

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN

for the

HAMILTON CITY COMMUNITY SERVICES DISTRICT



GLENN LOCAL AGENCY FORMATION COMMISSION
ADOPTED OCTOBER 14, 2019
RESOLUTION NO. 2019-07

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**MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
FOR THE
HAMILTON CITY COMMUNITY SERVICES DISTRICT**

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LAFCO

Established in 1963, Local Agency Formation Commissions (LAFCo) are responsible for administering California Government Code Section 56000 *et. seq.*, which is known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). CKH charges LAFCos with encouraging the orderly formation and development of all local governmental agencies in their respective counties in a manner that preserves agricultural and open-space lands, promotes the efficient extension of municipal services, and prevents urban sprawl. Principle duties include regulating boundary changes through annexations or detachments, approving or disapproving city incorporations; and forming, consolidating, or dissolving special districts. There is a LAFCo located in each of the 58 counties in California.

Spheres of Influence

Under the CKH Act, LAFCos are required to “develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote logical and orderly development of areas within the sphere” (Section 56425, CKH). A Sphere of Influence (SOI) is generally considered a 20-year, long-range planning tool, and is defined by Government Code Section 56425 as “. . . a plan for the probable physical boundary and service area of a local agency. . . .” The sphere indicates the logical area in which the jurisdiction anticipates services will be needed and can be provided. According to the CKH Act, LAFCos are required to review and update SOIs every five years, or as necessary.

A Sphere of Influence is a long-range planning tool that analyzes the physical boundary of a local agency or jurisdiction, and the present and probable need for services within that area. As such, it does not give property inside the sphere boundary any more development rights than already exist as land use authority in these areas remains entirely at the discretion of the applicable local jurisdiction (city or county). Realistically, an agency's SOI is solely reactive to the land use decisions already adopted by the agencies with land use authority. Ultimately, an SOI study assists LAFCo in making decisions about a change in a jurisdiction's future service area boundary.

Various different categories of spheres of influence boundaries are allowed, including: “**growth**” spheres that are larger than an agency's jurisdictional boundaries and anticipates a need to expand services to new territory; “**coterminous**” spheres which mirror the agency's jurisdictional boundaries and indicates no additional service expansions are needed or an inability to expand services; a “**zero**” spheres, which indicate the agency cannot or does not provide any services and should be considered for a merger or dissolved altogether; and a “**minus**” sphere when an agency does or

cannot provide services to the territory in question. Establishing the appropriate sphere category can be challenging as individual circumstances can vary between agencies. City spheres, which may convey future land use entitlements, are more scrutinized for growth impacts than an agency providing limited services. Although a helpful tool for future planning, a sphere of influence determination does not convey any specific entitlements to landowners nor require an agency to guarantee services should priorities change.

Municipal Service Reviews

The Cortese-Knox-Hertzberg Act requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of an SOI. A MSR is a comprehensive analysis of service provision by each of the special districts, cities, and the unincorporated county service areas within the legislative authority of the LAFCo. It essentially evaluates the capability of a jurisdiction to serve its existing residents and future development in its SOI. The legislative authority for conducting MSRs is provided in Section 56430 of the CKH Act, which states "... in order to prepare and to update Spheres of Influence in accordance with Section 56425, LAFCos are required to conduct a MSR of the municipal services provided in the County..."

Pursuant to Section 56430, in order to update a SOI, the associated MSR must have written determinations that address the following factors:

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

These determinations must be made by the Commission before, or concurrently with, the sphere review and update for the Hamilton City Community Services District.

Sphere of Influence Plan Update Process

Glenn LAFCo is now in the process of creating an SOI Plan for the Hamilton City Community Services District (HCCSD). There are numerous factors to consider in reviewing an SOI Plan, including current and anticipated land uses, facilities, and services, as well as any relevant communities of interest. Updates generally involve a comprehensive review of the entire SOI Plan, including boundary and SOI maps and the District's MSR. In reviewing an agency's sphere, the Commission is required to consider and prepare written statements addressing five factors enumerated under California Government Code Section 56425(e). These factors are identified below.

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 a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs on or after July 1, 2012, 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 No. 5 listed above. The identification of DUCs as it relates to LAFCO is to ensure that these communities are fairly served with essential municipal services of public sewer, water and fire protection.

Disadvantaged unincorporated communities, or "DUCs," are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80% of the statewide annual median household income. California's MHI is \$61,489 and 80% of that would be \$49,191. All of the unincorporated community of Hamilton City is currently considered to be a Disadvantage Unincorporated Community, with a MHI of \$46,701 as of 2017. In 2016, Hamilton City had a MHI of \$38,125 and was identified as being a Severely Disadvantaged Unincorporated Community because its MHI was less than \$38,270.

¹ https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/S1901/1600000US0631890

CKH Act Section 56375(a)(8)(A) prohibits LAFCO from approving an annexation of more than ten 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 and districts 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).

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
FOR
THE HAMILTON CITY COMMUNITY SERVICES DISTRICT

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HAMILTON CITY COMMUNITY SERVICES DISTRICT DATA SHEET

Contact: Jose Puente, HCCSD General Manager
 Address: Office: 211 Main Street, Hamilton City, CA 95951
 Mailing address: PO Box 116, Hamilton City, CA 95951
 Phone: (530) 826-3208
 Email: hccsd@sbcglobal.net
 Webpage: None

GOVERNING BOARD

<u>Board of Directors</u>	<u>Term Expires</u>
Ken Hahn (President)	December 2019
Adrian Zaragoza	December 2019
Wayne Gunter	December 2021
Roseanna Ocampo	December 2019
Unfilled	

Normal Board Meeting Date: Second Monday of every month at 6:00 p.m.
 Meetings are held at: HCCSD Office, 211 Main Street, Hamilton City, CA 95951

FORMATION INFORMATION

Date of Formation: December 29, 1969, by resolution of the Glenn County Board of Supervisors

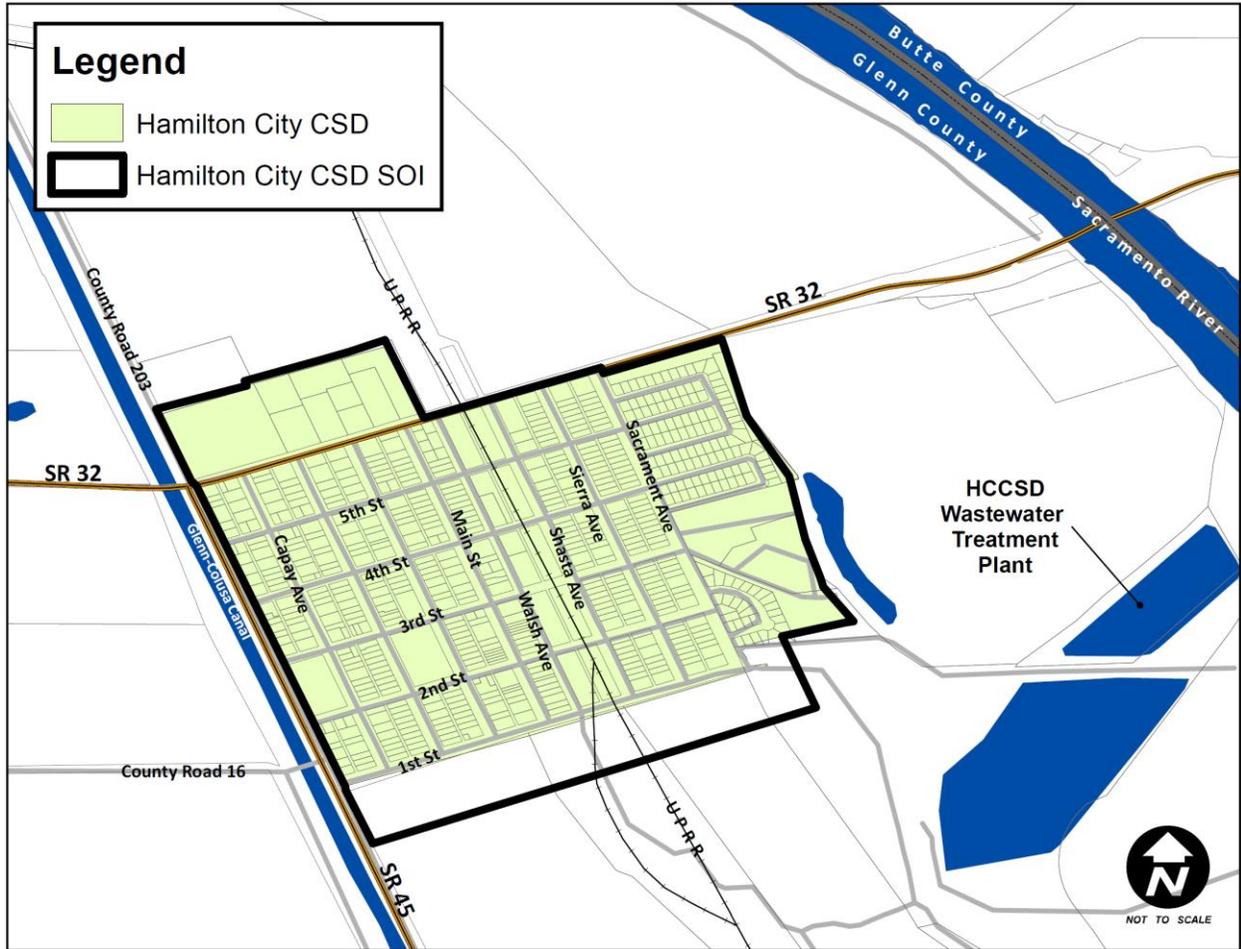
PURPOSE

1. Enabling Legislation: Community Service District Law (California Government Code §§ 61000 to 61766)
2. Provided Services:
 - Wastewater collection, conveyance, and treatment
 - Library operations
 - Street lighting
 - Park maintenance
 - Stormwater detention

AREA SERVED

1. No. of Parcels: 671
2. District Size: 285 acres (0.45 sq. miles)
3. Estimated Population: 3,037
4. Location: Unincorporated community of Hamilton City, located in northeast Glenn County
5. Sphere of Influence: 327 acres (0.51 sq. miles) (not coterminous with district boundaries)

FIGURE 1 – HAMILTON CITY COMMUNITY SERVICES DISTRICT



DISTRICT CHARACTERISTICS

The Hamilton City Community Services District (HCCSD) is an independent special district that provides various municipal services to the parcels in the unincorporated community of Hamilton City that is located in the northeast portion of Glenn County (Figure 1). The District is approximately 285 acres (0.45 square miles) in size and consists of approximately 671 parcels. The District has an estimated population of 3,037.

