

**MARIN LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION NO. 23-04

**ADOPTION OF THE GOLDEN GATE CORRIDOR MUNICIPAL SERVICE REVIEW**

**WHEREAS** the Marin Local Agency Formation Commission, hereinafter referred to as the "Commission", is a political subdivision of the State of California with regulatory and planning responsibilities to produce orderly growth and development under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**WHEREAS** the Commission is responsible under Government Code Section 56430 to regularly prepare studies to independently assess the availability, performance, and need of governmental services to inform its regulatory and other planning activities; and

**WHEREAS** part of such reviews, LAFCoS must compile and evaluate service-related information and make written determinations regarding infrastructure needs or deficiencies, growth and population projections for the affected area, financing constraints and opportunities for shared facilities, government structure options, including advantages and disadvantages of consolidation or reorganization of service providers, evaluation of management efficiencies, and local accountability and governance; and

**WHEREAS** a written report on the municipal service review was presented to the Commission in a manner provided by law; and

**WHEREAS** Marin LAFCo issued a Draft Service Review on Wednesday, January 18, 2023; and

**WHEREAS** as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE**, the Marin Local Agency Formation Commission **DOES HEREBY RESOLVE, DETERMINE AND ORDER**, based upon the information contained in the written report, correspondence from affected agencies and information received during the public hearings, as follows:

1. The Commission determines this municipal service review is a project under the California Environmental Quality Act but qualifies for an exemption from further action as an informational document consistent with State CEQA Guidelines Section 15306, Class 6.
2. The Commission adopts the municipal service review and the statement of written determinations generated from the information presented in the written report on the municipal service review as set forth in Exhibit "A".
3. The Commission refers the public to the report on the municipal service review for additional details and important context, including – but not limited to – documenting each agency's active and latent service powers.

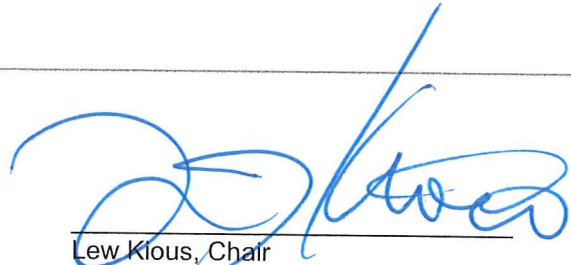
**PASSED AND ADOPTED** by the Marin Local Agency Formation Commission, on April 6, 2023, by the following vote:

AYES: Lew Kiess, Barbara Coler, Craig Murray, Steve Bordo, Eric Lucan, Dennis Rodoni, Rick Savel

NOES: \_\_\_\_\_

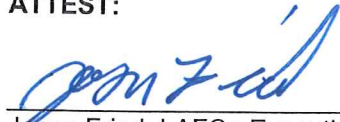
ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_



\_\_\_\_\_  
Lew Klous, Chair  
Marin LAFCo

**ATTEST:**



\_\_\_\_\_  
Jason Fried, LAFCo Executive Officer

**APPROVED AS TO FORM:**



\_\_\_\_\_  
Malathy Subramanian, LAFCo Counsel

Attachments to Resolution No. 23-04

- 1) Exhibit "A"

**EXHIBIT A****GOLDEN GATE CORRIDOR REGIONAL STUDY****MUNICIPAL SERVICE REVIEW DETERMINATIONS  
GOVERNMENT CODE SECTION 56430****1. Growth and population projections for the affected area.**

a) Anticipated growth in the study area is projected to be minimal. Both of the municipalities in the study area are essentially built out at this time with minimal growth potential remaining under current zoning policies. The City of Mill Valley has been growing at an average annual rate of less than 0.24% over the past decade, while the City of Sausalito experienced an annual growth rate over the same span of approximately 0.29%. The projected annual growth rate for the City of Mill Valley through 2040 is less than 0.38%, and the City of Sausalito is projected to experience approximately a 0.34% growth rate over the same timeframe.

b) The projected annual population growth rate in unincorporated spaces around the study area is just over 0.23% through 2040. The census-designated place of Marin City experienced the highest annual growth rate over the past decade with a 1.2% annual population increase between 2010 and 2020 and the census-designated place of Tamalpais-Homestead Valley has seen an annual growth rate of less than 0.66% during that same window.

