
**SISKIYOU LOCAL AGENCY FORMATION
COMMISSION**

CITY OF ETNA

**MUNICIPAL SERVICES REVIEW
AND SPHERE OF INFLUENCE
UPDATE**



APRIL 2021



CITY OF ETNA

MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE UPDATE

Prepared for:

Siskiyou Local Agency Formation Commission
806 South Main Street
Yreka, CA 96097
Contact Person: Rachel Jereb, Executive Officer
Phone: (530)-841-2100

Consultant:



901 East Main Street
Visalia, CA 93292
Contact: Steve Brandt, Project Manager
Phone: (559) 733-0440
Fax: (559) 733-7821

April 2021

SISKIYOU LOCAL AGENCY FORMATION COMMISSION

Commissioners

Deborah Baird, Chair, City Representative
Gary Peery, Vice Chair, Public Member-at-Large Representative
Nancy Ogren, Siskiyou County Representative
Ed Valenzuela, Siskiyou County Representative
Matthew Bryan, City Representative

Alternate Commissioners

Michael Kobseff, Siskiyou County Representative
Michelle DeCausmaker, City Representative
Laurel Harkness, Public Member-at-Large Public Representative

Staff

Rachel Jereb, Executive Officer
Janine Rowe, Commission Clerk

Legal Counsel

William Carroll, Legal Counsel

Consultant



901 East Main Street
Visalia, CA 93292

TABLE OF CONTENTS

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <i>SECTION 1 - Introduction</i> | 1-1 |
| 1.1 - Role and Responsibility of Local Agency Formation Commission (LAFCo) | 1-1 |
| 1.2 - Municipal Service Review Purpose | 1-1 |
| 1.3 - Methodology and Approach | 1-4 |
| 1.4 - Public Review and Adoption Process | 1-4 |
| 1.5 - Required Topic Areas of Analysis | 1-4 |
| 1.6 - Issues Analyzed | 1-6 |
| 1.7 - Background, Setting and History | 1-7 |
| 1.8 - Services Currently Provided | 1-7 |
| 1.9 - Determinations | 1-8 |
| <i>SECTION 2 - Growth and Population Projections</i> | 2-1 |
| 2.1 - Historical Data and Population Projections | 2-1 |
| 2.2 - Planning Documents | 2-2 |
| 2.3 - Planning Boundaries | 2-3 |
| 2.4 - Annexations | 2-3 |
| 2.5 - Land Use | 2-3 |
| 2.6 - Regional Housing Needs Allocation/Plan (RHNA/P) | 2-5 |
| 2.7 - Anticipated Service Needs | 2-6 |
| 2.8 - Determinations | 2-6 |
| <i>SECTION 3 - Disadvantaged Unincorporated Communities</i> | 3-1 |
| 3.1 - Determinations | 3-1 |
| <i>SECTION 4 - Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies</i> | 4-1 |
| 4.1 - Capital Investment/Improvement Program (2014-2019) | 4-1 |
| 4.1.1 - Determinations | 4-1 |
| 4.2 - Water | 4-2 |
| 4.2.1 - Summary of Prior MSR Findings | 4-2 |
| 4.2.2 - Current Conditions | 4-2 |
| 4.2.3 - Determinations | 4-2 |
| 4.3 - Wastewater | 4-4 |
| 4.3.1 - Summary of Prior MSR Findings | 4-4 |
| 4.3.2 - Current Conditions | 4-4 |
| 4.3.3 - Determinations | 4-5 |
| 4.4 - Storm Drainage | 4-6 |
| 4.4.1 - Summary of Prior MSR Findings | 4-6 |
| 4.4.2 - Current Conditions | 4-6 |
| 4.4.3 - Determinations | 4-6 |

| | |
|---------------------------------------------|------|
| 4.5 - Road Maintenance | 4-7 |
| 4.5.1 - Summary of Prior MSR Findings | 4-7 |
| 4.5.2 - Current Conditions | 4-7 |
| 4.5.3 - Determinations | 4-8 |
| 4.6 - Law Enforcement | 4-9 |
| 4.6.1 - Summary Of Prior MSR Findings..... | 4-9 |
| 4.6.2 - Current Conditions | 4-9 |
| 4.6.3 - Determinations | 4-10 |
| 4.7 - Fire Protection..... | 4-12 |
| 4.7.1 - Summary of Prior MSR Findings | 4-12 |
| 4.7.2 - Current Conditions | 4-12 |
| 4.7.3 - Determinations | 4-12 |