HCCSD's Sphere of Influence (SOI) is not coterminous with the District's jurisdictional boundaries. The District's SOI is approximately 327 acres (0.51 sq. miles) in size, while the District's jurisdictional boundaries is approximately 285 acres (0.45 square miles) in size. The 42-acre portion of the District's SOI outside of the District's jurisdictional boundaries is located south of 1st Street.

The primary land use within the District is single family residential. Other uses within the District include multi-family residential, commercial, industrial, and public uses. No agricultural uses are found within the jurisdictional boundaries of the District, but the 42-acre portion of the District's SOI that is not within the District's jurisdictional boundaries consists of an orchard and an agricultural processing facility. This area is designated by the Glenn County General Plan as Industrial and is zoned Manufacturing. No parcels within the District's SOI are subject to a California Land Conservation Act ("Williamson Act") contract. All of the District is identified as being a disadvantaged unincorporated community (DUC).

The HCCSD Board of Directors consists of five members, although there is currently one unfilled Board of Directors position. The HCCSD directors, who hold office for four-year terms, receive \$20 for every Board of Directors meeting they attend, with the District Chair receiving \$25 per meeting. The HCCSD Board of Directors holds a meeting every month, which are held the second Monday of the month at 6:00 p.m. at the Hamilton City Community Services District office located at 211 Main Street, Hamilton City.



Hamilton City Community Services District Office

HCCSD provides various types of municipal services to the residents within the jurisdictional boundaries of the District, as discussed below. The County of Glenn provides most other municipal services to the residents of the District, including law enforcement, road maintenance, stormwater drainage, and planning and building services. Domestic water for the residents within the District is provided by the California Water Service Company and fire protection services are provided by the Hamilton City Fire Protection District.

The following map shows the locations of the facilities either owned or maintained by the District.



Hamilton City Community Services District Facilities

HCCSD provides the following municipal services to some or all of the parcels within the District's jurisdictional boundaries:

Sanitary Sewer Services

The Hamilton City Community Services District provides sanitary sewer service to the Hamilton City area. Wastewater from the uses within the District is collected and conveyed to the District's wastewater treatment plant, located to the southeast of

Hamilton City. The District's sanitary sewer system is regulated under Waste Discharger Requirements (WDRs) Order Number 98-081, adopted on April 17, 1998, by the Central Valley Water Board. The wastewater treatment plant was constructed from 1966 to 1969 and began operation in 1969. The District adopted a Sanitary Sewer Management Plan in 2010 as required by the California Regional Water Quality Control Board.

The wastewater treatment plant has a maximum permitted daily dry weather influent flow of 500,000 gallons. Average dry weather flow into the wastewater treatment plant is approximately 130,000 gallons per day. Average wet weather flows are much greater and have been as high as 500,000 gallons per day.

The District owns and maintains 8 miles of collection system consisting primarily of clay pipe 6" to 12" in diameter. There are over 70 access points in the system. The first seven miles of the system were of the original design. In the last 25 years about one mile of SDR 35 PVC pipe has been added to the collection system.

The sewage collection system consists of gravity flow pipelines until the flow reaches the wastewater treatment plant, where the influent is collected at a lift station. Inside the lift station is a bar screen that screens out solids and automatically bags them for disposal at a landfill. After the influent leaves the screen, two pumps discharge the flow out from the lift station and into a settling pond. At the settling pond a pump circulates the water within the pond. The water goes out through an overflow to the rest of the ponds. The District operates seven equalization ponds. Sludge from the ponds is removed and disposed of on an as-needed basis.

The District has an aggressive program of general maintenance for the collection system. In order to prevent a sanitary sewer overflow (SSO), the District cleans the entire collection system over a two-year cycle. Cleaning is performed at least once every four months in areas of high concentrations of grease build up. When District employees encounter a problem in the collection system, the upstream area is televised with closed circuit TV to identify the source of the problem. Also, as part of the operation, employees check each manhole at least once every two weeks. When roots are identified as the source of a problem, the maintenance crew removes the roots mechanically and possibly explore a chemical process in the future.

In the event of a power outage, the District has installed an alarm system at the treatment plant lift station that will alert employees of a potential problem. At an alarm, the crew is immediately directed to the lift station. They assess the situation, report the power outage and stand-by until power is restored, or start preparing the lift station for a long outage. The District has gasoline powered portable pumps that will allow the water to be removed from the lift station and discharged into the equalization ponds in the event of a power outage. The District is currently considering the purchase of a large standby generator to run the wastewater treatment facility in the event of a power outage.

The District has had no reportable sanitary sewer overflows since mandatory reporting to the California Regional Water Quality Board began in 2007. The last inspection of the District's wastewater treatment plant was performed by staff of the California Regional

Water Quality Control Board on June 11, 2012. According to the inspection report, the facility appeared to be in compliance with current WDRs and no violations were noted. The California Regional Water Quality Control Board does not have a set schedule for inspections of wastewater treatment facilities, and performs inspections on an as-needed basis, often times as a result of an issue that comes to their attention.



HCCSD Wastewater Treatment Facility

Library Services

In 1993, the District took over the operation of the Chester W. Walker Memorial Library, which was done because the Orland Library proposed to close the Hamilton City Branch Library due to County budget cuts. The District entered into a separate agreement with the County to operate the Library. The library, which is approximately 2,000 square feet in size, is located at 330 Broadway Avenue and is open Tuesday to Thursday, 1 to 5 pm. Two part-time employees of the District run the library – a Library Technician and an on-call Library Assistant, neither of whom is a certified librarian. The District does not own the library structure or the parcel that the library is located on, nor is the District responsible for the maintenance of the structure.



Chester W. Walker Memorial Library (left) & Hamilton City Community Center (right)

Library open hours are the primary, traditional measure of library service levels. Although many library services and resources are offered now via internet, library locations remain important as space for studying, learning, and meetings. More open hours are generally viewed as more service, assuming the library hours are offered during times that match customer needs. The library operated by HCCSD is open for 12 hours per week, which is very minimal. As a comparison, the Orland Library is open for 37 hours per week and the Willows Library is open 36 hours, but these libraries serve a much larger population than Hamilton City. Also by comparison the Bayliss Library and the Elk Creek Library are each open for 8 hours per week, but serve a much smaller population than Hamilton City.

The main source of revenue for the library come from contributions from the County of Glenn. Funding for the library has not appreciably increased since the HCCSD took over the operation in 1993. The limited hours of operation focus on services for school children, leaving a gap in services available to the adult community. The computers available for use in the library are obsolete. The District and the County are struggling to find a means to upgrade the computers and to meet the needs of library patrons.

Glenn County Supervisor Keith Corum, representing the Glenn County Board of Supervisors Budget Ad Hoc Committee, made recommendations on how the library services currently provided by HCCSD could be improved. The recommendations are:

1. Develop a 5-year plan-- Identify needs and goals (with a time line)
 - a) One aspect of this plan would be a modernization strategy
 - b) Review & update MOU with the County of Glenn
 - c) State Certification Issue-possible ways to achieve through cooperative efforts with the Orland Library
 - d) Continue working on ADA compliance completion; restrooms; possible safety issues
 - e) Computers for classrooms
 - f) Collection development policy
 - g) Potential Fund Raising Opportunities
 - h) Other
2. Apply & work with the following organizations for assistance and/or funding
 - a) Develop and work with a Friends of the Library
 - b) Boys & Girls Club
 - c) Local Community Clubs/Organizations such as the Lions Club
 - d) Ampla Health
 - e) Willows Community Thrift Shop
 - f) Golden State Risk Management Agreement (GSRMA)
 - g) North State Cooperative Library System
 - h) Barceloux-Tibessart Foundation
3. Develop or update a MOU with the Hamilton Unified School District about the library purchasing books for their students. They may be able to fund some of this. Work with the Hamilton Unified School District to develop partnerships (i.e. internet capabilities, computers, etc.)
4. Work/partner with the Orland Library and/or the Glenn County Office of Education's Library for any assistance they may give

The above recommendations of Supervisor Corum are very appropriate and the District should consider following all or some of the recommendations, which would result in improved library services.

