wear, but El Macero CSA may finance new infrastructure or maintain the existing infrastructure to insure that the water and wastewater systems within the boundaries of the CSA can be operated as self-contained systems in the event of termination of the agreements.

c) **Rate/Fee Schedule:**

El Macero CSA collects use fees for water and wastewater services based on City rates and approved by the CSA residents. There is also a property assessment for street, landscaping, and drainage purposes, and a separate assessment for operations.

In the past, the City billed El Macero at the same rate as city residents. In 2008, the City revised its wastewater rates to include a variable charge component based on the average of the previous year's water use from November through February. Residents of the CSA protested the increase in wastewater rates pursuant to the majority protest process for property-related fees under Proposition 218. A dispute arose between the City and the County under the 1975 Agreement regarding the method for calculating the variable share portion of the wastewater rate for the CSA and the amount the County owed the City for wastewater services to the CSA following the City's adoption of revised wastewater rates in 2008.

El Macero residents argued that they have large lots compared to those within the City of Davis and still have to water landscaping during the winter, and the winter water proxy does not accurately reflect the CSA's impact on the wastewater system. Since water from landscaping enters the storm drain, not the sewer, a Bartle-Wells studied agreed to by the city and the county, concluded that the city's winter water use rate resulted in overcharges to El Macero residents. In April 2015, the CSA negotiated a lower rate and as part of the resolution guaranteed that CSA resident has a seat at the table during rate negotiations. Based on the agreement that has been come to by the County and the City, the CSAs single family residential wastewater rate will be based on the median winter water use for residential customers within the City of Davis, and the multi-family residential rate will be based on 76.1 percent of the median winter water use for residential customers in the City of Davis.⁵⁰ Consequently, each connection pays a flat rate for sewer services regardless of water use. The sewer rate on the FY 15-16 tax bill was \$559 for the year, or \$46.58 per month. Discussions on future wastewater rates are anticipated to occur starting in July 2016. Also as part of the agreement, the County agreed to provide educational and informational outreach regarding water consumption and sewer rates to all CSA customers and to provide timely usage data and information so that the CSA customers are aware of their actual usage.

Water rates are based on a base fee and water usage and are at the same rates as the City. The City passed multi-year water rate adjustments in September 2014. As of January 1, 2016, the base rate, which is dependent on connection size, ranges between \$9.87 and \$16.66 per single family residence. Water use is \$1.50 per 100 cubic feet (ccf) for use up to 18 ccf, thereafter it is \$1.90 per ccf. Residents have indicated concerns that there is no justification provided as to how the lump sum charged on the property tax bill is calculated

⁵⁰ City of Davis, Resolution No. 15-038.

at the time of billing and it is only provided upon request. The fee as it shows on the tax bill is only for water usage. It is a direct pass through of the charge that the County receives from the City. It is calculated based on the amount of water that each individual resident uses for the previous year. There is no additional charge for administration or County fee on that line item as it appears on the property tax bill.

El Macero CSA charges an assessment of \$180 for restricted use in the street reserve and an assessment of \$50 for operations of the CSA which goes towards drainage, landscaping, street lighting, and minor street repairs. Both assessments have remained the same over at least the last five years.

In past years, all fees and assessments were lumped together on each resident's property tax bill. In FY 14-15, the water fee was broken out separately from the other fees and assessments, and in FY 15-16, the County began breaking out the individual fees and assessments for transparency purposes. However, there remains a lack of clarity in the property tax bill on how the water services charges attributable to each residence are calculated by the County.

d) **Infrastructure Maintenance and Replacement:**

El Macero 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 Capital Asset Policy as adopted by the Board of Supervisors, which is prepared and updated annually.

The CSA reportedly is in the process of creating a plan for capital improvements, in particular road resurfacing. There are no plans specific to the CSA in the County's Capital Improvement Plan. It is recommended that the County, in consultation with CSA Advisory Committee, compile a long term capital plan with a focus on anticipated street needs over the next few decades to ensure that the assessment being charged is sufficient to finance anticipated needs.

e) **Financial Policies:**

El Macero 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. The County should continue to monitor the CSA to ensure that it adheres to countywide financial policies and best practices and that CSA finances are transparent and easy to follow for the advisory committee and constituents.

Given the lack of clarity and consistency of CSA finances throughout the County, creation of additional financial policies specific to CSA operations, including contracting, purchasing, reporting, CIP planning, reserves, and fund tracking mechanisms, should be developed and established by the Board of Supervisors. Additionally, in order to augment reliability of CSA fund tracking and financial reports, the County is already in the process of having the Department of Financial Services take over the management of all CSA accounting.

f) **Debt:**

El Macero CSA did not have any outstanding debt at the end of FY 14-15.

Financial Ability MSR Determination

The CSA has financial policies, as determined by the Yolo County Board of Supervisors. However, countywide financial planning documents, within which the CSA is also included, are difficult to maneuver and follow CSA activities by service type. There is a lack of a clear representation of how CSA funds are tracked. The annual report to the SCO provides the easiest to read format for the CSAs financial activities; however, there is limited breakdown of expenditure information. There are opportunities for improved transparency, clarity and accuracy of the CSA's finances, including 1) preparation of quarterly financial reports by County staff for each CSA, 2) continued County monitoring of its CSA operations to ensure compliance with County financial policies, 3) creation of financial policies specific to the CSAs to provide further guidance to a more detailed level for CSA financial reports and tracking, 4) transfer of CSA accounting and bookkeeping functions to the County Department of Financial Services, and use of accrual accounting for the SCO reports.

The County has started to breakdown the various CSA fees for El Macero CSA on the property tax bills to provide greater detail as to what services are being financed by the collected assessments. However, there are continued concerns that the lump sum water utility charge on the property tax bill is not substantiated for each customer as part of the billing process. A breakdown of how the water bill is calculated should be provided to each connection within the CSA at the time that the property tax bill is distributed.

The CSA reportedly is in the process of creating a plan for capital improvements, in particular road resurfacing. Due to the absence of a CIP, it cannot be readily determined whether reserve funds are sufficient to cover anticipated future needs, in particular for road resurfacing needs. A CIP is essential for long-term financial planning. However, the CSA does maintain a substantial reserve balance of \$1.3 million including the well reserve, the street overlay reserve, and the cash fund balance. After a CIP is developed to determine all capital needs of the CSA, the reserve level should be reviewed to determine if it is appropriate to the needs of the CSA and the service structure.

As a result of the County acting as an intermediary for billing of water and wastewater services, there are certain administrative costs that are associated with calculating the bills for each of the customers. In total, the CSA ~~has significantly higher~~ paid an estimated amount of \$26,761 in ~~EY 14-15 in~~ administrative costs to the County ~~that may be due in part to~~ for calculating bills for each individual in the CSA and other acts as the intermediary between the City and CSA. These costs could be eliminated should the CSA transition to direct billing by the City. Also, easing the demands on County staff for administration, may allow time for improved financial reporting practices.

Recommendations:

- In order to enhance transparency of the CSA's operations, it is recommended that individual financial reports be compiled by County staff that clearly defines the

operations being financed by each fund, and the reserve balances for restricted and unrestricted uses.

- The CSA Manager should continue to monitor the County's CSA financial practices to ensure that it adheres to countywide financial policies and best practices and that CSA finances are transparent and easy to follow for the advisory committee and constituents.
- Yolo County should develop and establish financial policies specific to CSA operations, including contracting, purchasing, reporting, **Capital Improvement Projects** (CIP) planning, reserves, and fund tracking mechanisms, to enhance clarity of CSA finances.
- Complete the process of having the Department of Financial Services take over the management of all CSA accounting, in order to augment reliability of CSA fund tracking and regular financial reports.
- The reserve level of El Macero CSA should be reviewed to determine if it is appropriate to the needs of the CSA and the service structure after a CIP is developed to determine all capital needs of the CSA.
- Begin reporting to the SCO's office based on the accrual method of accounting to more accurately portray the financial transactions of the CSA from year to year.
- In order to enhance transparency, it is recommended that the County develop a worksheet or bill that can be distributed to the residents at the same time as the property tax bill to clearly demonstrate how the ~~water charges~~ **were** determined.
- LAFCo recommends that County staff compile a long term capital plan for the **El Macero** CSA with a focus on anticipated street needs over the next few decades to ensure that the assessment being charged is sufficient to finance projected costs.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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?
-

Discussion:

- a) At present the CSA practices resource sharing by contracting with the City for water and wastewater operation and maintenance services. Additionally, the CSA capitalizes on sharing general County resources, such as staff and facilities, by being managed under the same umbrella as other County activities and the other CSAs.
- b) Given the degree to which El Macero CSA already shares facilities by receiving services from the City and County, there is little potential for additional facility sharing practices.
- c) One option that was identified during the course of this review was direct billing of El Macero CSA residents by the City for water and wastewater services. This option would eliminate the County as an intermediary, would reduce administrative costs associated with determining the amount owed by each customer on the property tax bill annually, and would provide the residents with a greater level of transparency in how their bills are calculated. In order to enact such an option, the CSA's water agreement with the City would need to be updated, but the presumption is that the actual rate that was agreed to would remain intact. This option is discussed in further detail in Section 6 of this chapter.
- d) An option that has been presented by the City of Davis is, upon completion of the surface water project, transitioning some wells around the City's service area, including the CSA's well (EM3), to be used for irrigation purposes. Side by side piping would allow surface water to be used for potable purposes and well water to be used for irrigation purposes, by ensuring continued use of the well infrastructure and preventing duplication of the City's efforts to efficiently plan for water needs and how to most efficiently serve those needs throughout the City's water service area.

Shared Services MSR Determination

Given the El Macero CSA's current service and administrative structure, it already greatly capitalizes on resource sharing with the City and County.

To further enhance efficiency and transparency, it is recommended that the County, in consultation with the CSA Advisory Committee, consider billing El Macero residents directly by the City for water and wastewater services and eliminate the County as an intermediary from the billing process. The benefits of moving to a direct billing system include reduced administrative costs associated with determining the amount owed by each customer on the property tax bill annually, providing the residents with a greater level of transparency in how their bills are calculated, and residents getting monthly data on their water consumption.

The County is currently working on an agreement to transition El Macero CSA's well into an irrigation-only well upon completion of the City's surface water plan for golf course irrigation. This option would ensure continued use of the well infrastructure and prevent duplication of the City's efforts to efficiently plan for water needs.

Recommendations

- The County, in consultation with the CSA Advisory Committee, should consider amending the County-City contract to provide for direct billing for services by the City of Davis to El Macero residents to further enhance efficiency and transparency and save the CSA in administration fees to the County for billing. This recommendation assumes the existing water rate that has already been agreed upon by the City and the County would be retained for the duration of the existing term of agreement and future water rates would continue to be negotiated between the CSA and the City of Davis, as necessary.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 staff turnover or operational efficiencies?	<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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 El Macero 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 CSA has an advisory committee with subcommittees for each of the CSA's services. The El Macero CSA Advisory Committee is appointed by the Board of Supervisors and consists of five residents of the CSA. Terms for the advisory committee members are four years in length. At this time, all seats are filled on the advisory committee. There does not appear to be an issue maintaining a full advisory committee membership. Advisory committee meetings are held quarterly, typically at 7 pm at the El Macero Country Club and special meetings are scheduled when necessary. The Advisory committee provides input to the Board of Supervisors on issues related to the CSA, and the Board of Supervisors makes the ultimate decision on matters when warranted. An advisory committee for a CSA is formed and appointed at the discretion of the Board of Supervisors.⁵¹ As directed by California Government Code §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.

Yolo County Code of Ordinances states that each committee shall annually (prior to March 31) select a chair from among its members to preside over meetings.⁵² However, in practice, the CSAs have not been stringent in adhering to this practice. The County reported that the Chair of the advisory committee is generally chosen every two years, and the manner in which the Chair is chosen is based on the desires of the particular CSA committee (i.e., formal nomination and motion by the committee with vote or informal volunteer and instatement by default). As such, there has been little changeover in the officers of the El Macero CSA advisory committee over recent years. Former County policies provided for a change over in committee members through term limits—no member was able to serve more than two consecutive terms without at least a one year break in service before becoming eligible for reappointment to that same committee. However, this policy was done away with in 2003 so that there are no longer term limits. It is recommended that the County be consistent with its policies and either ensure annual election of a chairperson as required or change the policy. Additionally, the County should consider reinstating term limits for the advisory committee members to encourage more resident involvement in the activities of the CSA.

⁵¹ California Government Code §25212.4 (a)

⁵² Yolo County Code of Ordinances Title 2 Chapter 2 Article 36 Section 2-2.3607.

Advisory committee meetings are held ideally once every three months; however, at times, the meetings are cancelled. **The Chair of the Advisory Committee cited lack of available meeting space as the primary reason for the occasional cancellations.** County staff generally attends each of the advisory committee meetings. The advisory committee posts agendas as required by the Brown Act; however, there are certain limitations to posting information at public locations as there are no public facilities within the CSA boundaries, and the advisory committee meetings are held at the El Macero Country Club (within the CSA's boundaries) or at another location outside of the CSA. Any person who makes a request will receive the notice and agenda for all CSA meetings by email. The agendas are posted on the CSA's website, under the County's calendar function; however, a resident would have to be aware that a meeting is occurring in order to look for the agenda. The lack of a noticeable location for posting of the advisory committee's agenda is a concern for residents.

The County disseminates information to residents through coordination with the two homeowners associations—the El Macero Homeowners Association (HOA) and the Oaks Association—and the El Macero Country Club. The El Macero HOA has been cooperative in sending out emails to residents for whom they have email addresses. It is unclear whether this email list includes residents from the Oaks, which is not included inside the El Macero HOA. Email is the primary means of communication with constituents of the CSA. Information on the CSA is also made available on the County's website.

Although the El Macero Advisory Committee meets Brown Act requirements, County staff could do more to foster openness and transparency. County staff should apply consistent standards for how outreach among all the CSAs are handled. Some of the CSAs have email distribution lists maintained by County staff, while others do not. County staff should compile its own comprehensive and reliable email list for all residents in order to have greater control over who is receiving the emails, play an active role in insuring that all residents are kept informed as to what is occurring within the CSA, and provide a means for constituent input to the advisory committee that is not limited to the occasional committee meetings. In the meantime, it is recommended that the County and advisory committee continue to capitalize on the HOA's email list and distribute the meeting agenda via email prior to every meeting at the same time the agenda is posted. It is also recommended that the agenda for the next advisory committee meeting be posted by County staff on the County's CSA website in an apparent place prior to the upcoming advisory committee meeting. Additionally, minutes for all of the meetings should be collected and posted by County staff on the CSA's website in a timely fashion.

- c) The CSA relies on one full-time equivalent (FTE) position as the CSA Manager who oversees all operations, maintenance and management of all of the County's CSAs. Additionally, a County staff member dedicates approximately 0.125 FTEs as an analyst for the CSAs, conducting larger mailing, electronic compilation of water data usage information, and assistance during property tax bill time. There has not been an issue with staff turnover;

however management of the CSAs will be transitioning to the County Administrator's Office as of July 1, 2016.

In 2013, the County Auditor Controller conducted an internal control review of CSAs.⁵³ The review was not specific to El Macero CSA, but the same recommendations for improvements to procedures certainly apply to the operations of every CSA. It was found that the internal controls over billing practices were adequate and that the labor charges for staff time attributed to each CSA were supported by the WinCam time log system. Recommended improvements to procedures and resulting action taken by the County to address the issue are outlined in the following table.

Recommendation	Resulting Action
Improvement of project coding to further describe work performed for the CSAs and other projects	Projects are logged in in 15-minute increments, and a "notes" field has been added to provide further detail and describe the projects that are being worked on.
Regular monitoring of CSA budget and financial activity to inform management and the advisory committees of any budget adjustments.	The CSA Manager continues to follow County practices of preparing an annual budget and a mid-year review to determine status.
Ensuring the posting of each CSA's budget, financial reports, copies of agendas and minutes from board and advisory committee meetings, and other related reports that supports services and charges to the CSAs on the respective CSA website.	Agendas are posted on the County website under the calendar function. While there is a space for minutes, they are usually not uploaded and are maintained by the advisory committee secretary. The CSA's budget and financial statements are within the County's countywide documents. As of yet, no financial information specific to El Macero CSA has been posted on its website. The County plans to add the SCO annual financial report to the CSA website.
Enhanced availability on the part of CSA staff for phone call inquiries and other requests for information.	The CSA Manager was readily available during the course of the MSR and responded promptly to all requests for information.
Regularly hold and facilitate CSA advisory committee meetings to keep the public informed and provide input from the constituents to the County/Board of Supervisors.	There is a calendar of anticipated quarterly meetings to be held during the year; however, these meetings are occasionally cancelled. Someone from the County, whether it is the CSA Manager, the District 4

⁵³ Newens, Howard, Yolo County Auditor Controller and Treasurer-Tax Collector, Internal Control Review of County Service Areas Memorandum, December 19, 2013.

