



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 7/11/2023

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** County Administrator's Office  
**Staff Name and Phone Number:** Maggie Luce 565-1796  
**Vote Requirement:** Informational Only  
**Supervisorial District(s):** Countywide

**Title:**

District Formation Updates

**Recommended Action:**

Receive an update on Fiscal Year 2022-2023 District Formation Fund activities.

**Executive Summary:**

On December 14, 2021, the Board approved use of District Formation Funds in the amount of \$152,500 for District 1 and \$152,500 for District 5. On May 3, 2022, the Board allocated \$152,500 each for the remaining districts (2, 3, and 4) from a combination of District Formation Funds (\$130,000) and General Fund contingency funds (\$327,500) for district formation related activities. The Board requested staff to provide an update on the status of these Formation Funded activities.

**Discussion:**

Background

The District Formation Fund, which is included in the Sonoma County Public Infrastructure department's budget, was established in 1986 and initially used for various water/sewer system projects. Mainly to create a funding source to support the Recovery and Resiliency Framework and invest in fuels reduction through vegetation management, on April 16, 2019, the Board approved revisions to the County's Community Investment Fund Program Policy. Amongst the changes, a funding allocation of \$175,000 each year from Transient Occupancy Tax to support District Formation activities was established. This policy recognizes that rural areas of Sonoma County are experiencing an increased need for municipal services.

District Formation funds may be used for professional services to establish Special Districts that will enable communities to provide self-generated funding to address municipal challenges. Examples of funded projects in the past 6 years include a formation evaluation for an Asti Bridge special assessment district; support for fire district consolidation activities; and conservation services provided by the Sonoma and Gold Ridge Resource Conservation Districts.

District Formation Fund Activities in Fiscal Year 2022-2023

As of the end of FY22-23, the District Formation Fund included accumulated earmarks totaling \$959,740. In addition to the \$152,500 allocated for each Supervisorial District on December 14, 2021 and May 3, 2022, funds were previously approved and set aside for District Formation activities associated with the Asti Bridge assessment district project and the Fire Services project, as detailed in the table below.

Allocation	Amount	Description
Asti Bridge	\$52,743	The Board authorized \$85,000 in District Formation funds to evaluate formation of a special assessment district for the Asti Bridge (Board actions 6/9/20 and 7/13/21). The \$52,743 represents the amount remaining for this project as of 6/19/23.
Fire Services	\$181,792	In January 2022, \$188,709 was set aside for consolidation efforts (LAFCO annexation and mapping costs). \$181,792 balance as of 6/19/23.
District 1	\$152,500	\$152,500 remaining balance as of 6/19/23.
District 2	\$152,500	\$152,500 remaining balance as of 6/19/23.
District 3	\$152,500	\$152,500 remaining balance as of 6/19/23.
District 4	\$152,500	\$152,500 remaining balance as of 6/19/23.
District 5	\$115,205	District 5 has incurred \$37,295 in expenses with a remaining \$115,205 as of 6/19/23.

Below is an update on the status of the District Formation Fund activities conducted in FY22-23 and an overview of activities anticipated for FY23-24.

- 1) Asti Bridge. The County is working with two consultants (NBS Consulting and RWG Law) to evaluate the formation of a special assessment district.
- 2) Fire Services. On January 25, 2022, the Board agreed to cover Local Agency Formation Commission (LAFCO) annexation fees and mapping costs associated with the annexation of CSA 40 territories as part of the countywide Fire Agency consolidation efforts. County expenses will be incurred until LAFCO finalizes the annexations.
- 3) District 1. Supervisor Gorin and staff are in ongoing conversations with the City of Sonoma about government service delivery in Sonoma Valley. The County is working with a consultant (Consensus Building Institute) to document current services and service gaps in Sonoma Valley, undertake targeted community outreach, and work with key stakeholders to develop a strategy for a more detailed governance study project. Analysis is focused on the unincorporated areas surrounding the City of Sonoma, including the Springs (Boyes Hot Springs, Agua Caliente, El Verano, and Fetters Hot Springs), North Sonoma Valley (Kenwood and Glen Ellen), and South Valley (Schellville and 8<sup>th</sup> Street East).