The County of Glenn recently released a Request for Proposals (RFP) for architectural and engineering services to upgrade the Chester W. Walker Memorial Library and the adjacent Hamilton City Community Hall to meet the requirements of the Americans with Disabilities Act (ADA).² It should be noted that neither of these facilities are owned or maintained by HCCSD. Rehabilitating these facilities by making them ADA compliant not only allows access for its current users but may also allow additional community services in the future. Funding for the upgrades to these structures will be obtained from Community Development Block Grant (CDBG) funds.

Street Lighting Services

In 1979, the County stopped funding streetlight operations in Hamilton City due to post Proposition 13 budget cuts and HCCSD took over responsibility for operation of the streetlights in order to help ensure the safety of the District residents. There are approximately 50 streetlights within the District, all of which were converted to energy-efficient LED fixtures in 2018. The streetlights are generally located at street intersections and are mounted on utility poles. The District pays PG&E for the cost of providing power to the lights. PG&E replaces any burned out lights and bills the District for this service. Funding for street lighting services is received from annual parcel assessments.

Some streetlights within the Pallisades Subdivision are not operational due to missing lamps on the poles. The reason for this is that the residents of the subdivision were asked to approve, through a Proposition 218 vote, an increase in the amount they pay to continue funding for the relatively large number of streetlights in the subdivision. The increase was defeated and as a result the District was forced to eliminate some of the streetlights within the subdivision.

² Glenn County General Services Department, Hamilton City Community Hall & Chester Walker Memorial Library ADA Upgrade 2019



Typical Streetlight in Hamilton City

Park Maintenance Services

In 1998, the District agreed to share maintenance responsibilities for the Edgewater Community Park with the Hamilton Unified School District. The park, which is approximately 15 acres in size, is located at the intersection of Sacramento Drive and Park Drive in southeast Hamilton City. The park contains several soccer fields, a baseball field, restrooms, and a small storage structure. HCCSD owns approximately 7.2 acres of the southern portion of the park while the Hamilton Unified School District owns approximately 7.8 acres of the northern portion of the park (a school may be placed on this portion of the park at some point in the future). The school district normally mows and waters the park, while HCCSD normally maintains the restrooms, sprays the fence line for weeds, and prunes the trees.



Edgewater Community Park

Until 2018, HCCSD was providing landscaping services to the Hamilton City Community Park under an agreement with the County of Glenn, which owns the park. The County stopped paying the District for the services, so HCCSD stopped providing the landscaping services. The District and the County of Glenn are currently working on a new agreement that would allow HCCSD to resume providing landscaping services to the park.

Pallisades County Service Area – Stormwater Retention Pond

In 1998, the District accepted responsibility for maintenance of the Pallisades Subdivision stormwater retention pond, which is located on the east side of the subdivision. An annual per parcel assessment is collected from the landowners within the Pallisades County Service Area that is transferred to the HCCSD, which uses those funds to maintain the water retention pond. The stormwater retention pond, which is surrounded by a chain-link fence, is located on the east side of the subdivision.

The maintenance services the District performs to the stormwater retention pond consist primarily of mowing and spraying operations to prevent weeds, brush, and trees from growing. The District has recently had to provide additional maintenance services to the stormwater retention pond to remove trash and vegetation that was placed there by the adjoining residents and to fix erosion damage due to water runoff from the adjacent parcels. The debris removal and erosion control services the District is now performing were not a part of the District's maintenance agreement with the County and these additional services requires additional time and expense for the District to perform. The District is currently working with the Glenn County Public Works Department to resolve this issue.

District Equipment

In addition to various types of office equipment and the equipment at the District's wastewater treatment plant, the District owns the following equipment:

- 2015 Ford commercial truck

- 2007 Hi-Vac trailer
- 1994 GMC Sierra truck
- 1997 GMC Sonoma truck commercial
- John Deer 410 backhoe
- Massie Ferguson 481 tractor with loader and mower attachments

The District has indicated that they would like to purchase a new tractor and also a closed-circuit television inspection system to allow for improved inspections of the District's sewer pipes. The District is currently considering the purchase of a large backup generator for use at the District's wastewater treatment facility.

District Employees

The District employs full-time and part-time staff, as noted below.

- General Manager (full-time)
- Wastewater Operator (full-time)
- Maintenance Helper (part-time)
- Office Manager (part-time)
- Clerk Assistant (part-time)
- Library technician (part-time)
- Library Assistant (part-time)

The District will occasionally utilize the services of private businesses to perform work that District staff is unable to do, such as major repairs to equipment or vehicles.

I. MUNICIPAL SERVICE REVIEW

MSR FACTOR NO. 1 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

The primary land use within HCCSD's jurisdictional boundaries is single-family residential, along with some multi-residential, commercial, industrial, and public uses. Most of the parcels within the District are developed. As of 2017, the Hamilton City Census Designated Place (CDP) area had an estimated population of 2,357.³ The population of the Hamilton City CDP was 1,759 at the 2010 census, down from 1,903 at the 2000 census.

The Hamilton City CDP area does not encompass all of the parcels within HCCSD's jurisdictional boundaries. The area the Hamilton City CDP does not encompass includes the Pallisades Subdivision (112 single-family dwellings), the parcels along Esperanza Avenue (28 single-family dwellings), and the Hamilton City Mobile Home Park (approximately 35 mobile homes). According to U.S. Census Block data, there were 680 people living in these three areas in 2010. Adding this population to the population of the Hamilton City CDP results in HCCSD having an estimated population of 3,037 (2,357 + 680 = 3,037).

³ https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/DP05/1600000US0631890

Population growth within Glenn County as a whole has been very minimal due to the rural and agricultural nature of the county. From 2010 to 2019, the population of Glenn County as a whole rose from 28,122 to 29,132, an increase of approximately 3.6 percent over a nine-year period.⁴ For the same time period, the population within the unincorporated portion of Glenn County decreased by approximately 1 percent.

The following table shows the current estimated population of the county as a whole, the estimated population of the two incorporated cities within the county, and the estimated population of the unincorporated area of the county.⁵ Additionally, the table shows the percent change in population from 2018 to 2019.

County/City	Total Population		
	1/1/2018	1/1/2019	Percent Change
Glenn	28,762	29,132	1.3
Orland	7,998	8,337	4.2
Willows	6,273	6,282	0.1
Balance of County	14,491	14,513	0.2

The population growth from 2018 to 2019 for the County as a whole was higher than in the previous years. The increase in population is the result of a large number of people who were displaced by the Camp Fire in Butte County moving to Glenn County.

Development potential within the District is limited given that most of the parcels within the District are already developed. The population of the District is not expected to significantly increase in the near future.

MSR DETERMINATION 1-1: *The District has a current population of approximately 3,037.*

MSR DETERMINATION 1-2: *The population within the District is not expected to have any significant growth because of the limited numbers of undeveloped parcels within the District.*

MSR FACTOR NO. 2: THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

Disadvantaged unincorporated communities (DUCs) are defined by statute as inhabited

⁴State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark*. Sacramento, California, May 2019.

⁵State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2018 and 2019*. Sacramento, California, May 2019.

territory (meaning 12 or more registered voters), or as determined by commission policy, that constitutes all or a portion of a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual MHI (Water Code Section 79505.5). The statewide MHI data is obtained from the US Census American Community Survey (ACS) 5-Year Data: 2010 - 2017. California's MHI for this period was \$61,489, and 80 percent of that is \$49,191. The identification of DUCs as it relates to LAFCo is to ensure that these communities are fairly served with essential municipal services of public sewer, water and fire protection.

DUCs were identified by utilizing the Disadvantaged Communities Mapping tool offered by the California Department of Water Resources at <https://gis.water.ca.gov/app/dacs/>. Based on an analysis of census block groups as of 2016, Hamilton City is identified as being a Severely Disadvantaged Unincorporated Community because it had a median household income of \$38,125 (a community with a MHI of less than \$38,270 is classified as a severely disadvantaged community). However, according to the U.S. Census Fact Finder webpage, Hamilton City had an average medium household income of \$46,705 in 2017.⁵ The reason for the \$8,580 increase in the MHI for Hamilton City from 2016 to 2017 cannot be readily identified. With a MHI of \$46,704, Hamilton City would be identified as a Disadvantaged Unincorporated Community rather than as a Severely Disadvantaged Unincorporated Community.

The existence of disadvantaged unincorporated communities within the District does not impact the HCCSD's ability to provide services, nor do the District's services impact the status of these communities as "disadvantaged" or "significantly disadvantaged".

MSR DETERMINATION NO. 2: *All of the District is identified as being a significantly disadvantaged unincorporated community based on U.S. Census block group data as of 2016. Medium household income for 2017 for the Hamilton City area shows a significant increase in medium household income, which would place the Hamilton City in the "disadvantaged unincorporated community" category rather than in the "significantly disadvantaged unincorporated community" category.*

MSR FACTOR NO. 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.

Facilities and Adequacy of Public Services

The District's office is located at 211 Main Street in Hamilton City. The parcel that the District's office is located on and the adjacent undeveloped parcel to the north are owned by the District. The parcel that the District's wastewater treatment plant is located on is owned by the District. An 8.7-acre portion of the Edgewater Community Park is also

owned by the District. The District's office building appears to be in good condition and the District stated that there are no significant improvements needed to the structure at this time. Because the District owns the adjacent parcel to the north there is adequate room to either expand the District's existing office building or construct a new structure if needed in the future.