	Supervisor, or the Supervisor's staff, makes an effort to be at every meeting.
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The County has implemented several of the recommendations as outlined in the Auditor-Controller's report. There continues to be room for improvement in financial tracking and reporting to the Board and the constituents—quarterly reports to the Board of Supervisors and the advisory committee are recommended. Additionally, as recommended by the Auditor-Controller, the County should capitalize on the CSA's available website to post all available information, including financial reports specific to the particular CSA, all minutes of advisory committee meetings, and agendas and announcements for the next meeting in a readily apparent location.

In the event that a resident has a question or complaint regarding services, residents may contact the CSA Manager at any time via email or phone. They may also contact the Deputy County Administrator as a direct supervisor of the CSA Manager in the County chain of command. Residents may also contact the Board Supervisor for the El Macero area (District 4), which at this time is Supervisor Jim Provenza.

The process of handling a complaint depends on the type of complaint being submitted; however, to address a typical complaint, the CSA Manager would first review the nature of the complaint, research background information, and then follow up with explanation to the resident. If the information provided is not satisfactory, then the CSA Manager would continue by following up with the appropriate service provider (i.e., the City of Davis for water and wastewater services). Finally, the CSA Manager would check back with the resident to ensure that the issue has been resolved to the satisfaction of the resident. Complaints are electronically tracked via outlook as well as logged into the CSA Manager's notes. During 2014, the CSA received 10 complaints from one resident regarding restricted accounts and revenues from designated funds, several questions regarding advisory committee duties, water usage, sewer negotiations, Brown Act, Proposition 218 elections, water conservation, street overlay, etc. The City of Davis reported that it had not received complaints from residents regarding the services it provides in the CSA; however, there had been several complaints regarding the wastewater rates. Individuals have made requests for information to the County, to which responses were reportedly slower than desired. There is a concern on the part of some residents that Public Record Act requests go unfulfilled for lengths of time.

The County maintains an Administrative Policies and Procedures Manual for fiscal processes, advisory committee procedures, County Employee Code of Conduct, Brown Act etc. All Supervisors have filed Form 700 Statement of Economic Interest with the Fair Political Practices Commission for 2014.

Long and short term goals and objectives are developed through Board of Supervisor policy decisions, regulatory changes, and recommendations from the advisory committee.

- d) El Macero CSA 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 El Macero 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 manner in which the services of the CSA are financed is not easily tracked or identified. The categories in these documents are overly broad, limiting the ability to determine where funds are being used. For example, in the County's CAFR all of El Macero CSA's expenditures are categorized as "health and sanitation," which does not accurately represent the street and drainage functions of the CSA.

The County reported in a previous CSA MSR (Wild Wings CSA), that it would begin providing adopted budgets and third party financial audits on each CSA website beginning in FY 14-15; however, as of the middle of FY 15-16, this has not occurred. The County did indicate that it plans to post the annual SCO financial report on each CSA's website in the near future. No date for completion was given. While making the SCO reports available would enhance financial transparency, a greater level of detail of expenditures by service type should be made publically available and easily accessible as well.

e-f) As the administrator of El Macero CSA, the County acts as a point of contact between the CSA and the services providers, specifically the City of Davis. Service concerns and complaints are generally directed to County staff and then directed to the City if necessary. The City sends monthly water use statements for each account and wastewater service invoices to the CSA Manager who collects the statements and once a year calculates the amount due for each residence, which is then collected as part of the annual property tax bill. Residents do not receive regular water use statements and do not receive a breakdown of how the amount due was calculated, unless it is formally requested of the County. While residents do not get monthly bills, which would provide an indicator of water usage on a regular basis, El Macero CSA residents can make use of the City's WaterInSight program—an online system where customers can log in with an account number and view monthly water use trends for their own connection.

The process of using the County as an intermediary for billing purposes constrains transparency, creates inefficiencies and additional costs, and marginalizes the individual customer in El Macero CSA. The County charges the CSA for the time spent to calculate the amount owed by the resident from the data provided by the City. County administration costs were \$26,761 in FY 14-15.

Another CSA in the County, the Willowbank CSA, makes use of the City for water services as well, and is billed directly by the City for these services. The difference in the billing procedure is a function of the agreements that were adopted for each of the CSAs. Any change in how residents are billed would require a change in the CSA's agreement with the

City. If the City were to bill the residents directly, then the customers would have a more timely indicator of volume of water used to inform conservation efforts or determine if something is abnormal in the system; although, the online tracking system can also provide this information, if desired.

- g) A few potential governance structure options were identified over the course of this MSR, which could lead to greater efficiency, lower costs, a higher level of services, and/or enhanced transparency.

As previously mentioned, there is the possibility of the City directly billing the CSA residents and cutting out the County as the intermediary to increase efficiency, cut costs, provide timely indicators to CSA residents as to their water use, and allow individuals to represent themselves during city rate changes.

Another option may be the El Macero HOA taking on the street and landscaping services of the CSA. While not as regulated as a public agency, California HOAs are subject to the Davis-Sterling Act.⁵⁴ While the Act does not expressly identify what kinds of facilities an HOA can operate, courts have termed HOAs as mini governments.⁵⁵ In doing so, one court noted, "...the association provides to its members, in almost every case, utility services, road maintenance, street and common area lighting, and refuse removal. In many cases, it also provides security services and various forms of communication within the community." An HOA would not be bound by the same bidding and procurement requirements as a CSA, which would allow for greater flexibility in choosing the best match for the job and may lead to greater longevity of the work product. The HOA would collect funds as part of its HOA fee. The HOA would not be able to collect the property tax revenues that are currently received by El Macero CSA, which are used to supplement some of the street related services and administration. Additionally, El Macero HOA does not include The Oaks development, which is within El Macero CSA. Should the option be considered, a means for provision for road services within The Oaks would need to be considered, whether The Oaks Association also takes on its own streets services or if El Macero HOA makes an agreement to serve all areas within the CSA.

In the event that the City begins direct billing and transfers road services to the HOA, the necessity of the CSA structure for services in El Macero may need to be assessed. Drainage would be the only remaining service offered by the CSA. The CSA could continue to function purely as a financing mechanism for the drainage services offered by the City through contract with the County, or another successor agency or financing structure could be identified. Elimination of the CSA does, however, pose certain challenges, such as what agency would take on ownership of the CSA's water and wastewater assets. This option is

⁵⁴ California Civil Code § 1350 et seq.

⁵⁵ *Cohen v. Kite Hill Community Assn.* (1983) 142 Cal.App.3d 642, 651.

therefore not for immediate consideration but may be reevaluated upon any changes in the CSA's service structure.

Accountability, Structure and Efficiencies MSR Determination

The Board of Supervisors conducts open and readily publicized meetings as required by law. However, during the course of this review, it was noted that the County is not applying accountability and transparency practices uniformly across all the CSAs in the County. Committee meetings should be held in an open manner that invites anyone to participate in discussion and dissemination of information, which requires further outreach on the part of the committee to announce upcoming meetings to all residents and greater receptiveness to input from the public. Additional formalized policies and procedures need to be put in place to clearly define certain advisory committee processes, such as means to conduct outreach, how officers are to be chosen, who is to develop an agenda, how an agenda is developed, and how meetings are to be run with such specifics as how much time will be allotted to each member of the public for comments.

There is room for improvement in operational efficiencies as identified by the County Auditor-Controller's report. The recommendations that are yet to be fully instituted are creation of more regular budget reviews and ensuring the posting of each CSA's budget, financial reports, copies of agendas and minutes from board and advisory committee meetings, and other related reports that supports services and charges to the CSAs on the respective CSA website. The County's El Macero CSA website does not make available any financial documents at this time and only has minutes from a couple of meetings over the last few years. It is also recommend that the CSA's water and wastewater rates be posted for the benefit of the customer.

A clear representation of El Macero CSA's finances by fund is hard to determine in the countywide budget and financial statements. The CSA's annual report to the SCO is the clearest depiction of the CSA's flow of funds; however, the individual funds are not clearly defined (i.e., street overlay, landscaping, and water well reserve), but instead are lumped together by broad service type. Additionally the expenditure categories are oversimplified. A budget specific to the CSA and a periodic audit of just the individual CSA's funds would greatly enhance financial transparency. Eliminating the County as an intermediary for water and sewer billing would increase efficiency, cut costs, and provide timely indicators to CSA residents as to their water use.

Localized deterioration of roads may be attributable to the County's mandatory use of the lowest responsible bidder as required by the California Public Contracts Code.⁵⁶ The lowest bidder may at times not be compelled to provide a top quality and long lasting product. An option to enhance longevity of road repairs may be transfer of these services to the El Macero HOA and Oaks Association. An HOA would not be bound by the same bidding and procurement requirements as a CSA, which would allow for greater flexibility in choosing the

⁵⁶ California Public Contracts Code § 10122

best match for the job and may lead to greater longevity of the work product. Road maintenance services could include landscaping services as well.

In the event that the City begins direct billing and transfers road services to the HOA, the necessity of the CSA structure for services in El Macero may need to be assessed. Drainage would be the only remaining service offered by the CSA. The CSA could continue to function purely as a financing mechanism for the drainage services offered by the City through contract with the County, or another successor agency or financing structure could be identified. Elimination of the CSA does, however, pose certain challenges, such as what agency would take on ownership of the CSA's water and wastewater assets. This option is not for immediate consideration but may be reevaluated upon any changes in the CSA's service structure.

Recommendations:

- The County should formalize policies and procedures and apply them consistently across the CSAs to clearly define certain advisory committee processes, such as means to conduct outreach, when advisory committees are needed or should be disbanded, term limits, how officers are to be chosen, who develops an agenda, how an agenda is developed, requiring agenda items to directly relate to services provided by CSA, and how meetings are to be run with such specifics as how much time will be allotted to each member of the public for comments.
- The CSA Manager should adhere to the County Code of Ordinances and ensure the advisory committees annually select a chairperson as required, or change the policy to every two years as is more commonly practiced. Additionally, the County should consider reinstating term limits for the advisory committee members to encourage more resident involvement in the activities of the CSA.
- County staff should compile an email distribution list for all residents (separate from the HOA) and/or provide direct mailings in order to ensure that all residents are kept informed of CSA Advisory Committee activities. Residents could be given an option to opt-out of this service, if desired.
- ~~• Agendas for advisory committee meetings should be clearly posted on the CSA's website by County staff.~~
- The County's CSA's website should be updated to post all available information, including financial reports specific to the particular CSA, water and wastewater rates, all minutes of advisory committee meetings, and agendas and announcements for the next meeting in a readily apparent location.
- County staff should provide quarterly financial reports for each CSA that clarify in details the various funds, fund balances, sources of revenue for each fund, and a more detailed list of expenditures in each fund or for each service, and provided to the Board of Supervisors and the advisory committees.

- ~~• The County, in consultation with the CSA advisory committee, should to develop options for future maintenance and improvements to roads, including a feasibility and cost/benefit analysis of potentially privatizing the El Macero road system for maintenance by the HOA. The analysis should review the potential for any unintended consequences to this change in service structure, in particular with respect to homeowner costs, public safety enforcement and solid waste collection.~~

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 conducted outreach to several El Macero CSA stakeholders while researching this MSR, including CSA staff, the District 4 Supervisor, the El Macero CSA Advisory Committee, residents of the CSA, and the City of Davis staff. None of these parties identified issues in addition to those already discussed that need to be resolved in the MSR.

Other Issues MSR Determination

No other issues of concern regarding effective or efficient service delivery were identified during the course of this MSR.

Recommendations

None.

SPHERE OF INFLUENCE STUDY

The boundaries for El Macero CSA are as reflected in the map below. The SOI for El Macero CSA is coterminous with its boundaries. LAFCo is not aware of any development proposals or requests by adjacent landowners to connect to the municipal services of El Macero CSA for any health and safety issues. Additionally, there is no desire by the CSA to change its SOI at this time. Therefore, no SOI is recommended with this review.

On the basis of the Municipal Service Review:

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

AGENCY PROFILE: WILLOWBANK COUNTY SERVICE AREA

Willowbank County Service Area (CSA), also known as CSA 12, is a residential community located just outside the city limits of Davis, California. The community is comprised entirely of single family residential dwellings on 131 lots just south of Putah Creek. A majority of the lots have been built on, and there is little opportunity for new development or growth within the community.

Location

Willowbank CSA is located just southeast of the City of Davis, and immediately abuts the City's southern boundary.

Boundaries and Sphere of Influence

The CSA lies between Putah Creek and Montgomery Avenue with its western border adjacent to Drummond Avenue and its eastern boundary between Meadowbrook Drive and Torrey Street. The CSA's SOI is coterminous with its boundaries.

Structure and Governance

CSAs were created in state law to address increased demands for public facilities and services when population growth and development occur in unincorporated areas. CSAs create an enterprise fund within a county to finance and provide increased public facilities and services within a defined unincorporated area. CSAs are a **dependent** special district, meaning that the County Board of Supervisors is the decision making body for CSAs. Under state law, the Board of Supervisors **may** appoint one or more advisory committees to give advice regarding CSA services and facilities. The County is responsible for the operation of the CSA, and therefore, when this MSR/SOI references the CSA it is, in general, referring to the County and not the advisory committee. CSA advisory committees have no authority over administration of the CSA.

The Willowbank County Service Area was established in December of 1996. The CSA was initially established to provide domestic water services. The CSA's formation resolution gives the County Board of Supervisors the ability to add certain authorized services (limited to garbage and refuse collection, extended police protection, street and highway sweeping, pest and rodent control, and sewer services) to the CSA when it deems it necessary.⁵⁷ At present, the CSA only provides water services through a contract with the City of Davis.

The City has separately extended wastewater services to three parcels within Willowbank CSA on or near Drummond Avenue. The agreement for these services is between the City and each of the individual homeowners, and the CSA is not involved.

⁵⁷ Yolo LAFCo Resolution No. 96-2.

Authorization to provide any other extended services must be approved by LAFCo. While not approved as part of the formation resolution, the resolution recognized that the County would negotiate with the Yolo County Flood Control and Water Conservation District to ensure that the CSA paid a proportionate share of drainage maintenance costs. The CSA does not at present finance drainage services.

In order to address aging water systems on the verge of failing owned by three mutual water companies in the area, residents desired to connect to the City's water system. As a means to construct the necessary new water system and represent the community as a whole, Willowbank CSA was formed to replace the Oakside, Meadowbrook, and Willowbank Mutual Water Companies, all of which were dissolved upon the formation of the CSA.

Willowbank County Service Area Boundary and Sphere of Influence*



* Note: Sphere of Influence is coterminous with boundary

Adopted by Yolo LAFCo

The property and funds of the mutual water companies were transferred to Willowbank CSA. Zones were created within the CSA based on the location of the former mutual water companies, and the funds from the respective water companies were attributed as credit towards indebtedness to the residents within their particular zone.

Willowbank CSA is governed by the County Board of Supervisors as a dependent special district of the County. The Board of Supervisors is advised as to the maintenance and operation of Willowbank CSA by the Willowbank County Service Area Advisory Committee. The advisory committee maintains a water service subcommittee that was created specifically to consider options regarding a possible irrigation system, separate from the system which provides potable water from the City.

The CSA is currently staffed by the Department of Community Services (formerly called the Department of Planning and Public Works), and is billed for the staff time of the CSA Coordinator, finance staff, and County legal counsel when such services are utilized. However, as of July 1, 2016, management of the CSAs is being transferred to the County Administrator's Office.

Municipal Services

The Willowbank CSA provides domestic water services through an agreement with the City of Davis for operation and maintenance services. Three parcels within Willowbank also receive wastewater services from the City, but this service is provided separate from and not by the CSA. Fire protection services are provided by a separate agency from the CSA, the East Davis Fire Protection District, which contracts with the City of Davis Fire Department for services.

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, El Macero, Garcia Bend, Madison-Esparto Regional CSA (MERCASA), North Davis Meadows, Snowball, Wild Wings, and **Willowbank**

School Districts:

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

Special Districts:

- Cemetery District – Capay, Cottonwood, **Davis**, Knight's Landing, Mary's, Winters
- Community Service District – Cacheville, Esparto, Knight's Landing, Madison
- Fire Protection District – Capay, Clarksburg, Dunnigan, **East Davis**, Elkhorn, Esparto, Knights Landing, Madison, No Man's Land, Springlake, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- 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, Knight's Landing Ridge Drainage, **YCFCWCD**

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.

- | | |
|--|---|
| <input type="checkbox"/> Growth and Population | <input checked="" type="checkbox"/> Shared Services |
| <input type="checkbox"/> Disadvantaged Unincorporated Communities | <input checked="" type="checkbox"/> Accountability |
| <input type="checkbox"/> Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Financial Ability | |

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 type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have a significant negative impact on the subject agency's service needs and demands such that agency investment would be required to increase capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-b) The Willowbank community is comprised entirely of single family residential dwellings on 131 lots, of which six lots have no structures. There is little opportunity for new development or growth within the community. There are no planned or proposed developments or new individual structures at this time. Based on average household size in the Davis area,⁵⁸ there are approximately 324 residents within Willowbank CSA. Given

⁵⁸ As of January 1, 2015, the California Department of Finance estimates that the average household size in the City of Davis is 2.59 individuals.

that the community is largely built out, the population of the CSA is anticipated to remain relatively unchanged well into the future.