SECTION 5 - Financial Ability to Provide Services.....5-1

| | |
|---------------------------------------------------------------------------------------------------------------------|-----|
| 5.1 - City Budget..... | 5-1 |
| 5.1.1 - Rates and Fees..... | 5-2 |
| 5.1.2 - Proposition 218..... | 5-2 |
| 5.1.3 - Opportunities for Rate/Fee Restructuring | 5-3 |
| 5.1.4 - Determinations | 5-3 |
| 5.2 - Status of, and Opportunities for, Cost Avoidance and Shared Facilities | 5-3 |
| 5.2.1 - Determinations | 5-4 |
| 5.3 - Accountability for Community Service Needs, including Governmental Structure and Operation Efficiencies | 5-4 |
| 5.3.1 - Organizational Structure | 5-5 |
| 5.3.2 - Determinations | 5-5 |

SECTION 6 - Sphere of Influence Review.....6-1

| | |
|-----------------------------------------------------------------------------------|-----|
| 6.1 - Sphere of Influence Overview | 6-1 |
| 6.2 - Present and Planned Land Uses..... | 6-1 |
| 6.3 - Present and Probable Need for Public Facilities and Services | 6-2 |
| 6.3.1 - Disadvantaged Unincorporated Communities..... | 6-2 |
| 6.4 - Present Capacity of Public Facilities and Adequacy of Public Services | 6-2 |
| 6.5 - Existence of Any Social or Economic Communities of Interest..... | 6-2 |
| 6.6 - Etna Sphere of Influence Recommendations | 6-2 |

SECTION 7 - References.....7-1

LIST OF FIGURES

| | |
|--------------------------------------------------------------------------|-----|
| Figure 1-1 Regional Location | 1-2 |
| Figure 1-2 City of Etna City Limits and Sphere of Influence | 1-3 |
| Figure 2-1 Existing Developed Areas within the Sphere of Influence | 2-4 |
| Figure 3-1 Median Household Income (2016) | 3-2 |

Figure 3-2 Potential Disadvantaged Unincorporated Communities..... 3-3

LIST OF TABLES

Table 1-1 Services Matrix within the City of Etna..... 1-8
Table 2-1 Historical Population Growth (1970-2030) 2-2
Table 2-2 Etna 2014-2019 Housing Allocation 2-5
Table 4-1 Etna Road Projects 4-7
Table 4-2 Police Department Expenditures, 2015-2017 4-9
Table 4-3 2013-2017 Reported Crime Statistics (Category 1 Crimes)..... 4-10
Table 5-1 City Revenues and Expenditures (2016-2019)..... 5-1

SECTION 1 - INTRODUCTION

1.1 - Role and Responsibility of Local Agency Formation Commission (LAFCo)

The Siskiyou Local Agency Formation Commission (LAFCo) is the oversight agency for special districts and cities within Siskiyou County. The role of LAFCo under the Cortese-Knox-Hertzberg Reorganization Act of 2000 is to oversee local agency boundary changes and to adopt spheres of influence for local agencies. Among the purposes of LAFCOs are the discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies.

As such, LAFCo is considered the “watchdog” of local agencies by the State Legislature and is solely empowered with establishing spheres of influence that dictate the provision of future service delivery to orderly growth of that agency. Therefore, it is LAFCo’s responsibility to review the information available regarding services provided by an agency and make appropriate determinations that will establish future policy for future boundary decisions, such as annexations, for the corresponding jurisdiction.

1.2 - Municipal Service Review Purpose

The Municipal Services Review (MSR) process is a comprehensive assessment of the ability of existing government agencies to provide services effectively and efficiently to residents and users. The form and content of the MSR is governed by requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the State of California’s Local Agency Formation Commission (LAFCo) MSR Guidelines (Guidelines), published in August 2003.

The CKH Act requires all LAFCOs, including Siskiyou LAFCo, to prepare an MSR for each of its incorporated cities and special districts. The fundamental role of LAFCo is to implement the CKH Act by providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. These MSRs must be completed prior to, or in conjunction with, the update of a Sphere of Influence (SOI) or before LAFCo initiates any reorganization of district boundaries.

This review is intended to provide Siskiyou LAFCo with all necessary and relevant information related to the operations and management of the City of Etna (the City). The City is located in Scott Valley south of Fort Jones in southwest Siskiyou County (see Figure 1-1 and Figure 1-2). The information in this report may be used in considering an update to the City’s SOI by Siskiyou LAFCo or for other policy related decisions related to the City.