The District's sanitary sewer system, which consists of approximately 8 miles of pipes, a lift station, and a wastewater treatment plant, appears to be well maintained. The District inspects and cleans the pipelines on a regular basis, which has resulted in the District not experiencing any reportable sanitary sewer overflows. The District recently replaced 800 feet of sewer main that was experiencing infiltration. With this sewer main replacement, the District now has very low levels of inflow and infiltration. The District's wastewater treatment plant has a maximum daily dry weather influent flow of 500,000 gallons per day, but the normal sewage flow for the District is approximately 120,000 to 130,000 gallons per day. New development within the existing boundaries of the District is not expected to have a significant impact to the District's sanitary sewer system as the existing system has adequate capacity to handle the limited amount of new development that could occur within the District. However, future annexations of undeveloped land to the District that will be developed with residential uses may require expansion of the District's sewer system. Any needed expansion of the District's sanitary sewer system due to new development would be funded by the project developer.

Maintenance and operation of the streetlights, the Edgewater Community Park, and the Pallasades Subdivision water retention pond all appear to be adequate. The library services the District provides appear to be minimally adequate but should be improved to ensure that the library provides high quality library services. The District should consider following the recommendations of the Glenn County Board of Supervisors Budget Ad Hoc Committee as previously noted.

MSR DETERMINATION 3-1: *The District's operation and maintenance of the District's sanitary sewer system, streetlights, the Edgewater Community Park, and the Pallasades Subdivision water retention pond all appear to be adequate.*

MSR DETERMINATION 3-2: *The financial ability of the District to provide library services is minimally adequate to deliver basic service levels.*

MSR DETERMINATION 3-3: *The District should work to improve the level of library services it currently provides. The District should closely consider the recommendations of the Glenn County Board of Supervisors Budget Ad Hoc Committee and make changes as needed to ensure that the residents of the District are provided with improved library services.*

MSR FACTOR NO. 4: FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

This section analyzes the financial structure and fiscal viability of the District. Included in this analysis is the consideration of revenue sources, amount of revenue, stability of revenues, and expenditure sources.

HCCSD follows the General Accounting Standard Board Statement No. 34 (GASB 34) accounting standards. The District complies with Generally Accepted Accounting Principles (GAAP). District funds are maintained by the Glenn County Treasurer's Office.

The District's cash is pooled with the Glenn County Treasurer, who acts as a disbursing agent for the District. To pay bills, the District submits warrants to the Glenn County Finance Office, which in turn pays the bills utilizing the District's funds kept in the County treasury. The County of Glenn levies, bills, and collects property taxes for the Hamilton City Community Services District.

The District's Board of Directors must approve a preliminary budget no later than June 30 and adopt a final budget no later than October 1 of each fiscal year end. A public hearing must be conducted to receive comment prior to adoption. Until the adoption of this financial budget, operations are governed by the preliminary budget approved by the Board. A copy of the final budget is required be forwarded to the Glenn County Auditor.

The District maintains the following major governmental funds as listed below and prepares a separate budget for each of these funds.

Enterprise Funds:Sewer

This fund accounts for revenues and expenses related to the District's sewage disposal and treatment facility.

Lighting

This fund accounts for revenues and expenses related to street lighting within the District.

USDA Loan

This fund accounts for construction and debt related to the sewer upgrade.

Governmental Funds:Property Tax-Intergovernmental

This fund accounts for fee collection and for sewer upgrade.

Library

This fund accounts for revenues and expenses related to the library located in the District. The library is primarily funded by Glenn County

Edgewater Community Park

This fund accounts for revenues and expenses related to the rental and maintenance activities of the park.

Pallisades

This fund accounts for revenues and expenses related to the assessments and maintenance of the Pallisades Subdivision's water detention pond.

USDA Park

This fund accounts for grant proceeds, donations, and costs of constructing a basketball court in the County park.

The following section shows the actual budgets for Fiscal Year 2017-18, the working budget for Fiscal Year 2018-19, and the proposed budget for Fiscal Year 2019-20 for each major fund maintained by the District.

Sewer Budget

COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06800000 HAMILTON CITY COMM SVCS DIST**

FUNCTION: HEALTH & SANITATION

ACTIVITY: N/A

REVENUES

SIGNATURE: 	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
USE OF MONEY & PROPERTY					
44300 INTEREST	1,267	700	1,800	-	1,800
TOTAL USE OF MONEY & PROPERTY	1,267	700	1,800	-	1,800
CHARGES FOR CURRENT SERVICES					
65609 ANNEXATION FEE	-	500	500	-	500
66551 ADMINISTRATION FEES	9,000	9,000	9,000	-	9,000
68200 SANITATION SERVICES	351,877	357,918	357,918	10,738	368,656
68201 SEWER HOOK-UP FEE	-	2,100	2,100	-	2,100
TOTAL CHARGES FOR CURRENT SERVICES	360,877	369,518	369,518	10,738	380,256
MISCELLANEOUS REVENUES					
68252 PENALTIES	9,473	10,000	10,000	-	10,000
74112 MISCELLANEOUS REVENUE	3,630	1,000	1,000	-	1,000
74140 BAD CHECK RECOVERY	-	200	200	-	200
TOTAL MISCELLANEOUS REVENUES	13,103	11,200	11,200	-	11,200
TOTAL REVENUES	375,247	381,418	382,518	10,738	393,256
EXPENSES					
SALARIES & BENEFITS					
01010 SALARIES & WAGES	145,074	151,707	151,707	14,247	165,954
01012 ADDITIONAL HELP	-	4,000	4,000	-	4,000
01013 OVERTIME PAY	4,083	3,400	3,400	-	3,400
01014 VACATION PAY	2,166	6,000	6,000	-	6,000
01018 COMMISSION & DIRECTOR SALA	770	1,200	1,200	-	1,200
01030 SOCIAL SECURITY	9,382	9,200	9,200	876	10,076
01031 MEDICARE COVERAGE	2,194	2,203	2,203	203	2,406
01034 RETIREMENT-ER PORTION	3,812	3,802	3,802	1,126	4,928
01040 GROUP HEALTH INSURANCE	6,400	10,000	10,000	-	10,000
01045 UNEMPLOYMENT INSURANCE	650	1,700	1,700	-	1,700
01050 WORKER COMPENSATION INSUF	5,937	6,580	6,580	-	6,580
TOTAL SALARIES & BENEFITS	180,468	199,792	199,792	16,452	216,244
SERVICES & SUPPLIES					
03110 CLOTHING & PERSONAL SUPPLIE	1,346	300	300	-	300
03120 COMMUNICATIONS	5,308	5,100	5,100	-	5,100
03140 HOUSEHOLD EXPENSE	753	500	500	540	1,040
03150 INSURANCE	1,238	1,280	1,280	-	1,280
03170 MAINT-EQUIPMENT	20,194	14,800	14,800	-	14,800
03180 MAINT-STRUCTURES & IMPROVE	2,747	1,000	1,000	-	1,000
03200 MEMBERSHIPS	18,868	23,200	23,200	-	23,200
03220 OFFICE EXPENSE	7,174	7,000	7,000	500	7,500

Sewer Budget (continued)


03230 PROFESSIONAL SERVICES	11,395	12,000	12,000	-	12,000
03240 PUBLICATIONS	304	150	150	-	150
03250 RENTS & LEASES-EQUIP	3,268	2,800	2,800	-	2,800
03270 SMALL TOOLS & INSTRUMENTS	585	400	400	-	400
03280 SPECIAL DEPT EXPENSE	4,375	1,000	1,000	-	1,000
04291 FOOD & LODGING	2,259	1,400	1,400	-	1,400
04292 GAS & OIL	4,303	4,500	4,500	-	4,500
04294 MILEAGE	570	750	750	-	750
04300 UTILITIES	7,513	9,000	9,000	-	9,000
TOTAL SERVICES & SUPPLIES	92,200	85,180	85,180	1,040	86,220
OTHER CHARGES					
05500 TAXES & ASSESSMENTS	958	1,000	1,000	-	1,000
05510 DEPRECIATION	37,839	32,000	32,000	-	32,000
05531 BAD CHECK EXPENSE	35	100	100	-	100
05700 ADMINISTRATIVE EXPENSE	518	650	650	-	650
05730 A-87 COST ALLOCATION	7,149	-	-	-	-
05811 INTER EXP-DEBT SERVICE	45,058	45,675	42,000	-	42,000
TOTAL OTHER CHARGES	91,557	79,425	75,750	-	75,750
FIXED ASSETS					
07350 VEHICLES	44,596	-	-	-	-
07360 SPECIAL DEPT. EQUIPMENT	-	-	10,000	30,000	30,000
TOTAL FIXED ASSETS	44,596	-	-	-	30,000
TOTAL EXPENSES	408,821	364,397	360,722	17,492	408,214
NET COUNTY RETURN/(COST)	(33,574)	17,021	21,796	(6,754)	(14,958)

The District's sanitary sewer budget is an enterprise fund and the majority of the revenue comes from fees charged for the provision of sanitary sewer services. Normal revenue received is approximately \$375,000 annually. Normal expenditures range from \$320,000 to \$400,000.