- c) Willowbank is an unincorporated developed pocket that is surrounded by the City of Davis on three sides. It is not likely that new growth will occur outside of the CSA's bounds that will be considered for addition to the CSA. The area to the south of the CSA is outside of the City of Davis' sphere of influence (SOI) and is zoned for agricultural uses by the County.⁵⁹ To the west, north, and east of the CSA is incorporated City of Davis territory that is already developed with little opportunity for additional growth and little need for the services of the CSA.

Growth and Population MSR Determination

Willowbank CSA is essentially built out with very few opportunities for additional growth within and outside the CSA's boundaries. There are six lots without structures within the CSA, but no plans for building on these lots at this time. Should these lots be built upon, the resulting population growth would be minimal with little impact on the CSA's demand for water services. No expansion of the Willowbank CSA is anticipated.

Recommendations

None.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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) that do not already have access to public water, sewer and structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁵⁹ County of Yolo, 2030 Countywide General Plan, November 10, 2009 p. LU-8.

- 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)? □ □ □
-

Discussion:

- a) Willowbank CSA provides water services to residents from the City of Davis, the contract service provider. Structural fire protection is provided by the East Davis County Fire Protection District via a contract with the City of Davis. The community primarily utilizes private onsite septic systems, although the City has extended service to three parcels where individual systems have failed. As a provider of water services, Willowbank CSA falls under 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.
- 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

Willowbank is listed as a community which is considered by the Commission to be an “inhabited unincorporated community”. However, the median income for the Census Tract of which Willowbank is a part of is \$105,607,⁶⁰ which is well above the statewide median household income of \$61,400. Therefore, Willowbank is not considered to be a disadvantaged unincorporated community.

⁶⁰ US Census, 2010-2014 American Community Survey 5-year Estimates, Census Tract 106.07 Block Group 1, Median Household Income in the Past 12 Months (in 2014 inflation-adjusted dollars).

Disadvantaged Unincorporated Communities MSR Determination

Willowbank CSA provides municipal water services to the inhabited unincorporated community of Willowbank. However, the provisions of SB 244 regarding disadvantaged unincorporated communities do not apply to the CSA, because the community has a median household income of \$105,607, and is not considered disadvantaged.

Recommendations

None.

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 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"/>
b) 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"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned?	<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 - d) Willowbank CSA provides water services to residents through a contract with the City of Davis.

Water: Willowbank CSA provides water to its residents through a contract with the City of Davis for operations and maintenance of the CSA-owned system.⁶¹ The County, on behalf of Willowbank CSA, entered into an agreement with the City for maintenance and operations of the CSA's water system in 1999. According to the agreement, the City is responsible for supplying water in a sufficient quantity, quality and pressure to satisfy the domestic, irrigation, and emergency fire flow requirements of the CSA, and to maintain the water system in good condition and repair. In return, the CSA pays compensation to the City in the form of water rates that are consistent with city residents. Bills for water service are sent to CSA customers directly by the City. The CSA retained ownership of the former water system and the new water system. As part of the agreement for services, the City is responsible for repairs and replacement of the system due to wear and tear.

Of the 125 residences within the CSA, three have not yet connected to the water system, and as such only pay assessments to the CSA for management. The City provides water treatment and distribution to CSA residents from city wells. Water is pumped at the wells and treated via well-head treatment if necessary, then distributed through ductile iron distribution mains to each individual connection.

Water Capacity: Willowbank CSA's new water system was constructed in 1999 in order to connect with the City's water system for services and water supply. The system is relatively new and was built with sufficient capacity to serve the area within the CSA's bounds to complete build out, which the community is nearing. As there are no planned or proposed developments within the CSA, and growth is unlikely, the water system capacity is considered sufficient to serve future demand. The City of Davis has faced water supply constraints due to water quality concerns of the well water. Contaminants in the groundwater, such as nitrates, boron, chromium, and manganese, are the region's greatest water source capacity concern. The City has had to retire eight wells in recent years, primarily due to water quality concerns. Additionally, higher salt content in the groundwater has created challenges meeting regulations at the City's wastewater treatment plant. Consequently, the City is in the midst of a collaborative project with the City of Woodland to bring surface water from the Sacramento River to the area to eliminate reliance on well water, which is expected to online and servicing the area by December 2016. The City reported that water source capacity is limited and presently only sufficient to serve infill growth throughout the area served by the City, but once the project is complete, water supply is planned to be sufficient to meet the demands of the City's existing service area and future growth areas, including the Willowbank CSA.

Water Adequacy: With every annual contract entered into with an outside entity, the CSA staff must, per County standards, complete the acquisition process with purchasing stating why the contractor should be employed based on previous quality of work and experience. The County has continued to contract with the City for 17 years and indicated no concerns

⁶¹Yolo County Board of Supervisors and City of Davis Agreement No. 99-142, May 19, 1999.

regarding adequacy of services provided. Additionally, the City reported that there are no particular challenges to providing adequate services in the Willowbank CSA.

Water Infrastructure Needs: As mentioned, the water system is only 17 years old and is considered to be in good condition. The City did not identify any particular or significant infrastructure needs.

In an effort to conserve use of the potable water provided by the City, Willowbank CSA has begun investigating the possibility of drilling a well to be dedicated to irrigation uses. Willowbank CSA recently hired a consultant (Wood Rodgers) to determine the feasibility of constructing an irrigation well to meet irrigation demands. Wood Rodgers reviewed the aquifer system that is below Willowbank and nearby Davis. A primary conclusion is that the intermediate aquifer (between 200 and 600 feet deep) will likely provide sufficient capacity to meet Willowbank irrigation demands.

As Wood Rodgers was in the process of completing the irrigation water feasibility study in October 2015, another option of a different water source presented itself, possibly offering significant cost savings for a new irrigation water system. There is a possibility the County could obtain exclusive rights to an existing well on the former Nishikawa property south of Montgomery for irrigation water purposes. The test well findings for the new well indicate abundant water in the range 240 to 300 feet. The CSA's Water Subcommittee is investigating this possibility.

Any benefits of a new irrigation system would greatly depend on the cost of construction, which has not yet been estimated. It is unknown whether the cost of the new well and irrigation system would be offset by any cost savings from potable water conservation. There is the chance that the irrigation system could make use of portions of the old water system depending on the condition.

- e) There are no new regulations that are anticipated to affect the CSA's existing infrastructure or need for additional infrastructure with regard to the one municipal service offered by the District.
- f) As previously identified, there are no disadvantaged unincorporated communities within the vicinity of the Willowbank CSA.

Capacity and Adequacy of Public Facilities and Services MSR Determination

There are no concerns regarding the capacity and adequacy of the water services provided by the CSA. No necessary improvements to water services were identified over the course of this review.

Willowbank CSA's water system is considered to be in good condition, with no immediate infrastructure needs; however, the CSA is researching the possibility of installing a well for irrigation purposes, in order to conserve potable water provided by the City. Any benefits of a new irrigation system would greatly depend on the cost of construction, which has not yet been

estimated. It is unknown whether the cost of the new well and irrigation system would be offset by any cost savings from potable water conservation.

Recommendations

None.

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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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) **Budget:**

Willowbank CSA 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 CSA's finances are also reported in the County's audited annual financial statement and reported to the State Controller's Office (SCO) yearly. While Willowbank CSA is included as part of these reports, revenues and expenditures are aggregated and there is no clear representation of the CSA's activities. The SCO reports were made use of for the purposes of this report as they provide the greatest level of detail for each services provided by the CSA; however, there are still limits to the information available given the overly broad categories

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used in the SCO report. The County is in the process of switching to a new accounting system (INFOR) and making changes to procedures for reporting CSA funds that are expected to improve clarity of the CSA's financial flow.

Willowbank CSA operates out of a single fund which tracks all revenues and expenditures attributed to the CSA.

The table below provides five-year budget trends for the Willowbank CSA. The broad categorization of services does not allow for more detail of what services and supplies were financed.

Willowbank County Service Area					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Current Secured and Unsecured (1%)	\$ -	\$ -	\$ -	\$ -	\$ -
Property Assessments	\$ 4,480	\$ 4,480	\$ 4,515	\$ 4,480	\$ 4,480
Interest Income	\$ 28	\$ 11	\$ 5	\$ 4	\$ (7)
Homeowners Property Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Year Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
State and Other In Lieu Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 4,508	\$ 4,491	\$ 4,520	\$ 4,484	\$ 4,473
Expenditures					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Services and Supplies	\$ 6,607	\$ 5,626	\$ 4,397	\$ 4,702	\$ 30,004
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 6,607	\$ 5,626	\$ 4,397	\$ 4,702	\$ 30,004
Net Amount	\$ (2,099)	\$ (1,135)	\$ 123	\$ (218)	\$ (25,531)
End of Year Fund Balance	\$ 2,623	\$ 1,488	\$ 1,611	\$ 1,393	\$ (24,138)
Willowbank County Service Area Summary					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Total Revenues	\$ 4,508	\$ 4,491	\$ 4,520	\$ 4,484	\$ 4,473
Total Expenditures	\$ 6,607	\$ 5,626	\$ 4,397	\$ 4,702	\$ 30,004
Revenue less Expenditures	\$ (2,099)	\$ (1,135)	\$ 123	\$ (218)	\$ (25,531)
Willowbank Assessment District Long Term Debt					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Principal Amounty Unmatured, End FY	\$ 650,000	\$ 600,000	\$ 550,000	\$ 495,000	\$ 435,000

Source: Annual Reports to the State Controller's Office

Water services from the City are billed directly to CSA residents. As the resident is billed directly by the City, these funds are not accounted for as part of the CSA budget. Willowbank CSA is financed almost entirely by a property assessment of \$35 per lot, which is used to finance management of the CSA by the County. In addition to this annual assessment, CSA residents approved a one-time assessment of \$265 per residence in FY 14-15 to finance the irrigation feasibility study. These revenues do not appear in the revenues for FY 14-15, and will likely be reported in the FY 15-16 SCO annual report. The only other revenue source is minimal interest income earned on the CSA's fund balance. Revenues over the last five years have remained relatively unchanged.

Willowbank CSA is not looking for additional funding sources at this time. Should the CSA decide to move forward with the irrigation project, then a funding source will need to be identified.

CSA expenditures in FY 14-15 consisted entirely of services and supplies expenditures. Expenditures made a large jump in that year, mostly attributable to consulting services associated with the irrigation feasibility study. During the four years prior to FY 14-15, the CSA's expenditures were largely unchanged, and consisted of general administration fees for legal services, auditing and fiscal services, and general building maintenance for county buildings.

A potential way to reduce expenditures is to eliminate the CSA as an administrator of the water services. At present the CSA's only function is to manage water services from the City of Davis. The City collects water service charges from the residents directly. Each property is assessed \$35 for administration of the CSA, including staff support at committee advisory meetings, accounting and auditing to track the administration funds, and other general overhead items. The CSA is not charged for administration associated with the collection of assessments and payment of debt associated with the Willowbank Water Assessment District (discussed under Debt below). Based on the formation resolution of the assessment district, Willowbank CSA is not necessary for the continued existence of the assessment district as it was formed as a part of the County of Yolo not the CSA. While this option may eliminate some expenditures, the CSA offers residents a means to voice their opinions and have united representation when negotiating an agreement for service with the City. Additionally, it provides a means to communicate with an elected body that serves the area within the CSA, which residents do not have with the City of Davis as residents cannot vote for city officials. However, these functions could be taken on by another community organization such as the Greater Willowbank Improvement Association or the South Davis General Plan Advisory Committee, without the administration costs attributable to County overhead costs.

In four of the five years since FY 10-11, Willowbank CSA has expended more than the revenues it has received. Each year the fund balance has declined to cover expenditures in excess of revenues. According to the SCO reports, expenditures significantly increased in FY 14-15 without a similar increase in revenues, which resulted in a negative fund balance of \$24,138. However, it appears that the one-time assessment that was approved to pay for the feasibility study was not collected and reflected in FY 14-15. It is anticipated that it will be reflected in FY 15-16, and that the fund balance will return to previous levels.

b) **Reserves:**

The CSA does not maintain any contingency funds, but generally has a small cash balance from year to year. As mentioned, the CSA had a negative fund balance at the end of FY 14-15, but will likely return to positive levels as the one-time assessment is collected.

Given that the CSA does not directly provide any services and is not responsible for replacement of water system infrastructure, a minimal reserve is satisfactory. However, as

mentioned, the CSA's fund balance has continued to decline over the last five fiscal years. The administration assessment does not appear to be fully covering the costs associated with management of the CSA. While a minimal reserve is satisfactory, given the CSA's recent trend of a declining fund balance, there are concerns that the assessment is not satisfactory to cover all costs attributed to the District, and a minimal fund balance will not be able to be sustainably maintained.

c) **Rate/Fee Schedule:**

In addition to the \$35 property assessment for administration and the \$265 one-time assessment for the feasibility study, residents pay for water services to the City of Davis. City water rates are based on a base fee and water usage. The City passed multi-year water rate adjustments in September 2014. As of January 1, 2016, the base rate, which is dependent on connection size, ranges between \$9.87 and \$16.66 per single family residence. Water use is \$1.50 per 100 cubic feet (ccf) for use up to 18 ccf, thereafter it is \$1.90 per ccf.

d) **Infrastructure Maintenance and Replacement:**

Willowbank 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 Capital Asset Policy as adopted by the Board of Supervisors, which is prepared and updated annually.

Willowbank CSA does not maintain a capital improvement plan, as no new infrastructure is necessary at this time, and replacement of any of the existing water system due to wear and tear would be the responsibility of the City. Some kind of construction and financing plan will be necessary should the CSA choose to move forward with the irrigation system.

e) **Financial Policies:**

Willowbank 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. The County should continue to monitor the CSA to ensure that it adheres to countywide financial policies and best practices and that CSA finances are transparent and easy to follow for the advisory committee and constituents.

Given the lack of clarity and consistency of CSA finances throughout the County, creation of additional financial policies specific to CSA operations, including contracting, purchasing, reporting, CIP planning, reserves, and fund tracking mechanisms, should be developed and established by the Board of Supervisors. Additionally, in order to augment reliability of CSA fund tracking and financial reports, the County is already in the process of having the Department of Financial Services take over the management of all CSA accounting.

f) **Debt:**

The Willowbank CSA did not have any outstanding debt at the end of FY 14-15; however, in order to finance new infrastructure necessary to connect to the City's water system at the

time the CSA was formed, the Willowbank Water Assessment District was formed in 1999 to issue bonds and carry the debt of the residents.⁶² The Willowbank Water Assessment District is a separate entity from the CSA and is considered a part of the County.⁶³ Consequently, while the debt is accounted for in the CSA's financial reports, the assessments for repayment constitute fixed liens on the parcels assessed. The County collects assessments from residents to make regular debt payments. The assessment is dependent on which former water company served the resident in question and whether the resident chose to pay the entire cost of the new system up front or make regular payments over time. In addition to the bond assessment determined necessary to repay the bond indebtedness, there is a bond administration assessment of \$68.75 per parcel per year and an annual administration assessment of \$16 per year. At the end of FY 14-15, the Willowbank Water Assessment District had a long term debt balance of \$435,000, which is anticipated to be paid off by 2020.

Financial Ability MSR Determination

The CSA has financial policies, as determined by the Yolo County Board of Supervisors. However, countywide financial planning documents, within which the CSA is also included, are difficult to maneuver and identify CSA activities to any level of detail. The annual report to the SCO provides the easiest to read format for the CSAs financial activities; however, there is limited breakdown of expenditure information. There are opportunities for improved transparency, clarity and accuracy of the CSA's finances, including 1) preparation of quarterly financial reports by County staff for each CSA, 2) continued County monitoring of its CSA operations to ensure compliance with County financial policies, 3) creation of financial policies specific to the CSAs to provide further guidance to a more detailed level for CSA financial reports and tracking, and 4) transfer of CSA accounting and bookkeeping functions to the County Department of Financial Services. Given the minimal nature of Willowbank CSA's finances, these concerns may not be of paramount concern, but clarity in a special district's publically financed operations is essential to transparent governance.

In four of the five years since FY 10-11, Willowbank CSA has expended more than the revenues it has received through assessments. Each year the fund balance has declined to cover the expenditures in excess of revenues. Given the CSA's declining fund balance, the CSA's assessment may not satisfactorily cover all administration costs associated with the CSA. The assessment should be reviewed to ensure it is adequate to cover all related expenses. Additionally, all CSA expenditures should be reviewed to ensure that they appropriately represent the cost of services to a CSA with minimal demand for administration time.

⁶² County of Yolo, Willowbank Water Assessment District Official Statement for Limited Obligation Improvement Bonds, Series 2000, May 10, 2000.

