



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 7/16/2024

To: Sonoma County Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Christel Querijero 707-565-7071, Maggie Luce 707-565-1796

Vote Requirement: Informational Only

Supervisorial District(s): Countywide

Title:

District Formation Funding Update

Recommended Action:

Receive an update on Fiscal Year 2023-2024 District Formation Fund activities.

Executive Summary:

On December 14, 2021, the Board of Supervisors (BOS) 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 BOS allocated \$152,500 each for the remaining districts (2, 3, and 4) to be used for district formation related activities. This item provides an update on the status of these District Formation Funded activities.

Discussion:

Background

The District Formation Fund, which is included in Sonoma County Public Infrastructure's department budget, was established in 1986 and initially used for various water/sewer projects. On April 16, 2019, the Board approved revisions to the County's Community Investment Fund Program Policy, including allocating \$175,000 each year from Transient Occupancy Tax revenue to support District Formation activities. 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.

In 2021 and 2022, the Board allocated \$152,500 in one time funding for each Supervisorial District to use on District Formation projects. On [12/14/21 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5353336&GUID=F241FD15-FD92-423C-9F95-77797FD51F57&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5353336&GUID=F241FD15-FD92-423C-9F95-77797FD51F57&Options=&Search=>), the Board approved \$152,500 from District Formation Fund balance for District 1 and District 5 (totaling \$305,000). On [5/3/22 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5567425&GUID=61AE1D3D-5F7B-434E-AD4C-B44C89C64B42&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5567425&GUID=61AE1D3D-5F7B-434E-AD4C-B44C89C64B42&Options=&Search=>), the Board approved \$152,500 in one time funding the remaining districts (D2, D3, and D4), totaling \$457,500. The \$457,500 was funded through a combination of District Formation Fund balance (\$130,000) and contingencies (\$327,500). On [5/27/21 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5017680&GUID=DDB6B35F-17C1-4896-8570-C4865A9889D3>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5017680&GUID=DDB6B35F-17C1-4896-8570-C4865A9889D3>), the Board allocated \$30,000 of District Formation Fund balance for proceedings to form an assessment district for Asti Bridge. On [1/25/22 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5017680&GUID=DDB6B35F-17C1-4896-8570-C4865A9889D3>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5017680&GUID=DDB6B35F-17C1-4896-8570-C4865A9889D3>)

[ID=5383597&GUID=48B15846-1D0D-4076-BB51-5AB07A552201&Options=&Search=>](https://www.sonomacounty.ca.gov/development-services/sonoma-public-infrastructure-(formerly-sonoma-public-infrastructure)), the Board allocated \$188,709 in District Formation Fund balance to cover annexation and mapping costs associated with Fire District consolidation efforts.

District Formation Fund Activities in Fiscal Year 2023-2024 (FY23-24)

Below is an update on the status of the District Formation Fund activities conducted in FY23-24 and an overview of activities anticipated for FY24-25.

- 1) Asti Bridge: The County is working to evaluate formation of a special assessment district. Permit Sonoma has submitted a Mitigated Negative Declaration/Initial Study to the Department of Public Infrastructure. Additionally, a Notice of Intent to Adopt the Mitigated Negative Declaration Pursuant to the California Environmental Quality Act (CEQA) has been published. More information about the Asti Bridge project is available online at [<https://sonomacounty.ca.gov/development-services/sonoma-public-infrastructure-\(formerly-sonoma-public-infrastructure\)>](https://sonomacounty.ca.gov/development-services/sonoma-public-infrastructure-(formerly-sonoma-public-infrastructure)).
- 2) Fire Services: By Board approval on [January 25, 2022 <https://sonomacounty.ca.gov/legistar.aspx?ID=5383597&GUID=48B15846-1D0D-4076-BB51-5AB07A552201>](https://sonomacounty.ca.gov/legistar.aspx?ID=5383597&GUID=48B15846-1D0D-4076-BB51-5AB07A552201) and as part of the countywide Fire Agency consolidation efforts, the County agreed to cover Local Agency Formation Commission (LAFCO) annexation and mapping costs associated with the annexation of CSA 40 territories. In FY21/22, \$188,709 was transferred from the District Formation Fund budget to the Fire Services Project budget to pay for LAFCO fees associated with the Fire Agency consolidations. In FY23-24, the County paid \$63,961 for LAFCO fees associated with Northern Sonoma County Fire Protection District and Gold Ridge Fire Protection District.
- 3) District 1: Supervisor Gorin and staff are in ongoing conversations with the City of Sonoma about government service delivery in Sonoma Valley. The Sonoma Valley Shared Services project 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 8th Street East). In FY23-24, the County worked with a consultant (Consensus Building Institute) to develop a community engagement strategy (Attachment A) and toolkit for a Community Assessment of government services in Sonoma Valley (Attachment B). The City of Sonoma is currently developing a work plan for a potential partnership to implement the Community Assessment in FY24-25. Input from the City of Sonoma, in addition to guidance from Supervisor Gorin, will determine the next steps of this work to improve government service delivery in Sonoma Valley.
- 4) District 2: In FY 23-24, Chair Rabbitt and staff continued conversations about the possibility of forming Municipal Advisory Councils (MAC) in Bloomfield and Penngrove. The District anticipates using District Formation Funds in FY 24-25 to facilitate the formation process for these MACs.
- 5) District 3: No funds were spent on District 3-specific activities in FY23-24, however staff anticipate funds may be used for analyses related to a potential South Santa Rosa annexation. The Metropolitan Transportation Commission (MTC) awarded the City of Santa Rosa \$1.2M in June 2023 to complete a [South Santa Rosa Specific Plan <https://www.srcity.org/3945/South-Santa-Rosa-Specific-Plan>](https://www.srcity.org/3945/South-Santa-Rosa-Specific-Plan), which will position the City and County to evaluate annexation opportunities. City staff anticipate the plan will be adopted in early 2026.
- 6) District 4: In FY23-24, Supervisor Gore and staff worked with the Russian River Property Owners Association to complete a plan of service for a proposed Alexander Valley Water District (Attachment C). This is a collaborative effort of the organized agricultural property owners in 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 FY24-25, the District plans to release a Request for Proposals for a consultant to conduct outreach and a fiscal analysis to explore a Mark West Community Services District.