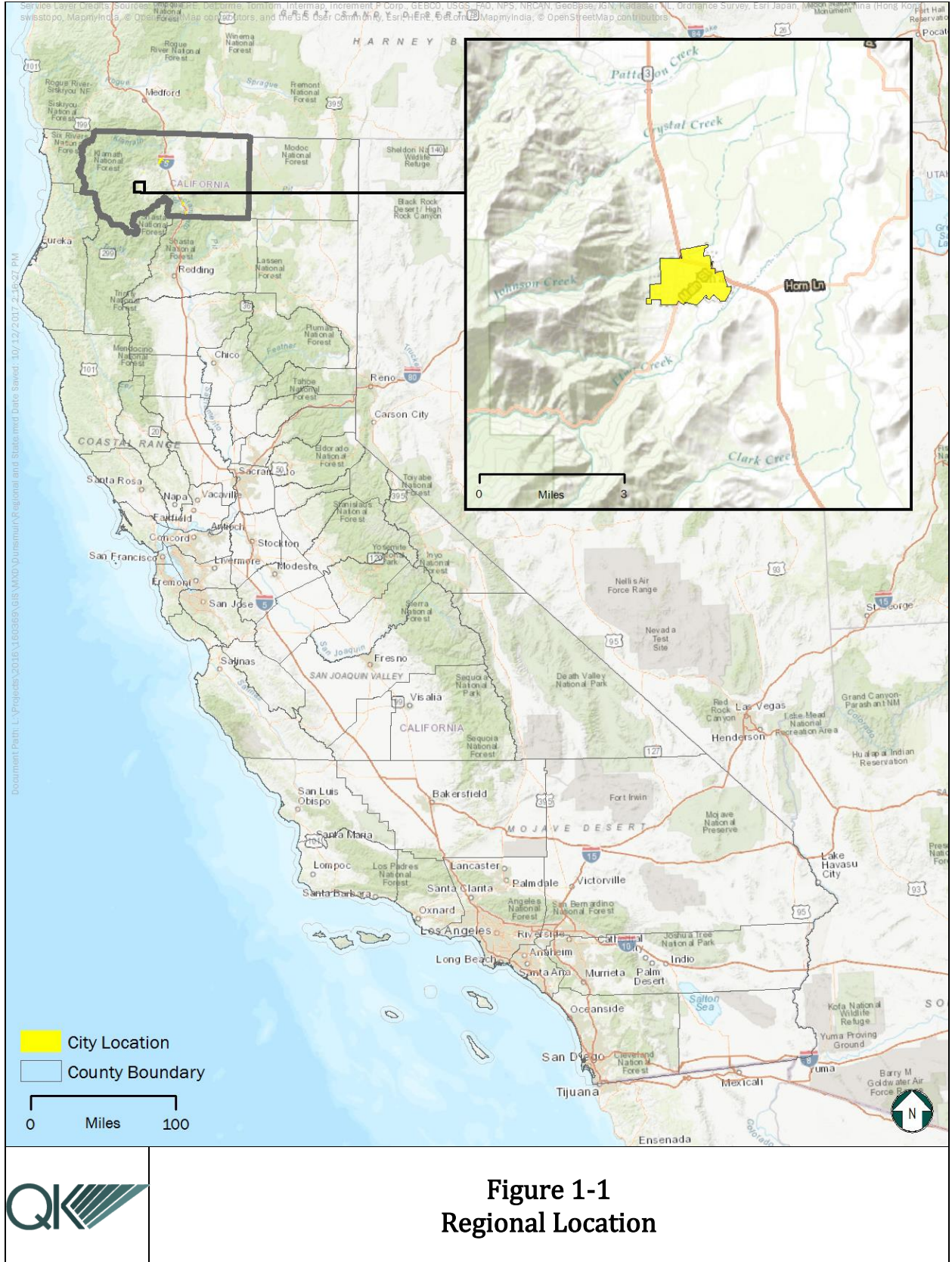


Figure 1-1
Regional Location

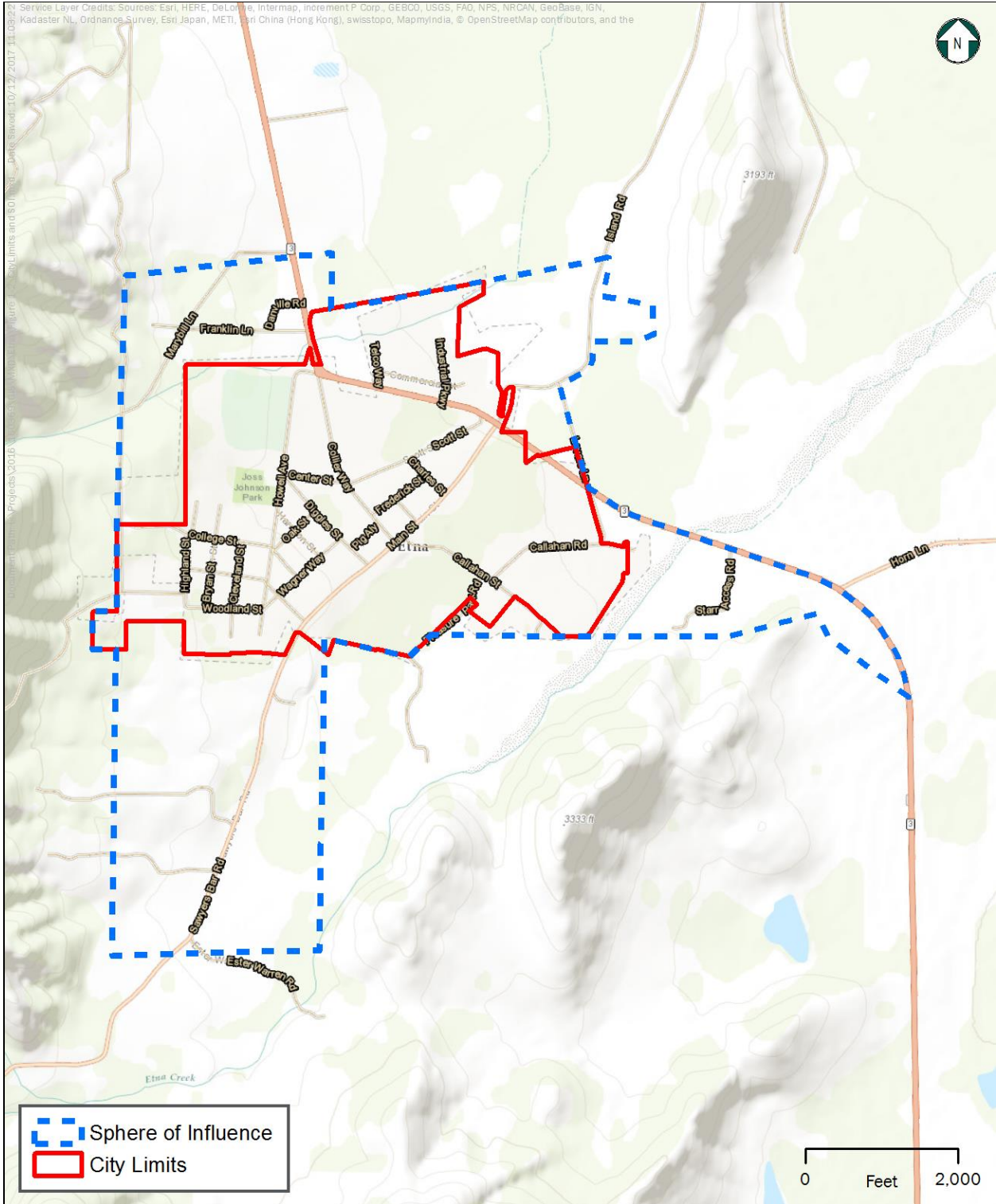


Figure 1-2
City of Etna
City Limits and Sphere of Influence



MSRs are intended to provide LAFCo with a comprehensive analysis of service provision by cities and other service providers within the legislative authority of LAFCo. The MSR focuses on service providers within the area of the City and will make determinations in each area of evaluation, providing the basis for Siskiyou LAFCo to review possible amendments to Sphere of Influence or possible reorganization, consolidation, or annexation with those other service providers.

1.3 - Methodology and Approach

The process of developing the MSR began with a kick-off meeting to discuss the existing services provided by the City to its residents. Following the meeting, a comprehensive survey was sent to the City of Etna staff. The purpose of the survey was to retrieve more specific and technical information regarding the City's operations and delivery of its various services. The information requested included documents such as planning and budgetary documents, adopted budgets, Capital Improvement Programs, technical or special studies, and any other records related to the provision of municipal services by the City.

1.4 - Public Review and Adoption Process

Two drafts of the MSR document were presented to LAFCo. A first draft allowed for public comments and a final draft was presented to the Commission for formal acceptance that incorporates any revisions, corrections, and responses to comments received at the prior public workshop.

1.5 - Required Topic Areas of Analysis

The MSR contains analysis and conclusions, referred to as determinations, regarding six topic areas set forth in the CKH Act. These areas of analysis contain the essential operational and management aspects of each service provider, and together constitute a complete review of the ability of the providers to meet the service demands of the residents and businesses within the City. The six topic areas used for analysis in this MSR are as follows:

1. Growth and Population Projections;
2. Disadvantaged Unincorporated Communities;
3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies;
4. Financial Ability to Provide Services;
5. Status of, and Opportunities for, Shared Facilities; and
6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.

An explanation of the specific operational and management aspects considered in each of these topic areas is provided below.