⁶³ Yolo County Board of Supervisors, Resolution No. 00-17.

As a separate financing mechanism, accounting for the Willowbank Water Assessment District within the CSA's financial documents may be misrepresentative of where the liability for debt lies.

Recommendations:

- In order to enhance transparency of the CSA's operations, it is recommended that individual financial reports be compiled by County staff that clearly define the operations being financed by each fund, and the reserve balances for restricted and unrestricted uses.
- The CSA Manager should continue to monitor the County's CSA financial practices to ensure that it adheres to countywide financial policies and best practices and that CSA finances are transparent and easy to follow for the advisory committee and constituents.
- Yolo County should develop and establish financial policies specific to CSA operations, including contracting, purchasing, reporting, CIP planning, reserves, and fund tracking mechanisms, to enhance clarity of CSA finances.
- Complete the process of having the Department of Financial Services take over the management of all CSA accounting, in order to augment reliability of CSA fund tracking and regular financial reports.
- If the County determines that the CSA will remain per the Accountability, Structure and Efficiencies section recommendations, review Willowbank CSA's assessment to ensure it is adequate to continue covering the CSA's administration costs. Simultaneously, Willowbank CSA's expenditures should be reviewed to ensure they are appropriate to the amount of work attributed to the CSA, and to determine whether an advisory committee is necessary given the amount of administrative costs to oversee its minimal functions.
- Account for the Willowbank Water Assessment District as a separate entity from the Willowbank CSA to accurately represent where liability for payment of the debt lies.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) At present the CSA practices resource sharing by contracting with the City for water operation and maintenance services. Additionally, the CSA capitalizes on sharing County resources, such as staff and facilities, for administration purposes by being managed under the same umbrella as other County activities and the other CSAs.
- b) Given the degree to which Willowbank CSA already shares facilities by receiving services from the City and County, there is little potential for additional facility sharing practices.
- c-d) No additional governance options were identified with respect to Willowbank CSA that may produce economies of scale or improve buying power with the idea of lowering costs. While not specific to resource sharing to reduce costs as previously mentioned, a potential means to reduce expenditures is to eliminate the CSA as an administrator of the water services, with the possibility of the Greater Willowbank Improvement Association or the South Davis General Plan Advisory Committee taking on issues outside of the scope of the Willowbank CSA. Should the community decide to move forward with the irrigation system that is under consideration, then a structure will be essential for collecting rates for continued operations; however, it could be similar to the existing set up for domestic water with rates charged directly by the City or other service provider. Debt for the irrigation system could be administered by the Willowbank Water Assessment District, similar to how the debt is handled for the potable water system is presently handled. The CSA structure is not necessary for continued and future services to the community.

Shared Services MSR Determination

Given Willowbank CSA's current service and administrative structure, it already greatly capitalizes on resource sharing with the City and County.

If the potential to provide non-potable water for irrigation purposes does not materialize, eliminating the Willowbank CSA is a governance option that would reduce administration costs of the CSA and create more efficient government. In this case, the Greater Willowbank Improvement Association or the South Davis General Plan Advisory Committee could provide a forum for organized discussion regarding issues in the community without the cost of County administration that is currently assessed residents.

Recommendations

None.

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 staff turnover or operational efficiencies?	<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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) 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 Willowbank 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.

The CSA has an advisory committee. The Willowbank CSA Advisory Committee is appointed by the Board and consists of seven residents of the CSA. Terms for the advisory committee members are four years in length. At this time, all seats are filled on the advisory committee. There does not appear to be an issue maintaining a full advisory committee. This advisory committee meets on a regular basis to discuss the ongoing issues pertinent to the CSA. Advisory committee meetings are held quarterly, typically at 7 pm at the Multipurpose Room at the Marguerite Montgomery Elementary School at 1441 Danbury Avenue, Davis, CA. The Advisory Committee provides input to the Board of Supervisors as to issues related to the CSA, and the Board of Supervisors makes the ultimate decision on matters when warranted. As directed by California Government Code §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.

Yolo County Code of Ordinances states that each committee shall annually (prior to March 31) select a chair from among its members to preside over meetings.⁶⁴ However, in practice, the County has not been stringent in adhering to this practice. The County reported that the Chair of the advisory committee is generally chosen every two years, and the manner in which the Chair is chosen is based on the desires of the particular CSA committee (i.e., formal nomination and motion by the committee with vote or informal volunteer and instatement by default). Former County policies enforced a term limit for committee members—stating that no member could serve more than two consecutive terms on an advisory committee without at least a one year break in service before becoming eligible for reappointment to that same committee. In 2003, the County removed the term limit policy from the advisory committee list of policies and procedures. It is recommended that the County be consistent with its policies and either annually elect a chairperson as required or change the policy. Additionally, the County should consider reinstating term limits for the advisory committee members to ensure more resident involvement in the activities of the CSA.

Advisory committee meetings are held ideally once every three months; however, at times, the meetings are cancelled. An individual from the County is generally at each of the advisory committee meetings. The advisory committee posts agendas as required by the

⁶⁴ Yolo County Code of Ordinances Title 2 Chapter 2 Article 36 Section 2-2.3607.

Brown Act at the southwest corner of the former Clemente property on Montgomery Avenue on a public message board. The agendas are posted on the CSA's website, under the County's calendar function; however, a resident would have to be aware that a meeting is occurring in order to access the agenda.

The County disseminates information to residents by mailing and emailing each resident. The CSA estimated that approximately 70 to 75 percent of residents are reached via email. The County also coordinates with the Greater Willowbank Improvement Association, similar to a homeowners association, on a regular basis to insure that pertinent County information is provided to residents. Information on Willowbank CSA is also made available on the County's website. It is recommended that the agenda for the next advisory committee meeting be posted on the CSA's website in an apparent place prior to the upcoming advisory committee meeting. Additionally, minutes for all of the meetings should be collected and posted on the CSA's website.

- c) The CSA relies on one full-time equivalent (FTE) position as the CSA Manager who oversees all operations, maintenance and management of all of the County's CSAs. Additionally, a County staff member dedicates approximately 0.125 FTEs as an analyst for the CSAs, conducting larger mailing, electronic compilation of water data usage information, and assistance during property tax bill time. There has not been an issue with staff turnover; however management of the CSAs will be transitioning to the County Administrator's Office as of July 1, 2016.

In 2013, the County Auditor Controller conducted an internal control review of CSAs.⁶⁵ The review was not specific to Willowbank CSA, but the same recommendations for improvements to procedures certainly apply to the operations of every CSA. It was found that the internal controls over billing practices were adequate and that the labor charges for staff time attributed to each CSA were supported by the WinCam time log system. Recommended improvements to procedures and resulting action taken by the County to address the issue are outlined in the following table.

⁶⁵ Newens, Howard, Yolo County Auditor Controller and Treasurer-Tax Collector, Internal Control Review of County Service Areas Memorandum, December 19, 2013.

Recommendation	Resulting Action
Improvement of project coding to further describe work performed for the CSAs and other projects	Projects are logged in in 15 minute increments, and a "notes" field has been added to provide further detail and describe the projects that are being worked on.
Regular monitoring of CSA budget and financial activity to inform management and the advisory committees of any budget adjustments.	The CSA Manager continues to follow County practices of preparing an annual budget and a mid-year review to determine status.
Ensuring the posting of each CSA's budget, financial reports, copies of agendas and minutes from board and advisory committee meetings, and other related reports that supports services and charges to the CSAs on the respective CSA website.	Agendas are posted on the County website under the calendar function. While there is a space for minutes, they are usually not uploaded and are maintained by the advisory committee secretary. The CSA's budget and financial statements are within the County's countywide documents. As of yet, no financial information specific to Willowbank CSA has been posted on its website. The County plans to add the SCO annual financial report to the CSA website in the near future.
Enhanced availability on the part of CSA staff for phone call inquiries and other requests for information.	The CSA Manager was readily available during the course of the MSR and responded promptly to all requests for information.
Regularly hold and facilitate CSA advisory committee meetings to keep the public informed and provide input from the constituents to the County/Board of Supervisors.	There is a calendar of anticipated quarterly meetings to be held during the year; however, these meetings are occasionally cancelled. Someone from the County, whether it is the CSA Manager, the District 4 Supervisor, or the Supervisor's staff, makes an effort to be at every meeting.

The County has implemented several of the recommendations as outlined in the Auditor-Controller's report. There continues to be room for improvement in financial tracking and reporting to the Board and the constituents—quarterly reports to the Board of Supervisors and the advisory committee are recommended. Additionally, as recommended by the Auditor-Controller, the County should capitalize on the CSA's available website to post all available information, including financial reports specific to the particular CSA, all minutes of advisory committee meetings, and agendas and announcements for the next meeting in a readily apparent location.

In the event that a resident has a question or complaint regarding services, residents may contact the CSA Manager at any time via email or phone. They may also contact the Deputy County Administrator as a direct supervisor of the CSA Manager in the County chain of command. Residents may also contact the Board Supervisor for the Willowbank area, which at this time is Supervisor Jim Provenza. Some of the residents also contact the City directly depending on the nature of the concern.

The process of handling a complaint depends on the type of complaint being submitted; however, to address a typical complaint, the CSA Manager would first review the nature of the complaint, research the background information, and then follow up with explanation to the resident. If the information provided is not satisfactory, then the CSA Manager would continue by following up with the appropriate service provider (i.e., the City of Davis for water). Finally, the CSA Manager would check back with the resident to ensure that the issue has been resolved to the satisfaction of the resident. Complaints are electronically tracked via outlook as well as logged into the CSA Manager's notes. During 2014, Willowbank CSA received two complaints from residents regarding the possibility of a Proposition 218 process for the proposed irrigation water system. The City of Davis reported that it had not received complaints from residents regarding the services it provides in the CSA.

The County maintains an Administrative Policy Manual for fiscal processes, advisory committee procedures, County Employee Code of Conduct, Brown Act etc. All Supervisors have filed Form 700 Statement of Economic Interest with the Fair Political Practices Commission for 2014.

Long and short term goals and objectives are developed through Board of Supervisor policy decisions, regulatory changes, and recommendations from the advisory committee.

- d) Willowbank CSA 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 fiscal year, and the County also commissions an independent audit each year. This information is all publicly available on the County Auditor-Controller website.

However, the Willowbank 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 categories in these documents are overly broad, limiting the ability to determine where funds are being used.

The County reported in a previous CSA MSR (Wild Wings CSA), that it would begin providing adopted budgets and third party financial audits on each CSA website beginning in FY 14-15; however, as of the middle of FY 15-16, this has not occurred. The County did indicate that it plans to post the annual SCO financial report on each CSA's website in the near future. No date for completion was given. While making the SCO reports available would

enhance financial transparency, a greater level of detail of expenditures by type should be made publically available and easily accessible as well.

e-g) Willowbank CSA makes use of the City for water services and is billed directly by the City for these services. Willowbank CSA customers are billed directly by the City and each individual customer is given the opportunity to protest a rate increase. Improvements could be made to the transparency of the CSA's financial information as previously mentioned.

Governance structure options with regard to Willowbank CSA are limited. As previously discussed, a potential means to reduce expenditures and eliminate a redundant layer of administration is to eliminate the CSA as an administrator of the water services. As already noted, there are several benefits and costs to this option. Ultimately, the feasibility of this option will greatly depend on the desires of the residents in the community and their vision of what municipal services they would like the CSA to provide in the future (as opposed to community interests). If there is no desire for the CSA to provide additional municipal services, then elimination of this additional administrative structure seems prudent to reduce costs.

There appears to be confusion over the purpose of the CSA advisory committee. The advisory committee for the Willowbank CSA adopted a mission statement in 2002 which identified monitoring operation of the new water system and a list of other unrelated community matters including: serving as a public forum, acting upon resident inquiries, referring matters to the County as appropriate, surveying the homeowners for community issues that the CSA should act upon, and other activities . However, per government code the advisory committee is to give advice to the Board of Supervisors regarding the CSA's services, which for Willowbank is water service only. The CSA advisory committee agendas should not include matters other than its water service or any new municipal services under consideration. Issues of general community interest should be handled by the other committees or associations.

Accountability, Structure and Efficiencies MSR Determination

The Board of Supervisors conducts open and readily publicized meetings as required by law. However, during the course of this review, it was noted that there is a need for further formalized policies and procedures to be put in place to clearly define certain advisory committee processes, such as means to conduct outreach, how officers are to be chosen, who and how an agenda is developed, and how meetings are to be run with such specifics as how much time will be allotted to each member of the public for comments.

There is room for improvement in operational efficiencies as identified by the County Auditor-Controller's report. The recommendations that are yet to be fully instituted are creation of more regular budget reviews and ensuring the posting of each CSA's budget, financial reports, copies of agendas and minutes from board and advisory committee meetings, and other related reports that supports services and charges to the CSAs on the respective CSA website. The Willowbank website does not make available any financial documents at this time and has no

minutes from previous meetings. It is also recommended that the CSA's water rates be posted for the benefit of the customer, or a link to the City's water utility webpage be added.

Similar to other CSA's in the County, a clear representation of Willowbank CSA's finances is hard to determine in the countywide budget and financial statements. The CSA's annual report to the SCO is the clearest depiction of the CSA's flow of funds; however, the expenditure categories are oversimplified. A budget specific to the CSA and a periodic audit of just the individual CSA's funds would greatly enhance financial transparency.

A potential means to reduce expenditures and eliminate a redundant layer of administration is to eliminate the CSA as an administrator of the water services. Ultimately, the feasibility of this option will greatly depend on the desires of the residents in the community and their vision of what municipal services (as opposed to general community interests) they would like the CSA to provide in the future. The CSA advisory committee agendas should not include matters other than its water service or any new municipal services under consideration. Issues of general community interest should be handled by **other more appropriate groups, such as the Greater Willowbank Improvement Association or the South Davis General Plan Advisory Committee** ~~the homeowners association.~~

Recommendations:

- County staff should develop formalized policies and procedures **and apply them consistently across the CSAs** to clearly define certain advisory committee processes, such as means to conduct outreach, when advisory committees are needed or should be disbanded, reconsideration of term limits, how officers are to be chosen, who develops an agenda, how an agenda is developed, ~~and~~ requiring agenda items to directly relate to services provided by CSA, **and how meetings are to be run with such specifics as how much time will be allotted to each member of the public for comments.**
- The CSA Manager should adhere to the County Code of Ordinances and ensure the advisory committees annually select a chairperson as required, or change the policy to every two years as is more commonly practiced. Additionally, the County should consider reinstating term limits for the advisory committee members to encourage more resident involvement in the activities of the CSA.
- The **County's CSA** website should **be updated** ~~capitalize on the CSA's available website~~ to post all-available information, including financial reports specific to the particular CSA, water rates, all minutes of advisory committee meetings, and agendas and announcements for the next meeting in a readily apparent location.
- ~~The CSA Manager~~ **County staff** should provide quarterly financial reports that clarify in detail the various funds, fund balances, sources of revenue for each fund, and a more detailed list of expenditures in each fund or for each service, and provided to the Board of Supervisors and the advisory committee.

- The County should consider a long-term plan for services and determine if there is a desire to add additional services to the **Willowbank** CSA in the future.
- If additional services are not anticipated, the County should consider dissolving the **Willowbank** CSA because it is no longer needed and would promote more efficient government services.
- LAFCo recommends that an advisory committee for the Willowbank CSA is warranted at this time to address whether a separate irrigation system is desired. However, once a decision has been reached regarding the irrigation system, the County should consider whether an advisory committee is still needed.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.	YES	MAYBE	NO
b) 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 conducted outreach to several Willowbank CSA stakeholders while researching for this MSR, including the CSA Manager, the District 4 Supervisor, the Willowbank CSA Advisory Committee, residents of the CSA, and the City of Davis staff. None of these parties identified issues in addition to those already discussed that need to be resolved in the MSR.

Other Issues MSR Determination

No other issues of concern regarding effective or efficient service delivery were identified during the course of this MSR.

Recommendations

None.

SPHERE OF INFLUENCE STUDY

The boundaries for Willowbank CSA are as reflected in the map below. The SOI for Willowbank CSA is coterminous with its boundaries. LAFCo is not aware of any development proposals or requests by adjacent landowners to connect to the municipal services of Willowbank CSA for any health and safety issues. Additionally, there is no desire by the CSA to change its SOI at this time. Therefore, no SOI is recommended with this review.

On the basis of the Municipal Service Review:

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

AGENCY PROFILE: NORTH DAVIS MEADOWS COUNTY SERVICE AREA

North Davis Meadows County Service Area (CSA), also known as CSA 10, is a residential community located to the north of the City of Davis surrounding the Davis Municipal Golf Course. The community is comprised of 98 lots. A majority of the lots have been built on, and there is little opportunity for new development or growth within the CSA's existing boundaries.

Location

North Davis Meadows CSA is located in the mid-southern portion of Yolo County. It is approximately one mile north of the City of Davis, west of County Road 99D and Highway 113, south of County Road 29, and east of County Road 99. The Davis Municipal Golf Course surrounds the North Davis Meadows I subdivision, and the golf course is adjacent to North Davis Meadows II subdivision. The golf course is not within the CSA's bounds.