The Springs is of particular interest, as this area is the largest in population of any “urban” unincorporated area in the county, with more than 16,000 residents. Census data indicates that the Springs area also has a high proportion of Latinx residents, including non-citizens and undocumented residents. According to the Portrait of Sonoma, the Springs has lower median income and lower educational attainment than the rest of the Sonoma Valley or the average for Sonoma County. The Springs is also contiguous with the City of Sonoma, flanking the city to the northwest. Possible opportunities for shared services between the City and County include homeless services, affordable housing, planning, recreation and parks, consolidation of water districts and law enforcement, among others. Though the District 1 study will necessarily focus on the Springs area, the work being

undertaken by the district and, eventually, LAFCO, may give rise to opportunities for improving service delivery in North Sonoma Valley and South Sonoma Valley.

- 4) District 2. Recommendations are still under development and funds are expected to be used over the next 6 months.
- 5) District 3. District Formation funding may be used to support activities associated with the Moorland Annexation Ad Hoc, which is comprised of Chair Coursey and Supervisor Gorin. The County was a co-applicant on the City of Santa Rosa's successful grant application to the Metropolitan Transportation Commission (MTC). MTC awarded Santa Rosa \$1.2 million to complete a South Santa Rosa Specific Plan. This project is necessary to position both the City and County for future consideration of annexation opportunities. The Moorland Neighborhood is in an unincorporated area of Sonoma County, south of Santa Rosa. The neighborhood is physically and culturally diverse. The area's built environment is varied with long rural lots in the southern part of the neighborhood that shift to denser suburban-type houses and apartments in the northern area of the neighborhood. Moorland is designated as a combination of both Urban Residential and General Industrial by the Sonoma County General Plan 2020.
- 6) District 4. Staff are working with a community-based organization (Russian River Property Owners Association) to complete a plan of service and feasibility study for a proposed Alexander Valley Water District. The project is a collaborative effort of the organized agricultural property owners in cooperation with other water users and agencies in the Alexander Valley to achieve water supply reliability and resilience in the face of the ongoing drought conditions, impending limitations on water supply from Russian River summer flows derived from the inter-basin transfer at Potter Valley in Mendocino County, and impending State regulation of the local groundwater basins. In addition to participating in ongoing regional water supply management efforts, it is proposed that a new agricultural landowner controlled special district, the Alexander Valley Water District, be formed to enhance local water supply and resilience for the agricultural property owners in Sonoma County's Alexander Valley. The 4th District is also considering engaging a consultant(s) to conduct outreach and a fiscal analysis to explore a Mark West Community Services District.
- 7) District 5. Staff are working with a consultant (Blue Sky Consulting Group) to conduct a Lower Russian River Governance Study. The consultant has worked with District staff to complete a landscape assessment, community engagement plan, stakeholder outreach, and initial community meetings. The consultants are currently working on the financial and service cost analysis and planning subsequent community meetings. The lower Russian River is comprised of a series of small, unincorporated rural towns with a history of logging, agriculture, and tourism. As unincorporated entities, many of the needed services are provided from the County or from local community service districts. This area is designated disadvantaged by the USDA.
- 8) Unincorporated Governance Ad Hoc. On January 1, 2023, the Board of Supervisors established the Unincorporated Governance Ad Hoc committee to provide direction to staff on exploring governance solutions for unincorporated areas of Sonoma County. The Unincorporated Governance Ad Hoc is comprised of Supervisor Gorin and Supervisor Hopkins. According to the Ad Hoc charter (attachment A), which was approved by the Board on [May 23, 2023 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6208102&GUID=BE5D3060-2A75-4110-BA8A-](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6208102&GUID=BE5D3060-2A75-4110-BA8A-), the desired outcome for the Unincorporated Governance Ad Hoc committee is to identify strategies for local areas to gain more access and/or funding for services. Furthermore, the Ad Hoc committee seeks to identify which communities in unincorporated areas of Sonoma County are suited or positioned to be annexed, incorporated, or receive services through the formation of new districts.