1. *Growth and Population Projections*

Service efficiency is linked to a service provider's ability to plan for the future need of a city while also meeting existing service demands. This section reviews projected service demands and needs based upon existing and anticipated growth patterns and population projections. This is found in Section 2.

2. *The Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence*

Unincorporated disadvantaged communities, as defined by Water Code §79505.5, may lack basic infrastructure, such as water, sewer, or fire protection, because they may have been overlooked during the comprehensive land use planning process due to their socioeconomic status. To promote equality and environmental justice in accordance with adopted local policy and Senate Bill 244, which was adopted in 2011, the proximity of any disadvantaged community to existing service providers is analyzed and discussed in order to determine if the community should be included in the SOI of the City. This is found in Section 3.

3. *Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies*

Infrastructure can be evaluated in terms of condition, capacity, availability, quality, and relationship to operational, capital improvement and finance planning. This section assesses the adequacy and quality of the service providers' physical infrastructure and analyzes whether or not sufficient infrastructure and capital are in place (or planned for) to accommodate planned future growth and expansions. This is found in Section 4.

4. *Financial Ability to Provide Services*

This section analyzes the financial structure and health of the City with respect to the provision of services. Included in this analysis is the consideration of rates, service operations, and the like, as well as other factors affecting the City's financial health and stability, including factors affecting the financing of needed infrastructure improvements and services. Compliance with existing State requirements relative to financial reporting and management is also discussed. This is found in Section 5.

5. *Status of, and Opportunities for, Shared Facilities*

Practices and opportunities that may help to reduce or eliminate unnecessary costs are examined in this section. Occurrences of facility sharing are listed and assessed for efficiency, and potential sharing opportunities that would serve to better deliver services are discussed. This is found in Section 5.2.

6. *Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies*

This section addresses the adequacy and appropriateness of the agency's existing boundaries and Sphere of Influence and evaluates the ability of the City to meet their service demands under their existing government structure. Also, included in this section is an evaluation of compliance by the agency with public meeting and records laws. This is found in Section 5.3.

1.6 - Issues Analyzed

Etna is a general law city located approximately 11 miles south of Fort Jones in southwestern Siskiyou County, encompassing approximately 486 acres. The City was established in 1853-1854 and is empowered to provide various municipal services, including the following, which will be addressed in this MSR:

- Water Infrastructure
- Wastewater Infrastructure
- Storm Drainage
- Roadways
- Law Enforcement
- Fire Protection
- Administration, Management and Operations

The preamble of the CKH Act contains a number of legislative findings and declarations that serve as a general guide for LAFCo's and their purpose for being. The first and main declaration is that:

It is the policy of the State to encourage orderly growth and development, which are essential to the social and economic well-being of the State.

The Legislature goes on to make further declarations in CKH Section 56001 about how the determination of orderly local government boundaries is important to orderly growth and development. The Legislature also makes the following declarations in Section 56001:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas.

Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities.

The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

The main purpose of this MSR is to review past findings, if available, for various City services and evaluate if the level of services currently being provided is operating at a level that is still encouraging orderly growth and efficient service delivery to residents of Etna. Once that is determined by LAFCo, then questions regarding SOI and boundary change recommendations can be answered.

1.7 - Background, Setting and History

The City of Etna is located 11 miles south of Fort Jones in the Scott Valley area of Siskiyou County. Etna lies at the easterly foot of the Klamath Mountains and the Klamath National Forest. The Scott River flows down the southeast side of the City. The City encompasses an area of approximately 486 acres with an average elevation of 2,936 feet above sea level.

Etna was established in 1853-1854 when two business areas, containing sawmills and a flourmill, started within a mile of each other – Rough and Ready and Aetna Mills. Stores, hotels, and dwellings were developed around the mills and trade flourished between the ranchers, businesses and the Salmon Mountain mines. Flooding of Etna Creek in 1861-62 caused the destruction of the town of Aetna Mills. Businesses were rebuilt in Rough and Ready, and the name was changed to Aetna Mills, which officially became the incorporated City of Etna on March 13, 1874. The City is directed, administratively and financially, by the City Council in collaboration with City staff.

1.8 - Services Currently Provided

The City of Etna provides a wide range of services including water, wastewater, storm drainage, police and fire protection, ambulance services, parks and recreation, snow removal, road maintenance, and general administration. City recreational facilities include a City park, ball field, library, museum, theater, and pool. Further description of each service and the extent of its current operations are included in Section 4 of this document.

Other private entities also meet service needs for residents of the City, such as building inspection which is serviced by the County of Siskiyou.

Table 1-1 illustrates the services provided in the Etna area. The matrix specifies whether the services that can and are being provided now or whether those services that are authorized but not being provided currently.