Street Lighting Budget

COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06830000 HCCSD-LIGHTING**
FUNCTION: PUBLIC PROTECTION
ACTIVITY: N/A

SIGNATURE:	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
REVENUES					
TAXES					
14010 CURRENT SECURED	3,307	3,350	3,500	-	3,500
14020 CURRENT UNSECURED	140	150	150	-	150
14030 PRIOR SECURED TAX	(30)	-	-	-	-
14040 PRIOR UNSECURED TAX	1	-	-	-	-
14046 SB813 CURRENT SECURED	61	-	75	-	75
14047 SB813 CURRENT UNSECURED	-	-	-	-	-
14048 SB813 PRIOR SECURED	3	-	-	-	-
14049 SB813 PRIOR UNSECURED	-	-	-	-	-
TOTAL TAXES	3,482	3,500	3,725	-	3,725
USE OF MONEY & PROPERTY					
44300 INTEREST	301	200	350	-	350
TOTAL USE OF MONEY & PROPERTY	301	200	350	-	350
INTERGOVERNMENTAL REVENUE					
52580 HOPTR	32	40	40	-	40
TOTAL INTERGOVERNMENTAL REVENUE	32	40	40	-	40
CHARGES FOR CURRENT SERVICES					
68300 LIGHTING SERVICES	13,416	13,500	13,500	-	13,500
TOTAL CHARGES FOR CURRENT SERVICES	13,416	13,500	13,500	-	13,500
TOTAL REVENUES	17,231	17,240	17,615	-	17,615
EXPENSES					
SERVICES & SUPPLIES					
04300 UTILITIES	10,131	9,645	10,000	-	10,000
TOTAL SERVICES & SUPPLIES	10,131	9,645	10,000	-	10,000
OTHER CHARGES					
05700 ADMINISTRATIVE EXPENSE	7,121	7,200	7,200	-	7,200
05730 A-87 COST ALLOCATION	65	122	84	-	84
TOTAL OTHER CHARGES	7,186	7,322	7,284	-	7,284
TOTAL EXPENSES	17,317	16,967	17,284	-	17,284
NET COUNTY RETURN/(COST)	(86)	273	331	-	331

The District's street lighting budget is an enterprise fund and the majority of the revenue comes from fees charged for the provision of street lightings services. The primary expense is the utility cost of operating the streetlights. The current street lighting fee is \$1.25/month per parcel. Normal revenue received is approximately \$17,000 annually. Normal expenditures are also around \$17,000 annually.

USDA Sewer System Construction Loan Budget



COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06815000 HCCSD 2013 USDA LOAN**
FUNCTION: HEALTH & SANITATION
ACTIVITY: N/A

SIGNATURE:	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
REVENUES					
USE OF MONEY & PROPERTY					
44300 INTEREST	3,823	2,000	5,000	-	5,000
TOTAL USE OF MONEY & PROPERTY	3,823	2,000	5,000	-	5,000
CHARGES FOR CURRENT SERVICES					
67067 INTER REV-#680 HCCSD	45,058	45,675	42,000	-	42,000
TOTAL CHARGES FOR CURRENT SERVICES	45,058	45,675	42,000	-	42,000
TOTAL REVENUES	48,881	47,675	47,000	-	47,000
EXPENSES					
OTHER CHARGES					
05202 LOANS PAYABLE-LOAN PRINCIPA	17,000	16,000	18,000	-	18,000
05310 LOAN INTEREST	28,058	30,625	29,000	-	29,000
TOTAL OTHER CHARGES	45,058	46,625	47,000	-	47,000
TOTAL EXPENSES	45,058	46,625	47,000	-	47,000
NET COUNTY RETURN/(COST)	3,823	1,050	-	-	-

The District's USDA loan budget is an enterprise fund and the majority of the revenue comes from fees charged to pay down the USDA loan. Normal revenue received is approximately \$47,000 annually. Normal expenditures are also around \$47,000 annually.

Library Budget



COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06850000 HCCSD-LIBRARY**
FUNCTION: EDUCATION
ACTIVITY: N/A

SIGNATURE:	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
REVENUES					
USE OF MONEY & PROPERTY					
44300 INTEREST	76	45	200	-	200
TOTAL USE OF MONEY & PROPERTY	76	45	200	-	200
INTERGOVERNMENTAL REVENUE					
56200 OTHER GOVT AGENCIES	12,802	22,800	32,012	(19,210)	12,802
TOTAL INTERGOVERNMENTAL REVENUE	12,802	22,800	32,012	(19,210)	12,802
TOTAL REVENUES	12,878	22,845	32,212	(19,210)	13,002
EXPENSES					
SALARIES & BENEFITS					
01010 SALARIES & WAGES	8,684	10,162	9,162	3,872	13,034
01030 SOCIAL SECURITY	538	568	568	241	809
01031 MEDICARE COVERAGE	126	133	133	56	189
01045 UNEMPLOYMENT INSURANCE	-	329	329	-	329
01050 WORKER COMPENSATION INSUF	1,187	1,370	1,370	327	1,697
TOTAL SALARIES & BENEFITS	10,535	12,562	11,562	4,496	16,058
SERVICES & SUPPLIES					
03120 COMMUNICATIONS	1,540	1,400	1,400	460	1,860
03140 HOUSEHOLD EXPENSE	31	-	-	100	100
03150 INSURANCE	1,238	1,280	1,280	-	1,280
03220 OFFICE EXPENSE	16	7,150	1,150	350	1,500
03280 SPECIAL DEPT EXPENSE	-	3,200	200	800	1,000
04294 MILEAGE	-	200	200	-	200
TOTAL SERVICES & SUPPLIES	2,825	13,230	4,230	1,710	5,940
OTHER CHARGES					
05700 ADMINISTRATIVE EXPENSE	-	75	75	-	75
05730 A-87 COST ALLOCATION	83	176	156	-	156
TOTAL OTHER CHARGES	83	251	231	-	231
TOTAL EXPENSES	13,443	26,043	16,023	6,206	22,229
NET COUNTY RETURN/(COST)	(565)	(3,198)	16,189	(25,416)	(9,227)

Revenues to fund the operation of the Chester W. Walker Memorial Library comes almost exclusively from the County of Glenn. Revenues range from \$13,000 to \$14,000 annually, while expenditures range from approximately \$15,000 to \$16,000. It appears that expenditures regularly exceed revenue, while results in a budget shortfall. The District must utilize fund balance to cover the shortfall in revenue. As of June 20, 2018, the library fund had a fund balance of \$4,359.

Edgewater Community Park Budget



COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06865000 HCCSD-EDGEWATER PARK FUND**
FUNCTION: HEALTH & SANITATION
ACTIVITY: N/A

SIGNATURE:	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
REVENUES					
TAXES					
14010 CURRENT SECURED	14,004	14,100	15,000	-	15,000
14020 CURRENT UNSECURED	569	650	650	-	650
14030 PRIOR SECURED TAX	(114)	-	-	-	-
14040 PRIOR UNSECURED TAX	10	-	-	-	-
14046 SB813 CURRENT SECURED	156	200	200	-	200
14047 SB813 CURRENT UNSECURED	-	-	-	-	-
14048 SB813 PRIOR SECURED	3	-	-	-	-
TOTAL TAXES	14,628	14,950	15,850	-	15,850
USE OF MONEY & PROPERTY					
44300 INTEREST	151	50	375	-	375
TOTAL USE OF MONEY & PROPERTY	151	50	375	-	375
INTERGOVERNMENTAL REVENUE					
52580 HOPTR	-	140	140	-	140
TOTAL INTERGOVERNMENTAL REVENUE	-	140	140	-	140
CHARGES FOR CURRENT SERVICES					
67054 INTER REVENUE	-	23,000	-	-	-
TOTAL CHARGES FOR CURRENT SERVICES	-	23,000	-	-	-
MISCELLANEOUS REVENUES					
74114 DONATIONS	375	-	-	-	-
74121 A-87 COST ALLOC REBATE	-	-	143	-	143
TOTAL MISCELLANEOUS REVENUES	375	-	143	-	143
TOTAL REVENUES	15,154	38,140	16,508	-	16,508
EXPENSES					
SERVICES & SUPPLIES					
03140 HOUSEHOLD EXPENSE	115	100	100	-	100
03150 INSURANCE	1,238	1,280	1,280	-	1,280
03170 MAINT-EQUIPMENT	1,485	2,100	2,100	7,900	10,000
03180 MAINT-STRUCTURES & IMPROVE	-	100	100	-	100
03230 PROFESSIONAL SERVICES	-	23,000	-	-	-
04291 FOOD & LODGING	-	100	100	-	100
04292 GAS & OIL	59	-	-	-	-
04300 UTILITIES	133	150	150	-	150
TOTAL SERVICES & SUPPLIES	3,030	26,830	3,830	7,900	11,730

Edgewater Community Park Budget (continued)


OTHER CHARGES					
05730 A-87 COST ALLOCATION	397	64	-	-	-
TOTAL OTHER CHARGES	397	64	-	-	-
TOTAL EXPENSES	3,427	26,894	3,830	7,900	11,730
NET COUNTY RETURN/(COST)	11,727	11,246	12,678	(7,900)	4,778

Revenues to fund maintenance of Edgewater Community Park comes primarily from property taxes. Approximately \$6,000 is received annually in revenues, with expenditures of \$4,000 to \$6,000. As of June 20, 2018, the Edgewater Community Park fund had a fund balance of \$18,992.