Boundaries and Sphere of Influence

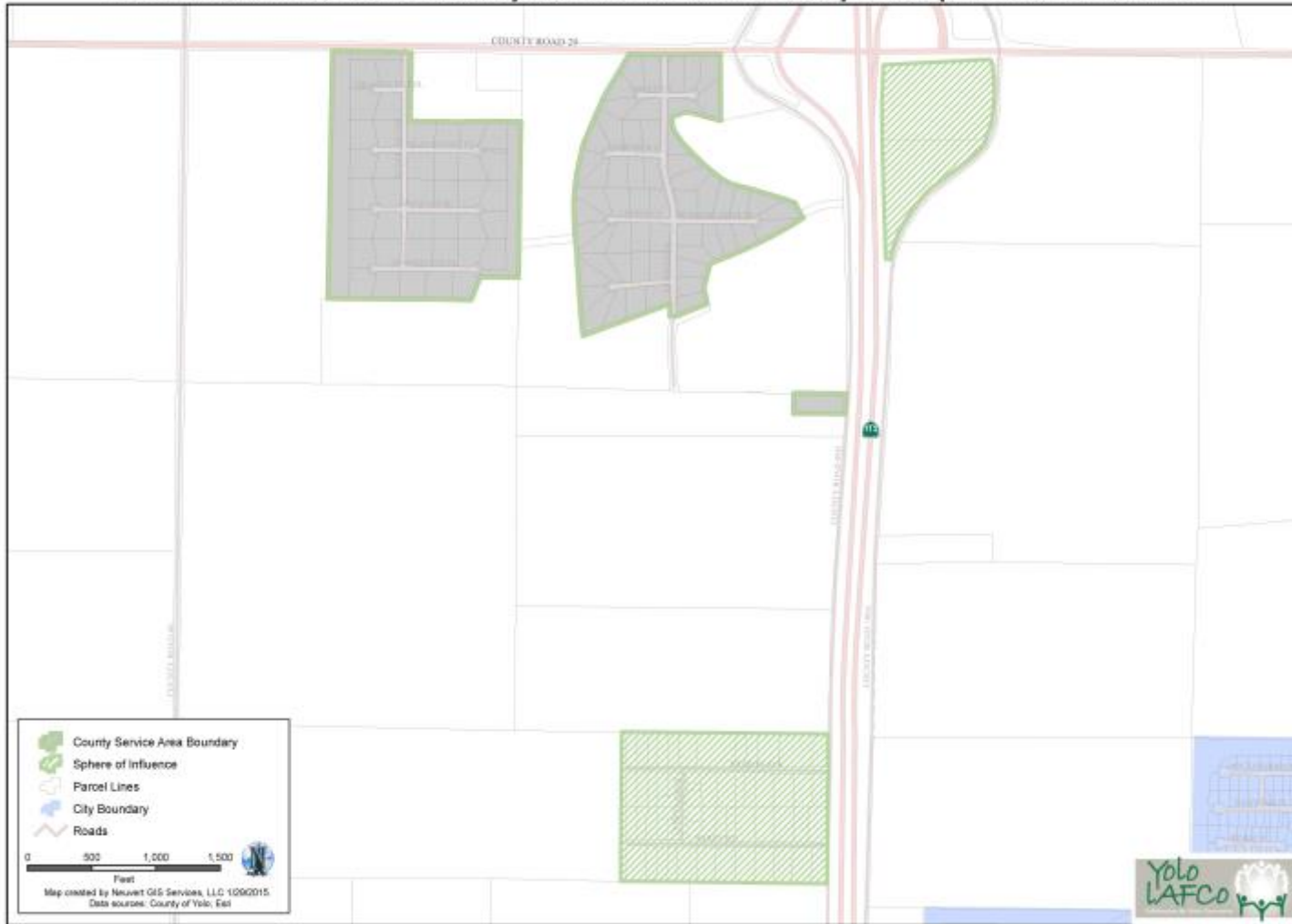
The CSA consists of three non-contiguous areas consisting of the North Davis Meadows I and North Davis Meadows II subdivisions and the Newton, Nicholas Farms, and Dugger parcels. At formation, the CSA consisted of North Davis Meadows Subdivision 1. On November 6, 1995, LAFCo approved the North Davis Meadows II annexation to the CSA, which consisted of the North Davis Meadows II subdivision and the Newton, Nicholas Farms, and Dugger parcels.

The area known as North Davis Meadows I is a 56-residential lot subdivision. This portion of the CSA is surrounded by the horseshoe shaped Davis Municipal Golf Course.

The North Davis Meadows II subdivision covers about 43 acres of land south of County Road 29. The 39-unit subdivision is located between the existing golf course and land under conservation easement. Also included is a two-acre area, about 150 feet in width, which runs along the western boundary of the new subdivision. It is a woodland area, which also serves as a California Department of Fish and Wildlife habitat. Immediately adjacent to the North Davis Meadows II subdivision are the Newton Parcel (a 2.5-acre property with one home located immediately south of County Road 29, adjacent to the western boundary of the Davis Golf Course) and the Korte Parcel— (an 8.5-acre “L” shaped parcel with a home and pond located at the south and west boundaries of the Newton property).

The third non-contiguous area within the CSA is the Moore Parcel (formerly Dugger Parcel). This one-acre parcel has a single-family home and is adjacent to County Road 99 D, at the southeast corner of the existing golf course.

North Davis Meadows County Service Area Boundary and Sphere of Influence



Adopted by Yolo LAFCo

On April 27, 1987 the Commission established the sphere of influence of the North Davis Meadows CSA as coterminous with the boundaries of the North Davis Meadows I subdivision. On November 6, 1995, the Commission adopted Resolution 95-5 revising the sphere of influence of the CSA to include the Dugger, Newton, and Nicolaus Farms parcels, North Davis Meadows II, and Binning Tract in the combined 10 and 20-year sphere of influence lines. All areas, with the exception of Binning Tract, were simultaneously annexed into the CSA. Binning Tract is not contiguous to any of the three CSA areas. It consists of 58 lots and is located on the west side of Highway 113, adjacent to County Road 99D, and approximately 0.25 miles north of the city limits. The tract is primarily a large-lot residential area with the exception of one church building.

In 2006, LAFCo expanded the North Davis Meadows CSA SOI to include two parcels owned by Teichert Land Company where out of area services are provided by the CSA. The Teichert property consists of two parcels totaling 20 acres located at the southeast corner of Highway 113 and County Road 29, west of County Road 100A. Agricultural lands surround the property north, east, and southeast of the Teichert property.

The CSA's present SOI includes the existing North Davis Meadows CSA boundaries, Binning Tract, the two Teichert Land Company parcels. On January 22, 2016, LAFCo amended its SOI policies to remove the distinction between the 10 and 20-year SOI; accordingly, North Davis Meadows CSA now has a single SOI with all of the territory previously mentioned included.

Structure and Governance

CSAs were created in state law to address increased demands for public facilities and services when population growth and development occur in unincorporated areas. CSAs create an enterprise fund within a county to finance and provide increased public facilities and services within a defined unincorporated area. CSAs are a **dependent** special district, meaning that the County Board of Supervisors is the decision making body for CSAs. Under state law, the Board of Supervisors **may** appoint one or more advisory committees to give advice regarding CSA services and facilities. The County is responsible for the operation of the CSA, and therefore, when this MSR/SOI references the CSA it is, in general, referring to the County and not the advisory committee. CSA advisory committees have no authority over administration of the CSA.

The North Davis Meadows CSA was established on June 1, 1987 in order to provide extended services to the North Davis Meadows Subdivision that was in development at the time.⁶⁶ The formation resolution of the CSA empowers it to provide a lengthy list of services, including water, sewer, pest or rodent control, street sweeping, street lighting, refuse collection, garbage collection, ambulance, planning, soil conservation and drainage control, animal control, municipal advisory council, transportation, geologic hazard abatement, and road maintenance. The CSA has not initiated all of the allowed services as outlined in the formation resolution. As of the drafting of this report, the CSA provided water, wastewater, storm drainage

⁶⁶ Yolo LAFCo Resolution No. 87-7.

control, street lighting, and park, median, and landscape maintenance. Authorization to provide any other extended services must be approved by LAFCo.

North Davis Meadows CSA is governed by the County Board of Supervisors as a dependent special district of the County. The Board of Supervisors is advised as to the maintenance and operation of North Davis Meadows CSA by the North Davis Meadows County Service Area Advisory Committee.

The CSA is currently staffed by the Department of Community Services (formerly the Department of Planning and Public Works) although management will be transferred to the County Administrator's Office as of July 1, 2016. The CSA is billed for the staff time of the CSA Coordinator, finance staff, and County legal counsel when such services are utilized.

Municipal Services

North Davis Meadows CSA provides water, wastewater, storm drainage control, street lighting, and park, median, and landscape maintenance through differing contract and staffing set ups. The CSA receives fire protection services from the Springlake Fire Protection District via a contract with the City of Davis Fire Department. Fire services are provided by a separate agency from the CSA. The following figure outlines the services provided through the CSA and the manner in which each service is provided.

Service	Service Provider	Manner
Park and Landscape Maintenance	Yolo County	County Department of Community Services, contracts with private landscaping services, and contracts with the City of Davis for work surrounding the City-owned Golf Course
Street lighting	Yolo County	PG&E
Stormwater Drainage	Yolo County	County Department of Community Services
Wastewater Collection and Treatment	Yolo County/City of Davis	City of Davis staff provides maintenance of the low-pressure line and treatment at city facility. Private companies provide pump station maintenance services.
Water Treatment and Distribution	City of Davis	City of Davis staff provides water system operations and maintenance by contract.

Some of the services provided by the CSA are only provided within certain areas of the District. Of the 98 lots in the CSA, 82 are connected to the sewage collection system and also have individual grinder pumps; the remaining homes have individual septic systems. Additionally, several lots maintain their own wells and have not yet connected to the CSA water system.

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, El Macero, Garcia Bend, Madison-Esparto Regional CSA (MERCESA), **North Davis Meadows**, Snowball, Wild Wings, and Willowbank

School Districts:

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

Special Districts:

- Cemetery District – Capay, Cottonwood, **Davis**, Knight's Landing, Mary's, Winters
- Community Service District – Cacheville, Esparto, Knight's Landing, Madison
- Fire Protection District – Capay, Clarksburg, Dunnigan, East Davis, Elkhorn, Esparto, Knights Landing, Madison, No Man's Land, **Springlake**, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- 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, Knight's Landing Ridge Drainage, **YCFCWCD**

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.

- | | |
|---|---|
| <input type="checkbox"/> Growth and Population | <input checked="" type="checkbox"/> Shared Services |
| <input type="checkbox"/> Disadvantaged Unincorporated Communities | <input checked="" type="checkbox"/> Accountability |
| <input checked="" type="checkbox"/> Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Financial Ability | |

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 type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have a significant negative impact on the subject agency's service needs and demands such that agency investment would be required to increase capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-b) The territory within North Davis Meadows CSA is comprised of 98 lots, of which single family residences have been built on all but two of the lots zoned as residential. The area within the CSA's bounds is essentially built out, with very little opportunity for any additional growth. Based on the number of residences in the CSA, and the average household size in the Davis area, ⁶⁷ it is estimated that there are approximately 249 residents.

⁶⁷ As of January 1, 2015, the California Department of Finance estimates that the average household size in the City of Davis is 2.59 individuals.

Agricultural and open space lands, including the Davis Municipal Golf Course, surround the CSA; approximately half of the agricultural land surrounding the CSA is zoned agricultural preserve. Within the CSA's annexable SOI, the Teichert Land Company parcels east of the CSA are zoned agricultural industrial and the Binning Tract is comprised of 58 lots that are largely residential with the exception of one church building. Of the lots within Binning Tract, only three have not been built upon.

The territory within North Davis Meadows CSA is outside of the City's sphere of influence. However, Binning Tract, which is within the CSA's SOI, is also within the City's SOI.

The Davis Innovation Center was proposed to be within 150 feet of the southern boundary of Binning Tract. The proposal, which is now on hold, included high-technology office, research and development space, a 200-room hotel/exhibition/visitor center, and more than 40 percent designated green space including bicycle and pedestrian pathways. Should this development move forward again, the area would be annexed by the City prior to construction, and all services would be provided by the City. This development would not likely impact demand for the services of the CSA.

- c) Given that most areas surrounding the CSA are open space and agriculture, and there are no proposed developments within the vicinity of the CSA's boundaries, expansion of the CSA as a result of new development is not anticipated.

Annexation of the areas within North Davis Meadows CSA SOI would increase demand for the CSA's services. The Teichert property is already receiving wastewater and drainage services to a certain degree from the CSA, so annexation to the CSA would have a marginal impact on the CSA's demand for services. In the event that Binning Tract is annexed, the population of the CSA would increase by approximately 140, which would be a 56 percent increase in the population of the CSA with a likely proportionate increase in demand for services. Binning Tract residents have not indicated an interest to annex.

Growth and Population MSR Determination

North Davis Meadows CSA is essentially built out with very few opportunities for additional growth within and outside the CSA's boundaries. There are two lots without structures within the CSA. Should these lots be built upon, the resulting population growth would be minimal with little impact on the CSA's demand for services.

Annexation of the areas within North Davis Meadows CSA SOI would increase demand for the CSA's services. Annexation of the Binning Tract would equate to a fairly significant increase in demand for services of approximately 56 percent. However, annexation of the Davis Innovation Center property (project now on hold) by the City of Davis would put the city boundaries immediately adjacent to Binning Tract, which would make the City a potential provider of services in the Binning Tract area should the need arise. Given that Binning Tract is within the City's SOI and the CSA's SOI, it would be appropriate for LAFCo to review the SOIs of the City and CSA at the time that the City becomes contiguous with the community to determine which agency is the appropriate service provider to the area.

Recommendations

None.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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) that do not already have access to public water, sewer and structural fire protection?	<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) North Davis Meadows CSA provides water and wastewater services to residents through the City of Davis—the contract operations and maintenance service provider. As a provider of water and wastewater services, North Davis Meadows CSA falls under 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.
- 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

North Davis Meadows and Binning Farms (Tract) are listed as communities, which are considered by the Commission to be inhabited unincorporated communities, with North Davis Meadows within the CSA's boundaries and Binning Farms in the CSA's SOI. Household income information in North Davis Meadows was not available; however, based on property values in the community, it is estimated that the North Davis Meadows' median household income is similarly higher than the 80th percentile of the statewide median household income. The community of Binning Farms has a median household income of \$129,000, which is higher than 80 percent of the statewide median household income of \$61,400, based on information collected by Statistical Atlas. ⁶⁸

Disadvantaged Unincorporated Communities MSR Determination

North Davis Meadows CSA provides municipal water and wastewater services to the inhabited unincorporated community of North Davis Meadows. Additionally, the inhabited unincorporated community of Binning Farms is located within the CSA's SOI. However, the provisions of SB 244 regarding disadvantaged unincorporated communities do not apply to either community, as the communities have median household incomes greater than 80 percent of the statewide median household income, and are therefore not considered disadvantaged.

Recommendations

None.

⁶⁸ <http://statisticalatlas.com/place/California/Davis/Overview> Statistical Atlas collects information from U.S. Census Bureau and American Community Survey.

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 deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) 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"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 - d) North Davis Meadows CSA provides water, wastewater, storm drainage control, street lighting, and park, median, and landscape maintenance through County staff and contracts with other agencies.

Water: The North Davis Meadows CSA provides water service to the North Davis Meadows I and the North Davis Meadows II subdivisions through a March 22, 1988 agreement with the City of Davis. The City of Davis maintains the CSA's water distribution and well system, including fire hydrants. The Korte, Newton, and Moore parcels are connected to private well systems. The CSA wells and water system are maintained and operated by the City of Davis in a manner similar to and in accordance with standards of wells in the City of Davis. Funding the replacement of any portion of the water system, as determined necessary by the City, is the responsibility of the CSA.

Water Capacity: North Davis Meadows CSA is served by two water systems—one in each of the subdivisions, which are connected via an intertie, resulting in two sources of water for the combined system. The North Davis Meadows water supply comes from two groundwater wells. Well #1 is located in the North Davis Meadows I subdivision, east of Fairway Drive between Larkspur Place and Lupine Court. The well is 28 years old and 490 feet deep, and draws water from two aquifers. Well #1 has a pumping capacity of between 300 and 500 gallons per minute (gpm) depending on the water level in the well. Well #2 is located east of North Davis Meadows Subdivision II, beyond the end of Black Hawk Place near the municipal golf course. This well is 19 years old and draws water from four aquifers. There is also a standby well available to the CSA system; this well is used to irrigate the Davis Municipal Golf Course, but has been approved for domestic use. The CSA has two storage tanks for fire protection and water storage and a natural gas powered generator for the water system in case of electricity failure. Individual connections are not metered to track use.