Provides - means that the agency is authorized by LAFCo and State law to provide the service and that the service is currently being provided. These services may continue to be provided by the agencies at their discretion.

Authorized - means that the agency is authorized by LAFCo and State law to provide the service, but this service is not currently being provided.

**Table 1-1
Services Matrix within the City of Etna**

| Municipal Service Type | Etna |
|------------------------------------------------------------------|-----------------------|
| Water supply | Provides |
| Water distribution | Provides |
| Sewer collection & disposal | Provides |
| Storm drainage | Provides |
| Flood control | |
| Street construction | Provides |
| Street maintenance | Provides |
| Street lighting | Authorized |
| Street sweeping/snow plowing | Provides |
| Street landscaping | Authorized |
| Police protection | Provides ¹ |
| Fire protection | Provides ² |
| Animal control | Authorized |
| Parks & recreation | Provides |
| Airports | Authorized |
| Ambulance service | Provides ³ |
| Emergency medical service | Provides |
| Heat and power | Authorized |
| Undergrounding of overhead electrical & communication facilities | Authorized |
| Generate and sell electricity | Authorized |
| Community facilities | Provides |
| Television/Cable services | Authorized |
| Transportation | Authorized |
| Cemeteries | Authorized |
| Open space conservation | Authorized |

1.9 - Determinations

Determination 1-1 – Siskiyou LAFCo has the authority to determine the Sphere of Influence for the City of Etna.

Determination 1-2 - A single multipurpose governmental agency, such as a city, County Service Area, Public Utility District or Community Services District, is the preferred entity by LAFCo and could be accountable for all community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Governmental services should be given to the agency or agencies that can best provide government services.

¹ Etna Police Department contracts with the Siskiyou County Sheriff's Department for dispatch.

² Etna Fire Department has mutual aid agreements with Fort Jones Fire Department, Scott Valley Fire Department and the California Department of Forestry and Fire Protection.

³ Etna Ambulance services are also in coordination with Mt. Shasta Ambulance Service, Northern Siskiyou Ambulance, Salmon River Fire and Rescue, Happy Camp Fire and Ambulance, and Trinity County Life Support,

Determination 1-3 - The City of Etna is currently providing the following services:

- Water Infrastructure
- Wastewater Infrastructure
- Storm Drainage
- Roadway Maintenance
- Law Enforcement
- Fire Protection
- Ambulance Services
- Emergency Medical Services
- Parks and Recreation
- City Hall.

Determination 1-4 – The following services are currently provided by other agencies or private entities within or around the City of Etna:

- Television/Cable Services
- Public Transportation

SECTION 2 - GROWTH AND POPULATION PROJECTIONS

The purpose of this section is to evaluate service needs based on existing and anticipated growth patterns and population projections. The MSR Guidelines call for LAFCo to determine historic and projected growth and absorption patterns in relationship to a service provider's boundaries and SOI. In addition, LAFCo is tasked with evaluating the impact and compatibility of such growth on and with land use plans, services, local government structures and growth patterns.

2.1 - Historical Data and Population Projections

Historical population data and future projections have been obtained from the U.S. Census Bureau, and the California Department of Finance. For analysis purposes, this data is compared to other source data relating to growth and population including the City's General Plan population projections. According to the CA Department of Finance, the City's population is currently 736. Historical census data indicates that the City of Etna had a population of 830 in 1990, 781 in 2000, and 737 in 2010. According to the DOF, the City experienced its most dramatic population increase between 1970 and 1980, but the population peaked in 1994 and has since declined.

According to U.S. Census Bureau, the City's population, as of January 1, 2017, was 709 (397 males and 312 females). The total number of housing units was 370, of which approximately 298 were occupied. The breakdown in household size is as follows: one-person household – 27.9%, two-person household – 35.2%, three-person household – 20.8%, and four or more-person household – 16.1% (U.S Census Bureau, 2017).

The 2013-2017 American Community Survey five-year estimates state that the median total household income is \$35,333. Similarly, the Census Bureau estimates the 2017 demographic makeup of the City of Etna as 61.5% White, 17.6% Hispanic or Latino, 12.3% Black or African American, and 5.3% Asian.

Based on the 2007 MSR population projections, the City of Etna is expected to grow by 1.0% per year on average through 2024. However, the City of Etna 2014-2019 Housing Element states that, "While Etna increased by one person between 2010 and 2014, overall the City has declined in population by 5.8% between 2000 and 2014" (Michael Baker International, 2016). This decline could be linked to older age groups with smaller families, and loss of jobs within the area. The smaller growth rate would likely lead to reduced pressure to build new parks and public facilities as a result of immediate or significant growth periods. Additionally, services directly linked to population growth have adequate time to properly plan for the addition of resources or required accommodations.