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

a) A census tract block group (Tract 1290, Block Group 1) that has been designated by Marin LAFCo as a disadvantaged unincorporated community (DUC) based on 2020 U.S. Census Bureau Redistricting Data has been identified within the study area. The block group is situated within the census-designated place of Marin City. A disadvantaged community is defined in Water Code Section 79505.5(a) as a community with an annual median household income of less than 80 percent of the statewide annual median household income. The statutory definition of DUCs comes from Government Code Section 56033.5, which defines DUCs as “inhabited territory” that constitutes all or a portion of a disadvantaged community. “Inhabited territory” may be defined by Government Code Section 56046 as having at least 12 registered voters, or it can be determined by “commission policy”.

Per Marin LAFCo’s policy, Marin LAFCo will include considerations of disadvantaged unincorporated communities within a city or district sphere of influence in statements of written determinations of municipal service reviews. Marin LAFCo will prohibit the approval of city annexations greater than

10 acres that are contiguous to a disadvantaged unincorporated community unless the city applies to annex the disadvantaged unincorporated community as well. At this time Marin LAFCo has no applications for annexation for any lands contiguous to the identified DUC. Should LAFCo in the future get such a request then it will work with the community to determine if it is in the best interest of those living within the DUC to be annexed. If it is not within the community's best interest, then they would not be included with that application.

**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.**

a) Each of the agencies reviewed in this study have shown to have the capacity, both in infrastructure and service levels, to continue to provide adequate levels of service to the areas within their jurisdictional boundaries as well as for the capacity for additional services given current growth projections for the area.

As noted above, there is one census block group within the study area that has been identified and designated by Marin LAFCo as a disadvantaged unincorporated community (DUC). The municipal services within that block group are provided by the County of Marin, Marin City Community Services District, Sausalito-Marín City Sanitary District, and the Marin Municipal Water District. All of the agencies mentioned have shown to have the capacity, both in infrastructure and service levels, to both continue to provide adequate levels of service to the area as well as for the capacity for additional services given current growth projections for the area. While recently concerns have been raised by residents within the block group regarding the quality of the drinking water being provided, to date there has been no official testing done that presented contaminant readings that proved to be outside the maximum contaminant level (MCL) set by the Office of Environmental Health Hazard Assessment of the State of California.

**4. Financial ability of agencies to provide services.**

a) The City of Mill Valley, City of Sausalito, Southern Marin Fire Protection District, Tamalpais Community Services District, Sausalito-Marín City Sanitary District, Marin City Community Services District, County Service Area 14, and Flood Control Zone 3 all prepare annual budgets and prepare financial statements in accordance with established governmental accounting standards. The City Councils, SMFPD, SMCSO, TCSD, MCCSD Boards, and the County Board of Supervisors, acting as the Board for CSA 14 and the Marin County Flood Control and Water Conservation District, may amend their budgets by resolution during the fiscal year in order to respond to emerging needs, changes in resources, or shifting priorities. Expenditures may not exceed appropriations at the fund level, which is the legal level of control.

b) The City Managers, Fire Chief, District General Managers, and County Administrative Officer are authorized to transfer budgeted amounts between accounts, departments, or funds under certain circumstances, however; the City Councils, Special District Boards, and County Board of Supervisors, acting as the Board for the Marin County Flood Control and Water Conservation District as well as CSA 14, must approve any increase in the operating expenditures, appropriations for capital projects, and transfers between major funds and reportable fund groups. Audited financial statements are also prepared for each agency by independent certified public accounting firms.

c) While additional revenues are needed to provide some services and maintain infrastructure covered in this MSR, each agency meets its financial responsibilities to provide services. In the short term, as fiscal recovery from the Covid-19 pandemic continues, governing bodies for each agency should remain judicious in maintaining and, when possible, increasing reserve funds to guard against the possibility of future economic downturns.

d) While no significant financial concerns were raised by the available financial documentation from both the independent auditor and the State Controller regarding the Marin City Community Services District, the District's inability to provide Marin LAFCo with more granular financial data (specifically, adopted operating budgets for any of the past 5 fiscal years or the current fiscal year) leaves a level of ambiguity for Marin LAFCo in these determinations. As such, Marin LAFCo must abstain from making any determination on the District's financial ability to provide services beyond the study window.

**5. Status of, and opportunities for, shared facilities.**

a) With the recent approval by LAFCo of consolidation of the SMFPD and Mill Valley Fire Departments, no other specific opportunities for shared facilities that would prove advantageous to both participating parties were identified in the course of this study.

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

a) The City of Sausalito and the Sausalito-Marin City Sanitary District have been engaged in discussions and, ultimately, full feasibility studies surrounding the possible consolidation of the City's sewer collection services to the District. At this time, Marin LAFCo is in full support of the conclusions and recommendations made within the feasibility study for the continued pursuit of the consolidation and/or, at a minimum, a complete reworking of the original agreement between the two agencies in an effort to continue to provide the best possible service to the community as well as addressing the significant capital improvements that have been identified.