The average annual water consumption for the CSA from 2002 to 2012 was 86 million gallons (mg), with a minimum of 72 mg and a maximum of 96 mg. This equates to an average day demand of 163 gpm during this time period. The CSA's infrastructure is readily able to provide sufficient water to meet the communities demand.

While the system has sufficient water system capacity to provide water to the existing and anticipated service area, water source capacity and water quality concerns are constraints to the CSA's ability to provide adequate water services. Wells within and around the City of Davis have shown signs of drawdown, but this has not reduced the pumping capacity of the wells. In May 1987, tests of the North Davis Meadows I well showed a drawdown of about 100 feet after three hours at 300 gpm. Groundwater levels have not declined in past dry years to the level that the wells do not have adequate submergence. However, the long-term withdrawal of groundwater within and around the City of Davis has resulted in significant ground subsidence (sinking of the surrounding land) such that damage to some city well casings has occurred and several of the well pumps can no longer be pulled to the surface for repair or replacement. These concerns have not been documented with regard to the CSA's wells, but groundwater overdraft in the vicinity indicates unsustainable pumping practices.

Both wells have struggled with levels of certain contaminants in excess of regulations, in particular nitrates and hexavalent chromium. Historically, the CSA's water system has experienced reported nitrates both above and below the maximum contaminant levels in the two primary drinking water wells. Nitrates in drinking water can come from natural, industrial, or agricultural sources (including septic systems, storm water run-off, and fertilizers). Levels of nitrates in drinking water can also fluctuate throughout the year. In 2009, the CSA was issued Compliance Order No. 12-09 for "failing to provide a reliable and adequate supply of pure, wholesome, healthful and potable water." In other words, the North Davis Meadows water system has reported nitrate levels in excess of the maximum contaminant

level (MCL). The operation of the supply system is such that the majority of the water comes from the well with the lowest level of nitrates; however, during high water usage periods in the community, both wells must be used.

In addition, the North Davis Meadows water supply exceeds the MCL for hexavalent chromium. A stricter primary drinking water standard was enacted for hexavalent chromium in 2014, and since that time, the system has been in violation of the standard as the wells consistently test higher than the MCL. A compliance order (Compliance Order No. CC0001107) was issued on April 6, 2015, indicating that both wells exceeded the MCL for the first quarter of 2015, and requiring corrective action. Additionally, both wells have also exceeded the secondary MCL for specific conductance and State notification level for boron. The CSA is searching for ways to address these water quality issues and sustainable source capacity concerns and is pursuing connection with the City of Davis water system.

Residents noted that the CSA system has had challenges handling the large water project needs that are required at present. The CSA staff's multiple responsibilities, the additional responsibility on the County posed by this project, in addition to other factors, has resulted in a multi-year project. Limited staff time dedicated to the North Davis Meadows CSA needs is considered a capacity constraint of the CSA. Additional staff or contract support personnel may be warranted to address CSA needs in a more timely manner.

Water Adequacy: With every annual contract entered into with an outside entity, the CSA staff must per County standards complete the acquisition process with purchasing stating why the contractor should be employed based on previous quality of work and experience. The County has continued to contract with the City for a few decades and indicated no concerns regarding adequacy of services provided.

While the water quality concerns and the resulting compliance orders pose a particular challenge to providing adequate services, these concerns are not a result of the services provided by the City, and the CSA is working to address the regulatory concerns through planned infrastructure improvements. Until water quality can meet all primary drinking water standards, the water services provided by the CSA are considered inadequate.

Water Infrastructure Needs: Compliance Order No. 12-09 and Compliance Order No. CC0001107 require that the water system be studied to correct the water source capacity and water quality problems. The CSA has reviewed the options of rehabilitating the existing wells, drilling new replacement wells, adding treatment to the existing wells, and connecting to the City's distribution system. The CSA has been through several reviews of the options and six years of discussions and negotiations with the City of Davis, the State Water Resources Control Board, and the Yolo County Environmental Health Division. Ultimately, the CSA is moving forward with applying for funding to connect to the City's distribution system as the residents' preferred option.

The 2013 Technical Memorandum prepared by West Yost engineers studied the feasibility and cost to connect the CSA to the City's water distribution system. An environmental

review of the proposed project was released and solicited public comment through the end of 2015. The City of Davis has conditionally approved moving forward with allowing the CSA to connect to the City system and will issue a will serve letter. One of the next steps will be to formalize an agreement between the CSA and the City. The project was estimated to cost \$4.1 million as part of the 2013 Technical Memorandum; however, a more detail planning review is necessary to come to a more exact cost estimate. The CSA is in the midst of applying for Proposition 1 Drinking Water State Revolving Fund low interest loan monies to cover planning and construction costs. As part of applying for the initial planning loan, the CSA must complete a Proposition 218 process to approve an assessment to repay the loan, which will begin March 8, 2016, and the CSA must receive a will serve letter from the City. After the planning documents have been completed, the CSA can apply for funding for construction, which is planned to start in 2017.

The project will connect the North Davis Meadows community water system to the City of Davis' water distribution system. The proposed improvements will include construction of a six-inch diameter pipeline in John Jones Road/County Road 99D to connect CSA homes to the existing city water distribution system. The connection is to be sized to meet only the North Davis Meadows community needs with no capacity available for other properties. This pipeline would connect homes to the existing 14-inch diameter pipe in John Jones Road near the entrance road to the City's west tank area. A dual system would result, with water from the existing two wells continuing to be used for irrigation purposes at the residences and the golf course and for fire flow needs. The proposed water system will likely follow the same alignment as the existing water system, with some exceptions. An emergency inter-tie between the existing and proposed potable water systems would be constructed to be available in case of damage to the proposed water supply pipeline, or to refill the existing fire tank in the event of a fire emergency and failure of the existing groundwater wells.

Residents also noted a concern regarding the need to guarantee there are functional valves in clearly identifiable locations for incidents of main breaks. This would ensure swifter response by residents to minimize water loss.

Wastewater: The City of Davis agreed to accept wastewater flows from the North Davis Meadows CSA on May 19, 1998.⁶⁹ Within the CSA, only the North Davis Meadows I and the North Davis Meadows II subdivisions receive wastewater service from the CSA wastewater collection system. Of the homes in the two subdivisions, 82 are connected to the sewage collection system and also have individual grinder pumps; the remaining homes have individual septic systems. The agreement with the City sets the maximum number of connections at 95. The CSA also allowed the Teichert properties to connect to the sewer main for sewer collection services. Teichert paid a connection fee and pays annual charge to the CSA based on the amount of flow.

⁶⁹ Agreement No. 98-87.

The CSA is responsible for the operation and maintenance of the infrastructure on each residential lot in the CSA that receives wastewater service. Each lot that receives service contains a wastewater grinder pump and wastewater service line. The grinder pump system minimizes the likelihood of obstructions in the existing line. The line extends to the main wastewater line on which the parcel fronts or accesses. Maintenance of the grinder pumps is provided by private companies by contract. Roto Rooter maintains and switches the grinder pumps, while Signa services the electrical panels. The grinders have a life expectancy of seven to 10 years. The CSA has instituted a grinder replacement program to replace up to 17 grinders annually based on need (those grinder that are failing) and last recorded replacement.

The wastewater system consists of collection and transmission facilities that collect effluent and transmit the effluent to a point of collection with an existing transmission main of the City of Davis. The wastewater transmission facilities are generally located under the streets and lots included in the CSA and within the City of Davis golf course property adjacent to the CSA. The collection system is constructed of PVC. A four-inch low pressure sewer pipeline generally extends from the CSA properties south along County Road 99D to an existing City of Davis sewer manhole located just north of the intersection of County Road 31 with County Road 99D. The effluent enters the existing sewer system of the City and is conveyed to treatment and disposal facilities of the City.

Wastewater Capacity: The County indicated that there are no concerns regarding capacity of the wastewater system at this time. It is unknown what portion of main capacity within the CSA's system is in use; however, given the low number of sewer system overflows and relatively young age of the system, it can be determined that there is presently sufficient wastewater system capacity to serve existing demand in North Davis Meadows.

The County noted that financial constraints combined with increasing costs are a challenge to providing wastewater services. The grinder replacement program is costly on an annual basis and the cost of services provided by the City continues to rise. The CSA struggles to keep up with these growing costs.

Wastewater Adequacy: The City reported that there were no particular challenges to providing wastewater services in the CSA. Residents did not report any issues of concern with regard to the wastewater services provided.

Similar to water service, the County reviews the services of the service provider annually to justify the need for the contract. There has not been a sewer system overflow in the CSA in the last 10 years. In general, the County and the CSA seem satisfied with the services provided. Based on these factors, wastewater services in North Davis Meadows appear to be adequate.

Wastewater Infrastructure Needs: As of the 2006 MSR, the CSA was experiencing problems with premature failure of several of the grinder pumps in the CSA subdivisions. The original life expectancy of the pumps was supposed to be approximately ten years; however, the life

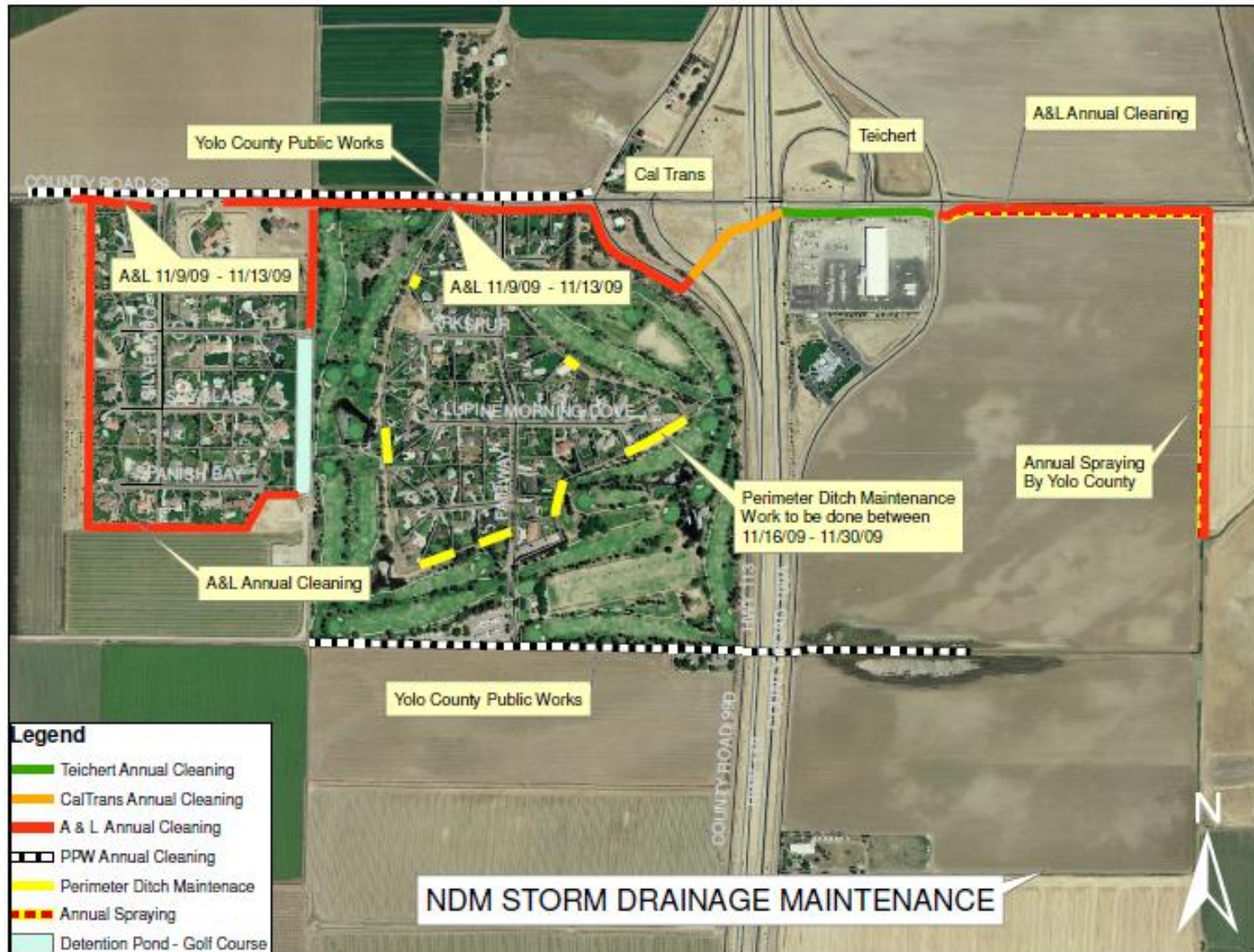
expectancy of the grinder pumps proved to be closer to seven years. The cost of replacing these pumps is between \$1,500 and \$5,000, depending on whether the pump is refurbished or new. As mentioned, the CSA has instituted a grinder replacement program to replace a certain number of grinders each year.

Flood Control and Drainage:

The flood control and surface drainage system for North Davis Meadows CSA involves a complex arrangement of different parties having responsibility for different sections of the drainage system. Besides the CSA, parties include Yolo County, California Department of Transportation, Southern Pacific Railroad, and several other private landowners outside of the subdivisions, including Teichert.

The North Davis Meadows CSA is in a flood prone area. The CSA manages drainage through the use of natural gravity flow, drainage ditches, swales (shallow ditches), the golf course, and holding ponds. Drainage waters generally run through swales at the back portions of the subdivision lots toward the golf course and in drainage ditches along county streets southeast toward the City of Davis. A storm water retention pond is located at the northeast corner of the North Davis Meadows II subdivision on the Korte property and captures some water that drains from land north and west of the subdivision. A small retention pond is also located on the east side of the North Davis Meadows II subdivision.

The CSA provides for the spraying, excavating, and clearing of perimeter ditches in both subdivisions and partners with the City of Davis Golf Course to provide ditch maintenance in the North Davis Meadows I area. The CSA maintains a cement culvert along County Road 29. The CSA is also responsible for drainage extending outside the CSA, through a 1986 drainage facilities agreement between the former Barlo Farms parcel and the Davis Golf Course Estates (North Davis Meadows CSA). The Barlo property is located at the southwest corner of County Road 29 and 101-A. Surface water from the CSA and the Davis Municipal Golf Course drains through the County-maintained roadside ditches along County Road 29, then through the "Barlo" ditches, along the westerly boundary of the Barlo property to approximately the midpoint of and east through the Barlo property to County Road 101 A. The following map indicates which agency is responsible for maintenance of the specific portions of drainage facilities. The map indicates work to be completed in 2009, as an updated version has not been produced.



Drainage Capacity: As noted in the previous MSR, drainage is a concern at times, but no flood damage to homes has occurred since the subdivisions were built.

In recent years, the maintenance of the drainage ditches has reportedly declined in frequency. Residents reported that the drainage ditches were better cared for a few years ago through a spray program (which consisted of two sprays annually) and hand cleaning in the fall in some areas if needed. Cleanings have now gone down to one spray a year, reportedly due to an increase in chemical costs. Also, residents reported that requests must be made for clean outs to occur. A lack of funding represents a capacity constraint for drainage related services within the CSA. Based on the decline in drainage related maintenance activities and the number of concerns reported by residents regarding a lack of sufficient services, it appears that the CSA does not at present have sufficient financial capacity to provide adequate drainage services to meet resident expectations. The County reported that the reduction in drainage maintenance services (specifically spraying) has not resulted in flows during rain events that have caused property damage.

The County reported that outside factors have also impacted demand for drainage services. Surrounding agricultural areas have changed farming practices that has led to greater drainage into the ditches around the CSA. This additional drainage also limits the times that the County can do hand clean outs, as the area needs to be dry.

Drainage Adequacy: The CSA is required to keep the ditches and swales clear and it depends on annual maintenance to prevent flooding and loss of property. However, residents report certain inadequacies that have not been addressed to their full satisfaction. Costs associated with the maintenance of the flood control and drainage system has increased in recent years. Residents reported that homeowners frequently have to make repeated requests to Community Services staff for the removal of debris. Ditches can become overgrown with vegetation, filled with debris from overhanging trees or illegal dumping, or clogged with soil from bank erosion or farming practices on adjacent farmland.

The County clears a portion of the ditch along County Road 29, but there are areas with limited access where further hand clearing and removal of debris may be warranted. Specifically, the area behind the bike path fence west of Fairway Drive is reportedly a critical area because it is immediately upstream of the culvert under the entrance to the subdivision and the golf course. Other drainage concerns have been reported by residents, including a need for removal of debris from site, as opposed to the current practice of throwing it on the bank where it can return to the ditch, and perhaps some grading to ensure slopes are substantial enough to allow for adequate drainage.