The Siskiyou County 2014 General Plan Housing Element lists City of Etna populations and growth between 2000-2013. The population of Etna was 781 in 2000, 737 in 2010, and 731 in 2013. The percentage of population growth between 2000 and 2010 was 5.6% and 0.8% from 2010 to 2013.

Table 2-1 compares the City of Etna’s population to the overall population of Siskiyou County for years 1970, 1980, 1990, 2000, 2010, and projected for years 2020, 2025 and 2030.

**Table 2-1
Historical Population Growth (1970-2030)**

| Year | Etna | | Siskiyou County | |
|------|------------------|----------------------------|-----------------|----------------------------|
| | Population | Average Annual Growth Rate | Population | Average Annual Growth Rate |
| 1970 | 667 | | 33,224 | |
| 1980 | 754 | +12.4% | 39,732 | +19.59% |
| 1990 | 830 | +11.3% | 43,300 | +8.9% |
| 2000 | 781 | -6.5% | 44,301 | +2.3% |
| 2010 | 737 | -5.6% | 44,900 | +1.4% |
| 2015 | 753 | +0.14% | 44,731 | -0.37% |
| 2020 | 759 ⁴ | +0.30% | 44,272 | -1.1% |
| 2025 | 770 | +0.30% | 44,352 | +0.18% |
| 2030 | 781 | +0.30% | 44,392 | +0.09% |

Source: Department of Finance E-4 Historical Population Estimates for Cities, Counties, and the State

As indicated in Table 2-1, it is estimated that Etna’s population will reach approximately 759 by year 2020 and an estimated population of 781 by 2030. It is anticipated that the City will comprise approximately 1.76% of the overall County population by year 2030, compared to 1.64% in 2010 based on population projects of the Siskiyou County General Plan.

2.2 - Planning Documents

The 2014-2019 Housing Element for the City of Etna and the Etna General Plan appear to be the only long-range planning documents that have been adopted by the City.

The City of Etna plans for future growth, albeit slow, through the implementation of policies and standards set for in its General Plan. The General Plan is a long-term, comprehensive framework to guide physical, social, and economic development within the community’s planning area. Etna General Plan was most recently updated in 2005 and is a long-range guide for attaining the City’s goals within its ultimate service area and accommodating its population growth to the year 2025. The General Plan coordinates all components of the City’s physical development and sets objectives, policies, and standards which guide future growth within the City’s planning area (PMC, 2007).

Senate Bill 375 contained a statutory amendment providing an option to applicable transportation agencies to change the update schedules for the Regional Transportation Plan and Housing Element (HE). A Metropolitan Planning Organization (MPO) or Regional

⁴ 2020-2030 population projections were calculated using the annual growth rate provided within the Siskiyou County General Plan.

Transportation Planning Agency (RTPA) on a five-year Regional Transportation Plan (RTP) update schedule can elect to adopt its RTP every four years. After the election is made, all local governments within the region of the MPR or RTPA change from a five-year to an eight-year HE planning period beginning with the next HE update (State of California SB 375, 2008). The Housing Element also needs to be reviewed and approved by the California State Department of Housing and Community Development (HCD). The City of Etna Housing Element, while part of the General Plan, is separately bound and was last updated in 2016. The City's General Plan provides the foundation and policy base to guide future growth within the City.

2.3 - Planning Boundaries

Etna's current (2007) SOI extends from Marybill Lane in the north to Ester Warren Road in the south. The SOI also extends from the unpaved backroad of Franklin Lane, Marybill Lane, and Woodland Street in the west and past the cross section of Star Access Road and California State Route 3 to the east. This boundary includes a total of 1,041 acres of land within and surrounding the current City limits, which consists of approximately 488 acres.

2.4 - Annexations

The City of Etna processes annexations for review by the City Council. Etna allows for the consideration of annexations of land within the Sphere of Influence. It is projected though that the new growth in the City, if any, will occur within the existing City limits.

Land within the City of Etna's SOI boundary may be annexed into the City upon approval by the Siskiyou County LAFCO, thereby transferring land use authority for the land within the SOI from the County of Siskiyou to the City of Etna.

Etna is not expected to grow significantly through the addition of new territory to its boundaries in the coming years and, accordingly, major annexations are not anticipated.

2.5 - Land Use

The City is located within the southwestern portion of Siskiyou County, bordered by the Klamath Mountains and the Klamath National Forest on the west. Elevations average 2,936 feet above sea level. Major access roads include California State Route 3 which runs north and south from California into Oregon, Horn Lane running north, and Sawyers Bar Road running southwest through the Klamath Mountain range. The City has a developed core area that hugs CA-3 to the north and Sawyers Bar Road to the southeastern edge.