Pallisades Subdivision Stormwater Detention Pond Budget



COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06870000 PALLISADES BENEFIT ASSESSMENT**
FUNCTION: HEALTH & SANITATION
ACTIVITY: N/A

SIGNATURE:	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
REVENUES					
FINES, FORFEITURES & PENALTIES					
37320 PENALTIES/COST DELQ TAXES	8	-	-	-	-
TOTAL FINES, FORFEITURES & PENALTIES	8	-	-	-	-
USE OF MONEY & PROPERTY					
44300 INTEREST	89	50	75	-	75
TOTAL USE OF MONEY & PROPERTY	89	50	75	-	75
CHARGES FOR CURRENT SERVICES					
61152 SPECIAL ASSESSMENT	5,957	6,000	5,957	-	5,957
TOTAL CHARGES FOR CURRENT SERVICES	5,957	6,000	5,957	-	5,957
MISCELLANEOUS REVENUES					
74121 A-87 COST ALLOC REBATE	-	-	167	-	167
TOTAL MISCELLANEOUS REVENUES	-	-	167	-	167
TOTAL REVENUES	6,054	6,050	6,199	-	6,199
EXPENSES					
SERVICES & SUPPLIES					
03150 INSURANCE	1,238	1,280	1,280	-	1,280
03170 MAINT-EQUIPMENT	1,242	280	280	-	280
03180 MAINT-STRUCTURES & IMPROVI	134	1,000	1,000	-	1,000
04292 GAS & OIL	479	500	500	-	500
TOTAL SERVICES & SUPPLIES	3,093	3,060	3,060	-	3,060
OTHER CHARGES					
05700 ADMINISTRATIVE EXPENSE	2,054	2,500	2,500	-	2,500
05730 A-87 COST ALLOCATION	455	77	-	-	-
TOTAL OTHER CHARGES	2,509	2,577	2,500	-	2,500
TOTAL EXPENSES	5,602	5,637	5,560	-	5,560
NET COUNTY RETURN/(COST)	452	413	639	-	639

Revenues to fund maintenance of the Pallasades Subdivision water retention pond comes primarily from an annual per parcel assessment on each parcel within the Pallasades Subdivision. Approximately \$6,000 is received annually in revenues, with expenditures of \$4,000 to \$6,000. As of June 20, 2018, the Pallasades Subdivision fund had a fund balance of \$7,080.

USDA Park Budget



COUNTY OF GLENN
STATE OF CALIFORNIA
BUDGET WORKPAPER
FOR FISCAL YEAR 2019-20

DEPARTMENT: **06825000 HCCSD-PROP TAX/INTERGOVT**
FUNCTION: PUBLIC PROTECTION
ACTIVITY: N/A

SIGNATURE:	2017-18 ACTUAL	2018-19 WORKING BUDGET	2019-20 DOF PROVIDED AMOUNTS	DISTRICT CHANGES	2019-20 DISTRICT REQUESTS
REVENUES					
TAXES					
14010 CURRENT SECURED	104	-	-	-	-
14020 CURRENT UNSECURED	3	-	-	-	-
14030 PRIOR SECURED TAX	(9)	-	-	-	-
14040 PRIOR UNSECURED TAX	(4)	-	-	-	-
14046 SB813 CURRENT SECURED	94	-	-	-	-
14047 SB813 CURRENT UNSECURED	-	-	-	-	-
14048 SB813 PRIOR SECURED	9	-	-	-	-
14049 SB813 PRIOR UNSECURED	(1)	-	-	-	-
TOTAL TAXES	196	-	-	-	-
USE OF MONEY & PROPERTY					
44300 INTEREST	302	200	200	-	200
TOTAL USE OF MONEY & PROPERTY	302	200	200	-	200
INTERGOVERNMENTAL REVENUE					
52580 HOPTR	131	-	-	-	-
56200 OTHER GOVT AGENCIES	10,816	10,816	-	17,903	17,903
TOTAL INTERGOVERNMENTAL REVENUE	10,947	10,816	-	17,903	17,903
MISCELLANEOUS REVENUES					
74121 A-87 COST ALLOC REBATE	-	-	426	-	426
TOTAL MISCELLANEOUS REVENUES	-	-	426	-	426
TOTAL REVENUES	11,445	11,016	626	17,903	18,529
EXPENSES					
SALARIES & BENEFITS					
01010 SALARIES & WAGES	12,518	11,343	-	11,785	11,785
01030 SOCIAL SECURITY	776	704	-	731	731
01031 MEDICARE COVERAGE	182	165	-	171	171
01034 RETIREMENT-ER PORTION	163	124	-	67	67
01045 UNEMPLOYMENT INSURANCE	103	329	-	329	329
01050 WORKER COMPENSATION INSUF	2,375	2,632	-	2,632	2,632
TOTAL SALARIES & BENEFITS	16,117	15,297	-	15,715	15,715
SERVICES & SUPPLIES					
03150 INSURANCE	1,238	1,280	1,280	-	1,280
TOTAL SERVICES & SUPPLIES	1,238	1,280	1,280	-	1,280
OTHER CHARGES					



05700 ADMINISTRATIVE EXPENSE	-	1,534	1,534	-	1,534
05730 A-87 COST ALLOCATION	-	3,274	-	-	-
05866 INTER EXP-#6865 HC EDGEWATE	-	23,000	-	-	-
TOTAL OTHER CHARGES	-	27,808	1,534	-	1,534
TOTAL EXPENSES	17,355	44,385	2,814	15,715	18,529
NET COUNTY RETURN/(COST)	(5,910)	(33,369)	(2,188)	2,188	-

As of June 20, 2018, the USDA Park Fund had a fund balance of \$30.

FUND BALANCE

For public agencies, unappropriated fund balances are not just money in a bank; they are fundamental resources for ensuring reliable core services and community security.⁶ Public agencies designate money toward savings in order to balance their budget, respond to emergencies, keep rates affordable, maintain current infrastructure and plan for future public works projects. The following are the benefits of a public agency maintaining an adequate level of unappropriated fund balance:

- Balancing Budgets – Over the course of the fiscal year, fund balances help balance the ebb and flow of revenues verse expenditures.
- Emergency Preparation – In the event of a disaster, communities can't afford not to have savings readily available to quickly repair critical local infrastructure and bring core services back online.
- Affordable Rates – With appropriate savings, special districts are able to use resources wisely and smooth out the highs and the lows of volatile economic conditions, rather than spend their entire surplus and then seek new revenue or jeopardize services.
- Infrastructure Maintenance – Reserves mean the pipes are fixed, roofs are patched, and worn equipment is replaced without going back to the taxpayers or ratepayers to pay for routine upkeep.
- Planning for the Future – A long-term, thoughtful approach to public infrastructure requires the foresight to plan for, and discipline to save for, future needs.

ANNUAL BUDGETS

A special district's budget is a financial plan that details the district's projected revenues and expenditures for a defined period of time, which for HCCSD starts on July 1 and ends on June 30 of each year. Special districts typically have operating budgets, which is a plan of current (annual) spending and the means to pay for it (taxes, fees, etc.). As previously noted, the District prepares a separate budget for each fiscal year that shows anticipated revenue and anticipated expenditures (appropriations) for each of the District's major funds.

Budgets are meant to balance revenues and expenditures, so that a public agency is able to provide needed services with the resources available. However, the reality is that budgets will rarely work out precisely as planned, leading to operating deficits (when expenditures exceed revenues) or operating surpluses (when revenues exceed expenditures.) As long as these deficits or surpluses are minor or intermittent, they do not constitute a material problem for a local government and should not be cause for concern. It is when there is a persistent pattern of larger surpluses or deficits that there should be concern about the budgeting practices of the agency.⁷

⁶*Special District Reserve Guidelines - A Guide to Developing a Prudent Reserve*. Second edition. California Special Districts Association. 2013.

⁷*Citizens' Guild to Local Budgets*, Office of the New York State Comptroller-Division of Local Government and School Accountability. 2010.

DISTRICT LONG-TERM DEBT

The District has a long-term debt due to a United States Department of Agriculture loan to make improvements to the District's sanitary sewer system. The loan was approved on August 7, 2014, in the final amount of \$1,070,299, bearing interest at 2.75%, payable in annual installments per a fixed schedule beginning June 1, 2015, in the amount of \$18,000 plus interest. The loan is secured by District property and improvements. Changes in long-term debt activity for fiscal year 2017-18 was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Certificate Payable	\$ 1,020,300	\$ -	\$ (17,000)	\$ 1,003,300

Maturities:

Fiscal year ended June 30	
2019	17,000
2020	18,000
2021	18,000
2022	19,000
2023	19,000
Thereafter	<u>912,300</u>
	<u>\$ 1,003,300</u>

FINANCIAL AUDIT/REVIEW

State Law requires that every public agency retain the services of a certified public accountant to prepare that agency's financial audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in an agency's financial statements. Financial statements include all transactions for which a public agency is financially accountable. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The last financial audit for the District was for Fiscal Year 2017-18. The District has yearly financial audits prepared, and the District's last two financial audits were reviewed that showed that there were no material weaknesses or significance deficiencies in the District's financial reporting.