Given the number and breadth of concerns by the residents it is recommended that the CSA and County work collaboratively to create an annual drainage maintenance plan. This proactive approach will allow residents the opportunity to provide input on the plan prior to drainage needs becoming critical and warranting complaints for action, and simultaneously educate residents about any restrictions to providing the services expected by the residents. The plan should include a schedule and a map to identify current conditions, critical

locations, and problems such as timing in regard to wildlife or other considerations. Another option for the County to consider is outsourcing this work to the Yolo County Flood Control and Water Conservation District (YCFWCWD), which specializes in drainage and flood control services. YCFWCWD is taking on this work for another CSA elsewhere in the County.

Drainage Infrastructure Needs: Landowners are interested in further improving their drainage system to ensure that storm drainage moves smoothly through the system. Problems in one area can have an adverse impact on the entire system. Drainage ditches have been experiencing heavy silting and degradation and have never been re-graded. At the time of the previous MSR, the CSA was researching the possibility of reengineering the drainage system; however, costs to reengineer turned out to be prohibitively expensive. County Road 29 was regraded to direct drainage flows; however, there is some disagreement on how effective that was. At present, the CSA is focusing on ensuring that there are no obstructions in the ditches to prevent significant backups.

Park and Landscape Maintenance: The CSA provides for the maintenance of open space and median strips throughout and around the North Davis Meadows subdivisions through landscaping activities, which include mowing, trimming, spraying, etc. These areas include median strips along the main roads Silverado Drive and Fairway Drive, the golf course, space between home lots and the golf course, along roads, around the drainage pond, and in the habitat buffer west of North Davis Meadows II. The CSA performs some of the work in-house, utilizes other County Departments, contracts with private landscaping services, or contracts with the City of Davis for work around the Golf Course.

Park and Landscape Maintenance Capacity: Based on a lack of resident complaints specific to landscape maintenance, and no identifiable infrastructure needs, it appears that the CSA has the capacity to provide services within the existing boundaries. Should the boundaries of the CSA expand, additional funding will be necessary to finance additional landscaping activities.

Park and Landscape Maintenance Adequacy: Residents did not report any inadequacies with regard to the park and landscape maintenance services provided through the CSA.

Park and Landscape Maintenance Infrastructure Needs: The County and residents did not identify any particular infrastructure needs with regard to the open space, median and landscape maintenance of the CSA.

- e) There are no new regulations that are anticipated to affect the CSA's existing infrastructure or need for additional infrastructure with regard to the four municipal services offered by the District.
- f) As previously identified, there are no disadvantaged unincorporated communities within the vicinity of North Davis Meadows CSA.

Capacity and Adequacy of Public Facilities and Services MSR Determination

The CSA faces a particular challenge in providing adequate water services. Both wells have struggled with levels of nitrates and hexavalent chromium in excess of regulations. As a result, the CSA has been issued compliance orders requiring corrective action. Due to staffing constraints on the CSA, and other factors associated with the timing of and nature of the City of Davis' water system plans, there has been a significant delay in addressing the concerns outlined in the compliance orders. The CSA is moving forward with connecting to the City of Davis water system as the residents' preferred option. Until water quality can meet all primary drinking water standards, the water services provided by the CSA are considered inadequate.

Financial limitations pose the primary capacity constraint to wastewater and drainage services provided by the CSA. The pump grinder replacement program is costly on an annual basis and the cost of services provided by the City continues to rise. The CSA struggles to keep up with these growing wastewater costs. Review of the existing fee structure is warranted to ensure that revenues adequately cover expenditures for each of the services provided.

Based on the decline in drainage related maintenance activities and the number of concerns reported by residents regarding a lack of sufficient services, it appears that the CSA does not at present have sufficient financial capacity to provide adequate drainage services to meet resident expectations. Collaboration between the County and CSA residents in the form of an annual drainage maintenance plan could provide a proactive approach to operating within financial constraints and addressing resident concerns. Another option for the County to consider is outsourcing this work or transferring this service to the Yolo County Flood Control and Water Conservation District (YCFWCWD), which specializes in drainage and flood control services. YCFWCWD is potentially taking over this function for what was previously known as the Madison CSA.

Recommendations:

- The County CSA Manager should conduct an analysis of the existing fee structure to ensure that fees continue to cover necessary costs of all services provided. In particular, there are no fees specific to the drainage, landscaping, and street lighting services. The cost of providing these services should be reviewed and fees set accordingly.
- The County CSA Manager should develop an annual drainage maintenance plan. The plan should include a schedule and a map to identify current conditions, critical locations, and problems such as timing in regard to wildlife or other considerations, and establish a regular maintenance schedule to ensure adequate maintenance occurs on an ongoing basis.
- The potential for outsourcing or transferring drainage and flood control services to the Yolo County Flood Control and Water Conservation District should be evaluated by the CSA Manager, in consultation with the advisory committee.

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 type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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) **Budget:**

North Davis Meadows CSA 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 CSA's finances are also reported in the County's audited annual financial statement and reported to the State Controller's Office (SCO) yearly. While North Davis Meadows CSA is included as part of these reports, revenues and expenditures are aggregated and there is no clear representation of the CSA's activities. The SCO reports were made use of for the purposes of this report as they provide the greatest level of detail for each service provided by the CSA; however, there are still limits to the information available given the overly broad categories used in the SCO report. The County is in the process of switching to a new accounting system (INFOR) and making changes to procedures for reporting CSA funds that are expected to improve clarity of the CSA's financial flow.

YOLO LAFCO MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

North Davis Meadows CSA operates out of two funds dedicated to water and wastewater services, which are funded by water and wastewater property assessments, respectively. Street lighting, drainage, and landscaping are accounted for as a part of the water fund. A portion of the assessments for water and wastewater services are used to pay the City for contract services. The CSA does not receive revenues from property taxes.

The tables below provide five-year budget trends for the CSA's wastewater, water, drainage, landscaping, and street lighting services. The broad categorization of "services and supplies" does not allow for identification of which services were funded by the operation expenditures; however, these expenditures generally cover the costs associated with drainage, landscaping, and street lighting services.

North Davis Meadows County Service Area					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenues					
Service Charges - Water	\$ 126,869	\$ 140,097	\$ 107,588	\$ 133,967	\$ 135,423
Service Charges - Wastewater	\$ 90,692	\$ 101,598	\$ 104,632	\$ 107,009	\$ 108,486
Property Assessments	\$ 19,716	\$ 8,961	\$ 45,933	\$ 23,068	\$ 25,412
Interest Income	\$ 2,051	\$ 1,035	\$ 589	\$ 393	\$ 487
Total Revenues	\$ 239,328	\$ 251,691	\$ 258,742	\$ 264,437	\$ 269,808
Expenditures					
Water Transmission and Distribution	\$ 42,896	\$ 11,150	\$ 62,510	\$ 99,452	\$ 66,782
Water Pumping	\$ 108,623	\$ 70,886	\$ 26,246	\$ 32,151	\$ 36,709
Sewage Collection	\$ 128,769	\$ 149,976	\$ 139,347	\$ 126,386	\$ 139,764
Administration	\$ 42,244	\$ 70,732	\$ 41,691	\$ 30,695	\$ 35,513
Services and Supplies	\$ 28,351	\$ 5,834	\$ 53,786	\$ 26,918	\$ 21,112
Depreciation	\$ -	\$ 9,000	\$ 40,480	\$ 40,480	\$ 40,480
Total Expenditures	\$ 350,883	\$ 317,578	\$ 364,060	\$ 356,082	\$ 340,360
Net Amount	\$ (111,555)	\$ (65,887)	\$ (105,318)	\$ (91,645)	\$ (70,552)
End of Year Fund Balance	\$ 1,549,434	\$ 1,443,007	\$ 1,337,689	\$ 1,246,044	\$ 1,175,492
North Davis Meadows County Service Area Summary					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Total Revenues	\$ 239,328	\$ 251,691	\$ 258,742	\$ 264,437	\$ 269,808
Total Expenditures	\$ 350,883	\$ 317,578	\$ 364,060	\$ 356,082	\$ 340,360
Revenue less Expenditures	\$ (111,555)	\$ (65,887)	\$ (105,318)	\$ (91,645)	\$ (70,552)
North Davis Meadows Long Term Debt					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Principal Amounty Unmatured, End FY	\$ 1,275,000	\$ 1,225,000	\$ 1,175,000	\$ 1,140,000	\$ 1,090,000

Source: Annual Reports to the State Controller's Office

North Davis Meadows CSA charges two assessments to cover services provided as its sole source of revenue. The CSA's water assessment was set to cover operation and maintenance charges by the City of Davis, auditing expenses, lab testing, administration, utilities, and a fixed asset replacement reserve. Portions of the fees for water administration and water utilities are used to pay the street lighting, drainage and landscaping functions of the CSA. The water assessment was determined in FY 10-11 and is increased each year based on the Consumer Price Index. The water assessment in FY 14-15 was \$1,692.76, which

equates to \$141 per month. The wastewater assessment covers grinder pump recovery, administration, and City of Davis fees for services. Similar to the water assessment, the wastewater assessment is adjusted annually based on inflation. In FY 14-15, the wastewater assessment totaled \$1,322.74 or \$110 per month. Revenues over the last five years have increased steadily due the annual adjustment of the water and wastewater assessments based on inflation.

North Davis Meadows CSA is in the process of determining the funding mechanism for its connection with the City of Davis water system. The CSA has applied for a Proposition 1 Drinking Water State Revolving Fund loan, which would provide low interest financing for the project. The loan would be repaid through a voter-approved assessment.

Total expenditures over the last five years (FY 11–FY 15) have remained relatively stable. Similarly, wastewater expenditures have been generally unchanged over that time period. Expenditures attributed to water pumping, transmission, and distribution have been erratic without any identifiable pattern. Expenditures for services and supplies peaked in FY 12-13, due to a delay in a pay out of expenses from FY 11-12.

The CSA may be able to achieve some cost savings through direct billing by the City, as water rates charged by the City may be lower than those charged by the CSA due to efficiencies gained by a larger water service provider. However, without individual water use data for the connections within the CSA, it is unable to be determined definitively what the cost to CSA rate payers would be.

The CSA has consistently spent more than it has collected in revenues every year for the past five years, which has resulted in a proportionate decline in the CSA's fund balance at the end of each year. Between FY 10-11 and FY 14-15, the CSA experienced a 24 percent decrease in its end of the year fund balance. It is apparent that the assessments charged by the CSA are not adequate to cover expenditures and should be reviewed and adjusted accordingly.

b) **Reserves:**

The CSA maintains five reserve funds—well replacement reserve, general water reserve, sewer pump replacement reserve, grinder reserve, and general wastewater reserve. The CSA does not have a formal policy or practice to put aside a certain amount of funds each year into these restricted use reserve funds. In recent years, no money has been placed into these accounts, and the items to be funded by the reserve, such as grinder pump replacement, have been budgeted for in the annual budget.

In the original agreement for water service between the CSA and the City of Davis, the City required the County to establish a replacement reserve account, which would be used to finance replacement of any portion of the water system that wears out or becomes inoperative for any reason. This is the well replacement reserve. The City prepares an estimate of expenditures from the reserve account each year for approval by the County.

At the end of FY 14-15, the reserve funds had the following approximate ending balances:

- Well replacement reserve – \$103,666
- General water reserve - \$16,000
- Sewer pump replacement reserve - \$5,500
- Grinder reserve - \$6,100
- General wastewater reserve – \$2,000

In addition to these funds, the CSA maintains an unrestricted cash balance at the end of each year. At the end of FY 15, the balance was \$1.175 million. While the reserves are substantial, this is not sufficient to finance the upcoming significant water capital needs and continue to finance expenditures in excess of revenues.

c) **Rate/Fee Schedule:**

As previously described, the CSA charges a water and wastewater assessment to fund all services provided by the CSA. Based on the consistent expenditures in excess of revenues, it is apparent that the assessments charged by the CSA are not adequate to cover all related expenditures and should be reviewed and adjusted accordingly.

Assessments allocated specifically to drainage, landscaping and street lighting should be adopted to ensure services are provided according to resident expectations. At present there is a disconnect between the level of funding and the level of drainage service desired. Once a drainage maintenance plan is created, the amount of funding necessary to finance the plan can be determined.

d) **Infrastructure Maintenance and Replacement:**

North Davis Meadows 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 Capital Asset Policy as adopted by the Board of Supervisors, which is prepared and updated annually.

The CSA maintains a grinder replacement program to continuously replace 17 pumps each year prior to failure. While the CSA maintains a water system replacement reserve to cover water related infrastructure needs, it will not be sufficient to cover all related improvements necessary to connect to the City's water system. The CSA is looking for a low interest loan to finance the \$4.1 million project.

e) **Financial Policies:**

North Davis Meadows 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. The County should continue to monitor the CSA to ensure that it adheres to countywide financial policies and best practices and that CSA finances are transparent and easy to follow for constituents. Residents reported difficulties in reading financial reports that did not clearly represent the current financial standing of the District.

Given the lack of clarity and consistency of CSA finances throughout the County, creation of additional financial policies specific to CSA operations, including contracting, purchasing, reporting, CIP planning, reserves, and fund tracking mechanisms, should be developed and established by the Board of Supervisors. Additionally, in order to augment reliability of CSA fund tracking and financial reports, the County is already in the process of having the Department of Financial Services take over the management of all CSA accounting.

f) **Debt:**

North Davis Meadows CSA did not have any outstanding debt at the end of FY 14-15; however, in order to finance new infrastructure necessary to make improvements to the CSA's wastewater system, the North Davis Meadows Sewer Assessment District was formed in 1999 to issue bonds and carry the debt of the properties within the CSA. The North Davis Meadows Sewer Assessment District is a separate entity from the CSA. Consequently, while the debt is accounted for in the CSA's financial reports, the debt is considered a lien on the properties within the assessment district and the CSA is not liable for the debt. The County collects assessments from residents to make regular debt payments. The amount of the assessment is dependent on the location of the parcel and the parcel owner's decision to install a pump on the owner's parcel. A fee for administration of the debt payments is built into the assessment. At the end of FY 14-15, the North Davis Meadows Sewer Assessment District had a long term debt balance of \$1,090,000, which is anticipated to be paid off by 2028.

Financial Ability MSR Determination

The CSA has financial policies, as determined by the Yolo County Board of Supervisors. However, countywide financial planning documents, within which the CSA is also included, are difficult to maneuver and identify CSA activities to any level of detail. The annual report to the SCO provides the easiest to read format for the CSAs financial activities; however, there is limited breakdown of expenditure information. There are opportunities for improved transparency, clarity and accuracy of the CSA's finances, including 1) preparation of quarterly financial reports by County staff for each CSA, 2) continued County monitoring of its CSA operations to ensure compliance with County financial policies, 3) creation of financial policies specific to the CSAs to provide further guidance to a more detailed level for CSA financial reports and tracking, and 4) transfer of CSA accounting and bookkeeping functions to the County Department of Financial Services.

In each of the last five fiscal years, North Davis Meadows CSA has expended more than the revenues it has received through assessments. Each year the fund balance has declined to cover the expenditures in excess of revenues. Given the CSA's declining fund balance, the CSA's assessments do not satisfactorily cover all costs associated with the CSA. While the reserves are substantial, this is not sufficient to finance the upcoming significant water capital needs and continue to finance expenditures in excess of revenues. The assessment should be reviewed to ensure it is adequate to cover all related expenses.

As a separate financing mechanism, accounting for the North Davis Meadows Assessment District within the CSA's financial documents may be misrepresentative of where the liability for debt lies.

Recommendations:

- In order to enhance transparency of the CSA's operations, it is recommended that individual financial reports be compiled by County staff that clearly defines the operations being financed by each fund, and the reserve balances for restricted and unrestricted uses.
- The CSA Manager should continue to monitor the County's CSA **financial practices** to ensure that they adhere to countywide financial policies and best practices and that CSA finances are transparent and easy to follow for constituents.
- Yolo County should develop and establish financial policies specific to CSA operations, including contracting, purchasing, reporting, CIP planning, reserves, and fund tracking mechanisms, to enhance clarity of CSA finances.
- The County should complete the process of having the Department of Financial Services take over the management of all CSA accounting, in order to augment reliability of CSA fund tracking and regular financial reports.
- ~~• The County should review the North Davis Meadows CSA's assessments and make adjustments such that they are adequate to cover the CSA's costs. Separate assessments specific to the drainage, street lighting, and landscaping services should be adopted for clarity.~~
- The County should account for the North Davis Meadows Assessment District as a separate entity from the North Davis Meadows CSA to accurately represent where liability for payment of the debt lies.
- Funding for the drainage, landscaping, and street lighting services should be tracked and accounted for separately in the **North Davis Meadows** CSA's financial reports.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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) At present the CSA practices resource sharing by contracting with the City for water and wastewater operation and maintenance services. Additionally, the CSA capitalizes on sharing County resources, such as staff and facilities, for administration purposes by being managed under the same umbrella as other County activities and the other CSAs.
- b) North Davis Meadows CSA is facing significant challenges in meeting water quality requirements. The CSA has been searching for the most cost effective and sustainable method to address this issue. Residents have indicated that they prefer to connect the CSA's water system to the City of Davis' water system. While this would result in additional costs to finance the needed infrastructure in the short term, the CSA could capitalize on the benefits of the City's large-scale water services, including economies of scale and a diverse water portfolio creating a more sustainable water source and ensuring adequate water quality. It is recommended that during the process of negotiating with the City, that the CSA residents be directly billed by the City for water services for greater government efficiency, to provide the residents with a greater level of transparency in how their bills are calculated, and allowing the residents to directly participate in the City's Proposition 218 voting process during rate discussions.