In the continuation of this process, it is the recommendation of Marin LAFCo that as both agencies continue to meet and explore possibilities, that staff from Marin LAFCo be included in future discussions in order to provide technical expertise on the overall process. The recent consolidation of the City of Mill Valley's fire services into the Southern Marin Fire Protection District has created a model of success that both agencies asserted was significantly easier due to the early involvement of Marin LAFCo staff in the process as a whole.

b) Flood Control Zone 3 (FCZ 3) is funded by ad valorem collected throughout its jurisdictional boundary, which includes the City of Mill Valley, the unincorporated communities of Marin City, Almonte, Tamalpais Valley, Homestead Valley, Sutton Manor, and an apportionment of the community of Strawberry. The approximate annual percentages (and the exact percentage for FY 22-23) of the jurisdiction from which that funding is generated is 51.51% from within the City of Mill Valley and 48.06% from the unincorporated spaces. In March of 2021, the consulting firm of Schaaf & Wheeler completed the Mill Valley Flood Management and Storm Drain Master Plan which was subsequently adopted by the City in April of 2021. The plan was funded by FCZ 3 and is intended to function as a multipurpose flood management and storm drain system resource guide for the City's staff and leadership. The plan presents a myriad of potential projects and mitigation measures within the City's boundary in the continued effort to avert significant future flooding events.

In September of 2021, the City submitted a request for funds to FCZ 3 for a total of seven projects and cited the Flood Management and Storm Drain Master Plan in the request. The total estimated funds requested was \$4,480,000, which is approximately double what the Zone's annual baseline budget is, but well within that fiscal year's fund balance. This total estimated amount covered just six of the seven projects listed in the request, as one of the projects was still "too early to develop a scope and cost estimate". Two weeks after the funding request was submitted, the FCZ 3 Advisory Board met and agreed to establish an ad-hoc subcommittee of advisory board members with the established purpose of recommending an investment strategy for Zone 3 and responding to the funding request from the City. The subcommittee met in March of 2022 to review a draft proposal for prioritizing Zone 3 fund investments which was presented at the full Advisory Board meeting in April of 2022. Since that meeting, no additional meetings have been publicly posted on the Flood Control District's web page.

Leadership from the City has expressed concerns regarding the differences in the number of projects funded by the Zone within City boundaries in juxtaposition to

the amount of the Zone's annual revenue that is generated from within the City. As such, given the Zone's relatively steady annual revenue stream, Marin LAFCo recommends a collaborative exploration between the Zone and the City, in conjunction with the currently established investment strategy subcommittee efforts, towards the creation of a longer-term (5 or 10-year as opposed to the current 3-year) project plan in order to ensure that these critical services continue to be provided in an equitable and fully transparent manner.

c) The City of Mill Valley completely surrounds a small pocket of inhabited unincorporated space (Alto). Access to the unincorporated area can be gained only by way of going directly through the City itself, which creates what LAFCo classifies as an unincorporated island. Marin LAFCo's Unincorporated Island policy encourages annexations of islands to cities, where supported by the island community, to further reduce and/or eliminate islands to provide more orderly local governmental boundaries and cost-efficiencies. However, Marin LAFCo will not independently proceed with an entire island annexation to a municipality where local residents have voiced opposition. At this time, Marin LAFCo recommends that City staff members explore the willingness of residents within the Alto unincorporated space to consider annexation by way of meeting with community groups within the area, as well as examining its own ability to extend services to the area if they are not already doing so unofficially.

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

a) The City of Mill Valley's current sphere of influence includes the unincorporated communities of Homestead Valley, Almonte, and Alto. When originally adopted in 1984, the sphere of influence also included Tamalpais Valley. Tamalpais Valley was removed from the City's sphere in 2004 when Marin LAFCo deemed there to be no probable chance of future annexation of the area to the City for a multitude of reasons. The definition of a sphere of influence in State Government Code is "A plan for the probable physical boundaries and service area of a local agency". At this time both the Homestead Valley and Almonte communities, despite sharing a border with the City, are unlikely to be annexed to the City in the foreseeable future as both are distinct communities in and of themselves with other agencies providing necessary services. In addition, the annexation of the two communities would result in a population increase to the City of over 25% which would create a significant strain on the City's delivery of services. As such, it is recommended that the City's sphere of influence be amended to remove the communities of Homestead Valley and Almonte, and retain the area of Alto as a majority of the area is surrounded by the City, creating an unincorporated island. The area currently in the City's sphere along Edgewood Avenue should also be retained within the updated sphere.