- 7) District 5: Supervisor Hopkins' staff managed the Lower Russian River Governance Study between February 2023 and February 2024, with technical assistance and outreach support from Blue Sky Consulting Group. Through public workshops, stakeholder meetings, and online tools, the community was asked to identify unmet needs, gaps in existing services, and desires for potential new services throughout the [Lower Russian River region <https://sonomacounty.ca.gov/Main%20County%20Site/General/Sonoma/BCCs/Boards%2C%20Commissions%2C%20Committee/A%20>](https://sonomacounty.ca.gov/Main%20County%20Site/General/Sonoma/BCCs/Boards%2C%20Commissions%2C%20Committee/A%20). With County department input, the consultant reviewed current revenue spending and governance tools used to oversee expenditures. The Study report provided options for improving local, "city-level" services based on an analysis of funding and governance strategies matched with community input regarding service gaps and needs (Attachment D).

See Attachment E for details on District Formation Fund expenses from FY21/22 through FY22/23, as well as the estimated balances that will carry over into FY 24/25 for District-specific District Formation Fund work.

During the FY24/25 budget hearings, the Board included \$150,000 in FY24/25 to create a menu of governance solutions for unincorporated communities, including Community Service Districts, Community Service Area zones of benefit, and Enhanced Infrastructure Financing Districts. Staff is scheduled to meet with the Unincorporated Governance Ad Hoc Committee on July 17, to discuss scoping the work associated with this menu of solutions. The Ad Hoc will also consider recommendations for allocating the non-committed District Formation Fund balance (currently estimated at ~\$365,000). These recommendations will come to the Board at a future date.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

Yes

Please see the attached Racial Equity Toolkit Analysis (Attachment F). □

Prior Board Actions:

- July 11, 2023: District Formation Updates
- May 3, 2022: District formation activities for unincorporated areas in north, south and central Sonoma County
- December 14, 2021: Governance for Unincorporated Areas of Sonoma Valley and West County
- April 16, 2019: Transient Occupancy Tax Policy

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
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Budgeted Expenses	\$500,000	\$136,901	
Additional Appropriation Requested			
Total Expenditures	\$500,000	\$136,901	
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$500,000	\$136,901	
General Fund Contingencies			
Total Sources	\$500,000	\$135,901	

Narrative Explanation of Fiscal Impacts:

Sonoma County Public Infrastructure (SoCoPI) estimates that the District Formation Fund will end FY23/24 with a balance of \$989,180. Out of this anticipated fund balance, \$636,901 is already committed for Asti Bridge and District-specific projects. SoCoPI estimates that a maximum of \$365,424 may remain in the non-committed District Formation balance and available to be programmed in FY24/25 with Board approval. This balance value is likely to change from estimate based upon yearend adjustments/expenses. SoCoPI has appropriated \$500,000 in the FY24/25 budget in programmed project expenditures.

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

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.

Attachments:

- Attachment A: Sonoma Valley Community Assessment Strategy
- Attachment B: Sonoma Valley Community Assessment Toolkit
- Attachment C: Alexander Valley Water District Plan for Service
- Attachment D: Lower Russian River Governance Solutions Report
- Attachment E: District Formation Fund Expenses Table
- Attachment F: Racial Equity Analysis
- Attachment G: District Formation Fund Balance Sheet

Agenda Date: 7/16/2024

Related Items "On File" with the Clerk of the Board:

None.