As already identified, the CSA is struggling to meet resident expectations with regard to drainage and flood control maintenance services and to cover all related costs. A possible option that may address these concerns and has the potential to reduce costs by

capitalizing on economies of scale is outsourcing maintenance of the drainage facilities to YCFCWCD. The County is presently looking into the possibility of doing this with Madison-Esparto Regional CSA (MERCESA). North Davis Meadows CSA may be able to capitalize on the negotiation work that is already underway for MERCESA.

- c-d) No additional governance options were identified with respect to North Davis Meadows CSA that may produce economies of scale or improve buying power with the idea of lowering costs.

Shared Services MSR Determination

Given North Davis Meadows CSA's current service and administrative structure, it already greatly capitalizes on resource sharing with the City and County.

An option for enhanced facility sharing is the connection of the CSA to the City of Davis' water system. Facility sharing in this manner would allow the CSA to address its water quality concerns and to capitalize on benefits of the City's large-scale water services, including economies of scale and a diverse water portfolio creating a more sustainable water source and ensuring adequate water quality.

The CSA is struggling to meet resident expectations with regard to drainage and flood control maintenance services and to cover all related costs. A possible option that may address these concerns and has the potential to reduce costs by capitalizing on economies of scale is outsourcing maintenance of the drainage facilities to YCFCWCD.

Recommendations:

- ~~The County should ensure that the City directly bill North Davis Meadows CSA residents for water services and not act as an intermediary.~~ **The CSA Manager should pursue an agreement with the City to bill residents directly for water services.**
- **The potential for outsourcing or transferring drainage and flood control services to the Yolo County Flood Control and Water Conservation District should be evaluated by the CSA Manager, in consultation with the advisory committee.** ~~Review the possibility of outsourcing or transferring drainage maintenance services to the YCFCWCD.~~

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"/>

YOLO LAFCO MUNICIPAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

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 staff turnover or operational efficiencies?	<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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 North Davis Meadows 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.

The CSA has an advisory committee. The North Davis Meadows CSA Advisory Committee is appointed by the Board of Supervisors and consists of five residents of the CSA. Terms for the advisory committee members are four years in length. At this time, all seats are filled on the advisory committee. There does not appear to be an issue maintaining a full advisory committee. This advisory committee meets on a regular basis to discuss the ongoing issues pertinent to the CSA. Advisory committee meetings are held quarterly, typically at 7 pm at the Davis Municipal Golf Course Restaurant. The Advisory Committee provides input to the Board of Supervisors as to issues related to the CSA, and the Board of Supervisors makes the ultimate decision on matters when warranted. As directed by California Government Code §25212.4, the advisory committee's role is to provide advice to the Board of Supervisors 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.

Yolo County Code of Ordinances states that each committee shall annually (prior to March 31) select a chair from among its members to preside over meetings.⁷⁰ However, in practice, the CSAs have not been stringent in adhering to this practice. The County reported that the Chair of the advisory committee is generally chosen every two years, and the manner in which the Chair is chosen is based on the desires of the particular CSA committee (i.e., formal nomination and motion by the committee with vote or informal volunteer and instatement by default). There is no formalized way in which the Chair is chosen in North Davis Meadows CSA, and the Board of Supervisors does not take part in the selection of officers of the committee. Former county policies enforced a term limit for committee member—stating that no member could serve more than two consecutive terms on an advisory committee without at least a one year break in service before becoming eligible for reappointment to that same committee. More recently, the County removed the term limit policy from the advisory committee list of policies and procedures. It is recommended that the County be consistent with its policies and either ensure annual election of a chairperson as required or change the policy. Additionally, the County should consider reinstating term limits for the advisory committee members to ensure more resident involvement in the activities of the CSA.

Advisory committee meetings are held ideally once every three months; however, at times, the meetings are cancelled. An individual from the County is generally at each of the advisory committee meetings. The advisory committee posts agendas as required by the Brown Act on the CSA's website. They are not posted in a readily visible location within the CSA. The agendas are posted on the CSA's website, under the County's calendar function; however, a resident would have to be aware that a meeting is occurring in order to access the agenda.

The County disseminates information to residents by mailing and emailing residents. Each of the subdivisions has a listserve compiled that is almost entirely complete. The CSA estimated that approximately 90 to 95 percent of residents are reached via email. Information on North Davis Meadows CSA is also made available on the County's website. It is recommended that the agenda for the next advisory committee meeting be posted on the CSA's website in an apparent place prior to the upcoming advisory committee meeting. Additionally, minutes for all of the meetings should be collected and posted on the CSA's website.

- c) The CSA relies on one full-time equivalent (FTE) position as the CSA Manager who oversees all operations, maintenance and management of all of the County's CSAs. Additionally, a County staff member dedicates approximately 0.125 FTEs as an analyst for the CSAs, conducting larger mailing, electronic compilation of water data usage information, and assistance during property tax bill time. There does not appear to be an issue with staff turnover. Annual employee evaluations are conducted of staff by the Director of

⁷⁰ Yolo County Code of Ordinances Title 2 Chapter 2 Article 36 Section 2-2.3607.

Community Services. Workload of CSA and staff is tracked through personnel timesheets by work order number.

In 2013, the County Auditor Controller conducted an internal control review of CSAs.⁷¹ The review was not specific to North Davis Meadows CSA, but the same recommendations for improvements to procedures certainly apply to the operations of every CSA. It was found that the internal controls over billing practices were adequate and that the labor charges for staff time attributed to each CSA were supported by the WinCam time log system. Recommended improvements to procedures and resulting action taken by the County to address the issue are outlined in the following table.

Recommendation	Resulting Action
Improvement of project coding to further describe work performed for the CSAs and other projects	Projects are logged in in 15 minute increments, and a "notes" field has been added to provide further detail and describe the projects that are being worked on.
Regular monitoring of CSA budget and financial activity to inform management and the advisory committees of any budget adjustments.	The CSA Manager continues to follow County practices of preparing an annual budget and a mid-year review to determine status.
Ensuring the posting of each CSA's budget, financial reports, copies of agendas and minutes from board and advisory committee meetings, and other related reports that supports services and charges to the CSAs on the respective CSA website.	Agendas are posted on the County website under the calendar function. While there is a space for minutes, they are usually not uploaded and are maintained by the advisory committee secretary. The CSA's budget and financial statements are within the County's countywide documents. As of yet, no financial information specific to the CSA has been posted on its website. The County plans to add the SCO annual report to the CSA website in the near future.
Enhanced availability on the part of CSA staff for phone call inquiries and other requests for information.	The CSA Manager was readily available during the course of the MSR and responded promptly to all requests for information.
Regularly hold and facilitate CSA advisory committee meetings to keep the public informed and provide input from the constituents to the County/Board of Supervisors.	There is a calendar of anticipated quarterly meetings to be held during the year; however, these meetings are occasionally cancelled. Someone from the County, whether it is the CSA Manager, the District 4

⁷¹ Newens, Howard, Yolo County Auditor Controller and Treasurer-Tax Collector, Internal Control Review of County Service Areas Memorandum, December 19, 2013.

	Supervisor, or the Supervisor's staff, makes an effort to be at every meeting.
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The County has implemented several of the recommendations as outlined in the Auditor-Controller's report. There continues to be room for improvement in financial tracking and reporting to the Board and the constituents—quarterly reports to the Board of Supervisors and the advisory committee are recommended. Additionally, as recommended by the Auditor-Controller, the County should capitalize on the CSA's available website to post all available information, including financial reports specific to the particular CSA, all minutes of advisory committee meetings, and agendas and announcements for the next meeting in a readily apparent location.

In the event that a resident has a question or complaint regarding services, residents may contact the CSA Manager at any time via email or phone. They may also contact the Deputy County Administrator as a direct supervisor of the CSA Manager in the County chain of command. Residents may also contact the Board Supervisor for the North Davis Meadows area, which at this time is Supervisor Don Saylor.

The process of handling a complaint depends on the type of complaint being submitted; however, to address a typical complaint, the CSA Manager would first review the nature of the complaint, research the background information, and then follow up with explanation to the resident. If the information provided is not satisfactory, then the CSA Manager would continue by following up with the appropriate service provider (i.e., the City of Davis for water). Finally, the CSA Manager would check back with the resident to ensure that the issue has been resolved to the satisfaction of the resident. Complaints are electronically tracked via outlook as well as logged into the CSA Manager's notes. During 2014, North Davis Meadows CSA received two complaints from residents regarding storm drainage culverts that had become blocked with sediment. The City of Davis reported that it had not received complaints from residents regarding the services it provides in the CSA.

The County maintains an Administrative Policy Manual for fiscal processes, advisory committee procedures, County Employee Code of Conduct, Brown Act etc. All Supervisors have filed Form 700 Statement of Economic Interest with the Fair Political Practices Commission for 2014.

Long and short term goals and objectives are developed through Board of Supervisor policy decisions, regulatory changes, and recommendations from the advisory committee.

- d) North Davis Meadows CSA 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 fiscal year, and the County also commissions an independent audit each year. This information is all publicly available on the County Auditor-Controller website.

However, the North Davis Meadows 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 categories in these documents are overly broad, limiting the ability to determine where funds are being used.

The County reported in a previous CSA MSR (Wild Wings CSA), that it would begin providing adopted budgets and third party financial audits on each CSA website beginning in FY 14-15; however, as of the middle of FY 15-16, this has not occurred. The County did indicate that it plans to post the annual SCO financial report on each CSA's website in the near future. No date for completion was given. While making the SCO reports available would enhance financial transparency, a greater level of detail of expenditures by type should be made publically available and easily accessible as well.

- e-f) North Davis Meadows CSA makes use of the City for water and wastewater services and each resident is billed by the County on their property tax bill. The County then reimburses the City for services based on the service agreements. The water connections in the CSA lack water meters to track water use for each residence. Additionally, the CSA finances wastewater services in addition to the operation services provided by the City, such as the wastewater grinder replacement. As such, there is currently limited opportunity for the City to charge residents directly for services. However, as the CSA moves forward with connecting to the City's water system (and installing water meters), the CSA should consider forming an agreement to allow the City to direct bill and eliminate the County as the intermediary. Through direct billing by the City, residents would receive monthly bills with water usage and eliminate county administration costs associated with water services. Based on similar agreements in the Willowbank and El Macero areas, residents would likely be charged the same water rates as residents of the City, and the City would likely take on responsibility of repair and replacement of the water system, which would remove some of the financial burden associated with capital replacement on CSA residents in the long term. Additionally, direct billing would remove the onus of conducting rate updates in accordance with Proposition 218 requirements from the CSA and place it on the City.
- g) While the boundaries of the CSA overlap with other special districts, public agencies, and service providers, in particular with regard to drainage services, the responsibilities of each agency is clear and there does not appear to be a duplication of services offered by North Davis Meadows CSA. There is, however, an option to restructure how drainage maintenance services are offered that may reduce costs and eliminate duplicative resources and other service inefficiencies. The CSA might consider contracting with Yolo County Flood Control and Water Control District (YCFWCWD) to provide drainage control maintenance activities rather than using County staff to conduct this work.

Additionally, the CSA's SOI overlaps with that of the City of Davis in the Binning Tract area, which has the potential to undermine good planning practices. The City had considered expanding its bounds to include the area planned for the Davis Innovation Center, which

would bring the City's boundaries to just south of Binning Tract. However, that project has been put on hold and the future of the project is unknown. Should the need arise for municipal services in Binning Tract, LAFCo would need to decide which agency is most appropriate for providing those services, because as the SOIs indicate both the City and North Davis Meadows CSA are anticipated to ultimately grow into this area. Binning Tract is already included in the City's planning area as defined in its General Plan. North Davis Meadows CSA has not anticipated service needs in the area. LAFCo is charged with ensuring logical and orderly boundaries, which directs that Binning Tract should remain within in the SOI of the most likely long term service provider where boundaries are sensible in manner. Should annexation of the property proposed for the Davis Innovation Center occur, Binning Tract would become contiguous to the City's boundaries. At that time, LAFCo should review the SOIs of both agencies to determine which agency is the logical service provider to the community and send a clear indicator of which agency is anticipated to provide services in the area in the future.

Accountability, Structure and Efficiencies MSR Determination

The Board of Supervisors conducts open and readily publicized meetings as required by law. However, during the course of this review, it was noted that there is a need for further formalized policies and procedures to be put in place to clearly define certain advisory committee processes, such as means to conduct outreach, how officers are to be chosen, who and how an agenda is developed, and how meetings are to be run with such specifics as how much time will be allotted to each member of the public for comments.

There is room for improvement in operational efficiencies as identified by the County Auditor-Controller's report. The recommendations that are yet to be fully instituted are creation of more regular budget reviews and ensuring the posting of each CSA's budget, financial reports, copies of agendas and minutes from board and advisory committee meetings, and other related reports that supports services and charges to the CSAs on the respective CSA website. The North Davis Meadows website does not make available any financial documents at this time and has no minutes from previous meetings. It is also recommended that the CSA's utility rates be posted for the benefit of the customer.

Similar to other CSA's in the County, a clear representation of North Davis Meadows CSA's finances is hard to come by in the countywide budget and financial statements. The CSA's annual report to the SCO is the clearest depiction of the CSA's flow of funds; however, the expenditure categories are oversimplified. A budget specific to the CSA and a periodic audit of just the individual CSA's funds would greatly enhance financial transparency.

While North Davis Meadows CSA is working with the City of Davis for connecting to the City's water system, the parties should establish a direct water billing system via the negotiated agreement. Eliminating the County as an intermediary would increase government efficiency, cut administration costs, and provide timely indicators to CSA residents as to their water use. Based on similar agreements in the Willowbank area, residents would likely be charged the same water rates as residents of the City, and the City would likely take on responsibility of repair and

replacement of the water system, which would remove some of the financial burden associated with capital replacement on CSA residents in the long term.

The North Davis Meadows CSA's SOI overlaps with that of the City of Davis in the Binning Tract area, which has the potential to undermine good planning practices. LAFCo is charged with ensuring logical and orderly boundaries, which directs that Binning Tract should remain within in the SOI of the most likely long term service provider where boundaries are sensible in manner. Should annexation of the property proposed for the Davis Innovation Center (now on hold) occur, Binning Tract would become contiguous to the City's boundaries. At that time, LAFCo should review the SOIs of both agencies to determine which agency is the logical service provider to the community and send a clear indicator of which agency is anticipated to provide services in the area.

Recommendations:

- The County ~~CSA Manager~~ should develop formalized policies and procedures **and apply them consistently across the CSAs** to clearly define certain advisory committee processes, such as means to conduct outreach, when advisory committees are needed or should be disbanded, term limits, how officers are to be chosen, who develops an agenda, how an agenda is developed, ~~and~~ requiring agenda items to directly relate to services provided by CSA, **and how meetings are to be run with such specifics as how much time will be allotted to each member of the public for comments.**
- The CSA Manager should adhere to the County Code of Ordinances and ensure that the advisory committee annually select a chairperson as required or change the policy to every two years as is more commonly practiced. Additionally, the County should consider reinstating term limits for the advisory committee members to encourage more resident involvement in the activities of the CSA.
- The **County's** CSA's website should be updated to post all available information, including financial reports specific to the particular CSA, ~~water and wastewater~~ **municipal service** rates, all minutes of advisory committee meetings, and agendas and announcements for the next meeting in a readily apparent location.
- The CSA Manager should provide quarterly financial reports that clarify in detail the various funds, fund balances, sources of revenue for each fund, and a more detailed list of expenditures in each fund or for each service, and provided to the Board of Supervisors and the advisory committee.
- The CSA Manager should pursue an agreement with the City to bill **North Davis Meadows** residents directly for water services.

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 conducted outreach to several North Davis Meadows CSA stakeholders while researching for this MSR, including CSA staff, the District 2 Supervisor, the North Davis Meadows CSA Advisory Committee, residents of the CSA, and the City of Davis staff. None of these parties identified issues in addition to those already discussed that need to be resolved in the MSR.

Other Issues MSR Determination

No other issues of concern regarding effective or efficient service delivery were identified during the course of this MSR.

Recommendations

None.

SPHERE OF INFLUENCE STUDY

The boundaries for North Davis Meadows CSA are as reflected in the map below. The SOI for North Davis Meadows CSA extends outside of its bounds in two areas—Binning Tract and the Teichert property. LAFCo is not aware of any development proposals or requests by adjacent landowners to connect to the municipal services of North Davis Meadows CSA for any health and safety issues. Additionally, there is no desire by the CSA to change its SOI at this time. Therefore, no SOI is recommended with this review.

On the basis of the Municipal Service Review:

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.