MSR DETERMINATION NO. 4-1: *Revenue for the District is received from property taxes, parcel assessments, intergovernmental transfers, and interest. The revenue the District receives is sufficient to ensure the provision of acceptable municipal services to the parcels within the District.*

MSR DETERMINATION NO. 4-2: *The District's expenditures do not appear to be excessive and are necessary to provide adequate municipal services to the parcels within the District.*

MSR DETERMINATION NO. 4-3: *The District has required annual financial audits prepared in a timely manner.*

MSR DETERMINATION NO. 4-4: *The District's Fiscal Years 2016-17 and 2017-18 financial audits show no material weaknesses or significance deficiencies in the District's financial reporting.*

MSR FACTOR 5: STATUS OF, AND OPPORTUNITIES FOR SHARED FACILITIES

The District is not located near any other population centers that can share facilities such as the wastewater collection and treatment system. The District does cooperate with Glenn County to manage finances and to manage the library. The District also cooperates with the Hamilton Unified School District, community groups and other County Departments, such as the Planning and Public Works and the Sheriff's Department. The District allows the Board of Directors of Reclamation District 2140 to hold their public meetings in HCCSD's office and allows Reclamation District 2140 to store equipment and materials for emergency use at the District's office.

MSR DETERMINATION NO. 5-1: *The District is located too far from any other population center in Glenn County to share facilities, such as the wastewater collection and treatment system. The District cooperates with other governmental agencies, such as the Hamilton Unified School District and the County of Glenn, when feasible.*

MSR FACTOR 6: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.**HCCSD BOARD OF DIRECTORS**

The Hamilton City Community Services District is governed by a 5-member Board of Directors who are elected by the registered voters within the district. The HCCSD directors, who hold office for four-year terms, receive \$20 for every Board of Directors meeting they attend, while the Board Chair receives \$25 per meeting. The HCCSD board meetings are held the second Monday of the month at 6:00 p.m. and are held at the HCCSD office located at 211 Main Street, Hamilton City.

The public notices for the Board of Directors meetings are posted at the HCCSD office, the Hamilton City fire station, and at the Chester W. Walker Memorial Library. Meeting notices are also sent to the *Sacramento Valley Mirror* newspaper, which often will have a short article in the paper about an upcoming Board of Directors meeting. According to the District, very few members of the public attend HCCSD Board meetings.



HCCSD Board Room

The District currently has one vacancy on their Board. The District has indicated that they are having trouble getting residents of the District to run for openings on the Board of Directors. This is not an unusual situation for small special districts.

The Board of Directors is responsible for setting policy and general administrative procedures for the District, establishes and regulates fees, and selection of the District General Manager who serves at the will of the Board. The policies and procedures set by the Board of Directors are administered by the District General Manager.

HCCSD MANAGEMENT

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

HCCSD is managed by the full-time District Manager, who is appointed by the HCCSD Board of Directors and serves at the will of the Board. The current HCCSD General Manager has been with the District for twenty-one years and is very knowledgeable in the functions and operations of the District. The current Office Manager has been with the District for seventeen years and the wastewater treatment plant operator has been with the District for twelve years.

The management structure of HCCSD is very simple and reasonable for the type of operations undertaken by the District. No alternative structures or reorganizations of staff would result in more efficient daily operations, and the existing structure is considered appropriate.

The District's employees do not participate in the California Public Employees' Retirement System (CalPERS) defined benefit pension plan. Instead, The District offers its employees a deferred compensation plan created in accordance with California Code Section 53212 and Internal Revenue Code Section 457. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation plan monies are a deduction from the employees' salary and are invested with an independent retirement trustee. In addition, the District matches employee contributions up to 3% of compensation. The District has no responsibility for investment performance or administration.

District Transparency

Governmental transparency promotes accountability and provides information for citizens about what their government is doing. A public agency's transparency is necessary to provide the residents of the agency a thorough knowledge of the services the agency provides, how it operates, how and by who the agency is governed, and the financial status of the agency. Information on an agency should be easily accessible.

The District's transparency is limited, which makes it very difficult for the residents of the District to easily obtain information on the District. As required by State law, the District provides notice of upcoming Board of Directors meetings by posting a notice at the District's Office at 211 Main Street, Hamilton City, and at the Chester W. Walker Memorial Library located at 330 Broadway Avenue, Hamilton City.

Pursuant to California Government Code Section 53051, every public agency is required to submit a *Statement of Facts-Roster of Public Agencies Filing* to the California Secretary of State any time there is a change in the membership of the governing board of the agency or the agency's official mailing address. Agencies are required to also submit the *Statement of Facts-Roster of Public Agencies Filing* to the county clerk of the applicable county. The District's latest *Statement of Facts-Roster of Public Agencies Filing* was filed by the District on June 8, 2019, which reflects the District's current status.

To provide for greater transparency, many special districts within California have websites that allow for easy access to district services, information, and documents. The District does not have a webpage and the District stated that the reason they didn't have a web page was due to the costs to create on and the staff time needed to maintain it.

However, the District has indicated their desire to have a webpage and stated that one of District Board of Directors has experience creating web pages and who is currently in the process of creating a web page for the District. This Board member will also be able to train District staff on how to maintain the web page.

On September 14, 2018, Senate Bill 929 was signed by the Governor and chaptered into law by the California Secretary of State, which added §6270.6 and §53087.8 to the California Government Code. This law requires, beginning on January 1, 2020, that every independent special district maintain an Internet Web site that clearly lists contact information for the special district. An exception to this requirement is allowed if, pursuant to a majority vote of its governing body at a regular meeting, the district adopts a resolution declaring its determination that a hardship exists that prevents the district from establishing or maintaining an Internet Web site.

The District should consider creating a website, which would provide an avenue for the residents of the District to easily obtain important information about the District, significantly increasing the District's transparency. The District should create and maintain a website that provides, at a minimum, the following information:

- District contact information, including the names of the District Manager and Board of Directors.
- Board of Directors meeting notices.
- Board of Directors agendas and staff reports/memorandums
- Board of Directors meeting minutes
- Adopted annual budget
- Financial audits/reports
- District Municipal Service Review and Sphere of Influence Plan
- Map of the District
- District by laws
- List of enterprise systems (SB 272)
- Financial Transaction Reports
- Compensation Reports
- ADA compliance

Due to cost and time considerations, the District may object to creating and maintaining a comprehensive website. However, the benefits of having a website far outweigh the cost or the time it takes to maintain a website. There are numerous website designers that can create and host custom websites at a nominal monthly cost. One such website designer - Streamline™ Web – creates and hosts websites that are designed specifically for local government at a very affordable cost.⁸

⁸ <http://www.getstreamline.com/web/>

MSR DETERMINATION 6-1: *HCCSD is governed by a five-member Board of Directors, who are elected by the registered voters within the district. HCCSD holds meetings that are open and accessible to the public. HCCSD appears to maintain accountability and compliance in its governance, and public meetings appear to be held in compliance with Brown Act requirements.*

MSR DETERMINATION 6-2: *HCCSD operates with a staff of two full-time and five part-time employees and is managed by a general manager appointed by the District Board of Directors. The overall management structure of the District is sufficient to perform effective and efficient municipal services.*

MSR DETERMINATION 6-3: *The Hamilton City Community Services District does not have a webpage and should consider creating and maintaining a comprehensive website. The website would allow the District to post contact information, public meeting notices, Board of Directors meeting minutes, and financial documents (budgets, audits), greatly increasing the District's transparency.*

II. SPHERE OF INFLUENCE PLAN

The existing Sphere of Influence (SOI) for the Hamilton City Community Services District is not coterminous with the District's jurisdictional boundaries. The SOI Plan recommendation is based directly on the information and discussions in the MSR and the MSR factor determinations above. The District is satisfied with its current Sphere of Influence boundary and has not requested any changes to that boundary.

SPHERE OF INFLUENCE PLAN REVIEW FACTORS FOR THE HAMILTON CITY COMMUNITY SERVICES DISTRICT

There are numerous factors to consider in reviewing a SOI Plan, including current and anticipated land uses, facilities, and services, as well as any relevant communities of interest. Updates generally involve a comprehensive review of the entire SOI Plan, including boundary and SOI maps and the District's MSR. In reviewing an agency's sphere, the Commission is required to consider and prepare written statements addressing five factors enumerated under California Government Code Section 56425(e). Each of the SOI review factors are listed below, with a corresponding determination.

SOI FACTOR No. 1: The present and planned land uses in the area, including agricultural and open-space lands.

SOI DETERMINATION No. 1-1: *The County of Glenn retains the responsibilities for land use decisions for the parcels located within the District.*

SOI DETERMINATION No. 1-2: *The majority of the parcels within the District are designated and zoned for single-family and multi-family residential uses, along with some parcels that are zoned for commercial, industrial, and public uses.*

SOI FACTOR No. 2: The present and probable need for public facilities and services in the area.

SOI DETERMINATION No. 2: *HCCSD provides sanitary sewer, library, street lighting, water detention, and park maintenance services to the residents within the District.*

SOI FACTOR No. 3: The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SOI DETERMINATION No. 3: *HCCSD provides acceptable levels of municipal services to the parcels within the District. The District should consider expanding the services provided by the Chester W. Walker Memorial Library to ensure that high-quality library services are provided to the residents of the District.*

SOI Factor No. 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.

SOI DETERMINATION No. 4: *All of the parcels within the jurisdictional boundaries of HCCSD are within the unincorporated community of Hamilton City. Social or economic communities of interest within the District includes the unincorporated Hamilton City area.*

SOI FACTOR No. 5: For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

SOI DETERMINATION No. 5: *All of HCCSD has been identified as being a disadvantaged unincorporated community. HCCSD provides its full range of municipal services, including sanitary sewer service, to all of the parcels within its jurisdictional boundaries.*

HAMILTON CITY COMMUNITY SERVICES DISTRICT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE FINDINGS AND RECOMMENDATIONS

Based on the MSR and SOI determinations as listed above, the Commission:

1. Finds that HCCSD provides adequate municipal services to the parcels within the jurisdictional boundaries of the District.
2. Finds that no changes to the Sphere of Influence boundary for HCCSD are necessary.
3. Affirms the existing Sphere of Influence for HCCSD as shown on Figure 1 on page 2-2 of this MSR/SOI Plan.