Staff will work with the Ad Hoc committee to bring back an Unincorporated Governance workplan later this year, including potential recommendations related to District Formation Funding.

Equity Analysis

Pursuant to the Board’s direction in November of 2021, departments are requested to apply the Racial Equity Toolkit to assess significant policy items before bringing them to the Board for consideration. Staff will conduct an equity analysis for future policy recommendations from the Unincorporated Governance Ad Hoc, including policies related to District Formation Funding. Additionally, the following actions were taken to incorporate feedback from the Latinx community on these issues:

- 1) District 1: The Sonoma Valley government services project is still in the project scoping phase. In addition to conversations with the City of Sonoma, LAFCO, and the Catalyst Fund, the County also hosted a focus group including representatives from organizations that offer services to the Latinx community in Sonoma Valley (La Luz, Comida Para Todos/Food For All, and Sonoma Immigrant Services). This focus group discussed challenges and opportunities related to accessing government services.
- 2) District 5: The Lower Russian River governance study project was designed to engage all community members, including the Latinx population. The engagement conducted thus far includes stakeholder interviews, online surveys in English and Spanish, two community meetings (one with Spanish interpretation and a second meeting conducted in Spanish). Community members were asked to share challenges and ideas for solutions for providing local government services to unincorporated communities along the lower Russian River.

**Strategic Plan:**

N/A

**Prior Board Actions:**

- [May 23, 2023: Review & Approve the Governance Solutions for Unincorporated Areas Charter](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6208102&GUID=BE5D3060-2A75-4110-)
- [May 3, 2022: District formation activities for unincorporated areas in north, south and central Sonoma County](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5567425&GUID=61AE1D3D-5F7B-434E-AD4C-B44C89C64B42&Options=&Search=>)
- [December 14, 2021: Governance for Unincorporated Areas of Sonoma Valley and West County](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5353336&GUID=F241FD15-FD92-423C-)
- [April 16, 2019: Transient Occupancy Tax Policy](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=3916843&GUID=C59D0C40-53DC-43EC-9B1D-)

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY 24-25 Projected</b>	<b>FY 25-26 Projected</b>
Budgeted Expenses	\$360,000		

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Additional Appropriation Requested			
<b>Total Expenditures</b>	\$360,000		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$360,000		
Contingencies			
<b>Total Sources</b>	\$360,000		

**Narrative Explanation of Fiscal Impacts:**

The FY23/24 budget includes \$360,000 in programmed appropriations to cover the Asti Bridge project as well as district activities anticipated in the current fiscal year.

As of July 1, 2023, a total of \$959,740 in earmarks remain to implement the district formation activities for Asti Bridge, Fire Services, and the five Supervisorial Districts, as previously outlined.

Fiscal impact at this time is limited to CAO staff dedicated to support the District Formation and Unincorporated Governance projects, which is estimated at .5 FTE and approximately \$110,368 in annual cost, funded by the CAO Policy, Grants and Special Projects budget. □

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

The Policy, Grants and Special Projects division of the County Administrator’s Office will continue to manage the District Formation Project contracts associated with the December 14, 2021 and May 3, 2022 Board funding allocations. Staff will support District Offices as needed in the implementation of these projects. Additional staffing needs for the Unincorporated Governance work plan are still being scoped and will be brought to the Board later this year.

**Attachments:**

- Attachment A: Unincorporated Governance Charter
- Attachment B: Presentation

**Related Items “On File” with the Clerk of the Board:**

None