ADOPTING RESOLUTION

RESOLUTION NO. 2019-07

ADOPTION OF A MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN FOR THE HAMILTON CITY COMMUNITY SERVICES DISTRICT

RESOLVED, by the Glenn Local Agency Formation Commission of the County of Glenn, State of California, that

WHEREAS, a service review mandated by California Government Code Section 56430 has been prepared by the Local Agency Formation Commission of the County of Glenn (hereinafter referred to as "the Commission") for the Hamilton City Community Services District in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

WHEREAS, a sphere of influence update mandated by Government Code Section 56425 has been prepared by the Commission for the Hamilton City Community Services District in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, a public hearing by this Commission was called for on October 14, 2019, and at the time and place specified in the notice of public hearing; and

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes, objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the proposal, in evidence presented at the hearing; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of Glenn

DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Findings

- A. Acting as Lead Agency pursuant to the California Environmental Quality Act Guidelines, the Commission finds that the Municipal Service Review Update for the Hamilton City Community Services District is Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection."

RESOLUTION NO. 2019-07**Section 2. Findings for Adoption of the Sphere of Influence Amendment**

- A. The Commission has considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, Sphere of Influence and General Plan consistency, and other factors specified in Government Code Sections 56425 and 56428 and as described in the Public Review Draft MSR/SOI Plan for the Hamilton City Community Services District, in that:
- (1) The Commission has considered the present and planned land uses in the area, including agricultural and open space lands as described in the Glenn County General Plan.
 - (2) The Commission has considered the present and probable need for public facilities and services in the Hamilton City Community Services District's existing Sphere of Influence as described in the Hamilton City Community Services District's MSR/SOI Plan and the Glenn County General Plan.
 - (3) The Commission has considered the present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide as described in the Hamilton City Community Services District Municipal Service Review/SOI Plan and the Glenn County General Plan.
 - (4) The Commission has considered the existence of any social or economic communities of interest in the area.
 - (5) The Commission has considered the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.
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RESOLUTION NO. 2019-07

WHEREAS, the Sphere of Influence Plan determinations for the Hamilton City Community Services District are made in conformance with Government Code Section 56425; and,

WHEREAS, based on presently existing evidence, facts, and circumstances considered by this Commission, including the findings as outlined above, the Commission adopts the SOI Plan for the Hamilton City Community Services District and confirms the existing sphere of influence for the Hamilton City Community Services District as depicted in Figure 1 of the MSR/SOI Plan, adopted by the Commission on October 14, 2019; and,

NOW, THEREFORE, BE IT RESOLVED, that pursuant to powers provided in §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Glenn adopts the Municipal Service Review for the Hamilton City Community Services District, dated October 2019. Furthermore, pursuant to the powers provided in §56425, the Commission adopts the SOI Plan for the Hamilton City Community Services District and confirms the existing sphere of influence for the Hamilton City Community Services District, as depicted on Figure 1 of the Hamilton City Community Services District MSR/SOI Plan, adopted by the Commission on October 14, 2019.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Glenn, on the 14th day of October 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINS:



Bruce Roundy, Chair
Glenn Local Agency Formation Commission

ATTEST:

ADELE LEE, EXECUTIVE OFFICER



EXECUTIVE OFFICER

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COMMENTS RECEIVED AND RESPONSES TO COMMENTS

The only written comments received regarding the Public Review Draft MSR/SOI Plan for HCCSD were received from Glenn LAFCO Commissioner Keith Corum, as follows.

Stephen Betts

From: Keith Corum <KCorum@countyofglenn.net>
Sent: Monday, September 23, 2019 9:36 AM
To: 'executiveofficer@glennlafco.com'
Cc: 'srbetts@[REDACTED]'
Subject: RE: Complete HCCSD Public Review Draft MSR-SOI Plan

Dear Adele/Stephen,

Great report!

- 1 I just want to note that on page 20, under Street Lighting Services, first paragraph, end of the sentence: there is no end of the sentence.
- 2 Just a note of clarification. The county owns the library building and the land that it sits on. The report simply says it is not owned by the Community Service District.
- 3 I am wondering after reading the whole HCCSD draft if it would be appropriate that one of the recommendation be that the District needs to have a cost analysis done of what services the district provides and what those services cost the district.

Sincerely,
Keith Corum

Response to Commissioner Corum's comments:

1. The sentence with the error on page 2-8 was corrected to read: "Funding for street lighting services is received from annual parcel assessments."
2. The noted sentence (found on Page 2-6) was modified to read: "The District does not own the library structure or the parcel that the library is located on, nor is the District responsible for the maintenance of the structure."
3. The Commission did not recommend adding a new recommendation or determination regarding the need for a cost analysis to be prepared by the district.

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GLOSSARY

ADOPTED BUDGET	The spending plan approved by resolution of the Board of Supervisors after the required public hearing and deliberations on the Recommended Budget. The Adopted Budget must be balanced with Total Financing Sources equal to Total Financing Uses.
ANNEXATION	The inclusion, attachment, or addition of a territory to a city of district.
BOARD OF SUPERVISORS	The elected board of supervisors of a county.
BUDGET	The planning and controlling document for financial operation with appropriations and revenues for a given period of time, usually one year.
CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)	The California Environmental Quality Act (CEQA) is intended to inform governmental decision-makers and the public about potential environmental effects of a project, identify ways to reduce adverse impacts, offer alternatives to the project, and disclose to the public why a project was approved. CEQA applied to projects undertaken, funded, or requiring issuance of a permit by a public agency.
CONTINGENCY	An amount appropriated for unforeseen expenditure requirements.
DISTRICT OR SPECIAL DISTRICT	An agency of the state, formed pursuant to general law or special act, for the local performance of government or proprietary functions within limited boundaries. "District" or "special district" includes a county service area.
EXPENDITURES	Expenditures occur when the County buys goods and services and pays its employees. Expenditures can be categorized into three types: operating expenditures, capital expenditures, and debt service expenditures. Operating expenditures are the day-to-day spending on salaries, supplies, utilities, services, and contracts. Capital expenditures are generally for acquisition of major assets such as land and buildings or for the construction of buildings or other improvements. Debt expenditures repay borrowed money and interest on that borrowed money.

FISCAL YEAR	Twelve-month period for which a budget is prepared, generally July 1 through June 30 of each year.
FUND BALANCE	The difference between assets and liabilities reported in a governmental fund.
GENERAL PLAN	A document containing a statement of development policies, including a diagram and text setting forth the objectives of the plan. The general plan must include certain state mandated elements related to land use, circulation, housing, conservation, open-space, noise, and safety.
INTERFUND TRANSFER	A transfer made between budget units in different funds for services rendered and received. The service rendering budget unit shows these transfers as revenue, as opposed to expenditure reduction.
LAFCO	Local Agency Formation Commission. A state mandated local agency that oversees boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. The broad goals of the agency are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl.
LOCAL ACCOUNTABILITY AND GOVERNANCE	The term "local accountability and governance," refers to public agency decision making, operational and management styles that include an accessible staff, elected or appointed decision-making body and decision making process, advertisement of, and public participation in, elections, publicly disclosed budgets, programs, and plans, solicited public participation in the consideration of work and infrastructure plans, programs or operations and disclosure of results to the public.
MANAGEMENT EFFICIENCY	The term "management efficiency," refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. An efficiently managed entity (1) promotes and demonstrates implementation of continuous improvement plans and strategies for budgeting, managing costs, training and utilizing personnel, and customer service and involvement, (2) has the ability to provide service over the short and long term, (3) has the resources (fiscal, manpower, equipment,

adopted service or work plans) to provide adequate service, (4) meets or exceeds environmental and industry service standards, as feasible considering local conditions or circumstances, (5) and maintains adequate contingency reserves.

MUNICIPAL SERVICE REVIEW (MSR)	A study designed to determine the adequacy of governmental services being provided in the region or sub-region. Performing service reviews for each city and special district within the county may be used by LAFCO, other governmental agencies, and the public to better understand and improve service conditions.
PUBLIC AGENCY	The state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision.
RESERVE	(1) For governmental type funds, an account used to earmark a portion of the fund balance, which is legally or contractually restricted for a specific use or not appropriate for expenditure. (2) For proprietary type/enterprise funds, the portion of retained earnings set aside for specific purposes. Unnecessary reserves are those set aside for purposes that are not well defined or adopted or retained earnings that are not reasonably proportional to annual gross revenues.
REVENUE	Funds received to finance governmental services from various sources and treated as income to the County. Examples: property taxes, sales taxes, and per parcel service charges.
SPHERE OF INFLUENCE (SOI)	A plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO
SPHERE OF INFLUENCE DETERMINATIONS	In establishing a sphere of influence the Commission must consider and prepare written determinations related to present and planned land uses, need and capacity of public facilities, and existence of social and economic communities of interest.
ZONING	The primary instrument for implementing the general plan. Zoning divides a community into districts or "zones" that specify the permitted/prohibited land uses.

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