According to the 2013-2017 American Community Survey Five-Year Estimates, the City's population is 719 as of 2017, with little growth expected to occur within the City through 2024.

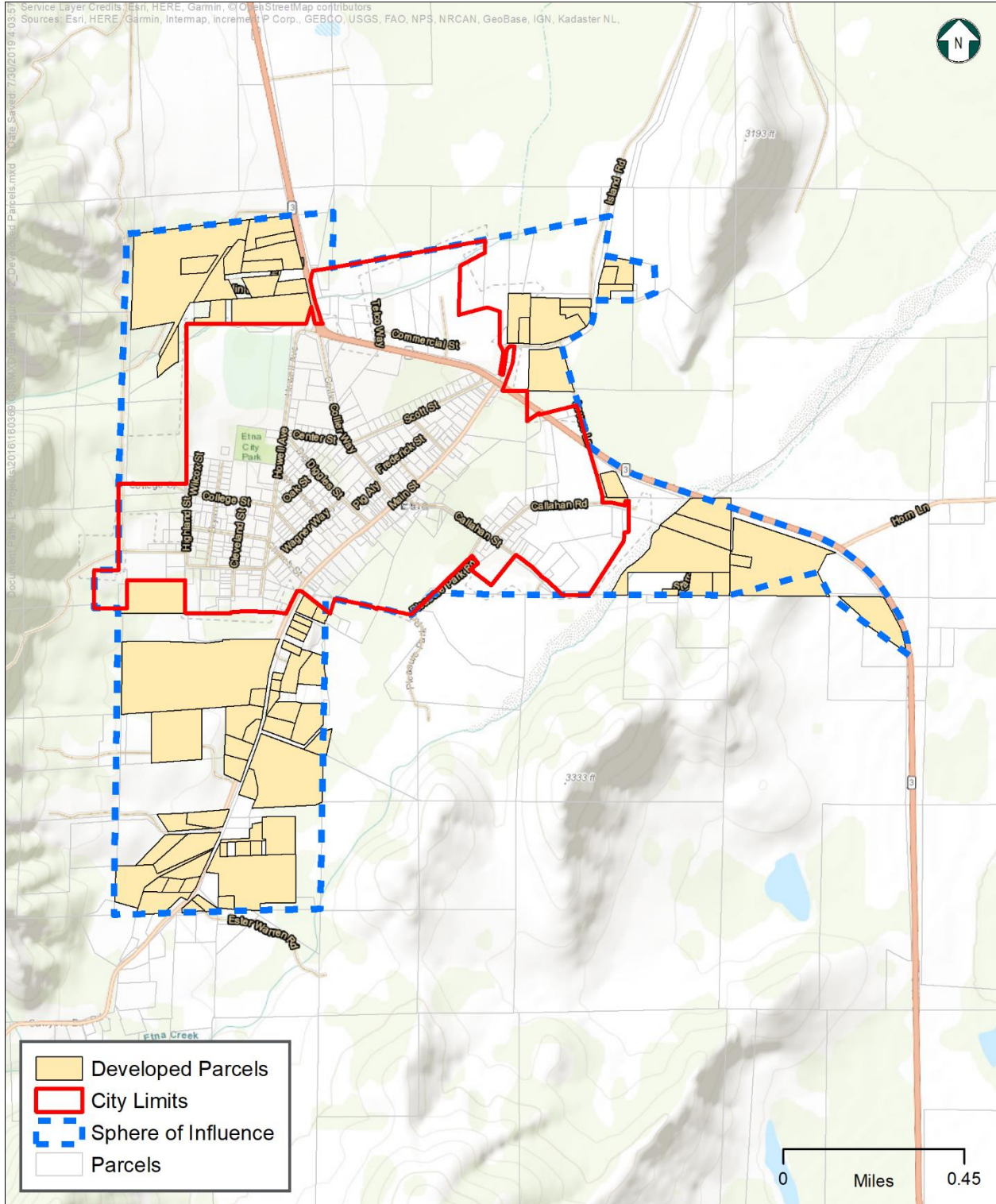


Figure 2-1
Existing Developed Areas within the Sphere of Influence

The predominant land uses within the City are residential (single- and multi-family properties), commercial, industrial, and recreational (PMC, 2007).

The unincorporated area within the City’s Sphere of Influence is mostly rural, and much of it is mountainous or hillside. Some areas are developed, as can be seen in Figure 2-1. Aside from open space areas, there is very little territory within the City’s SOI that is designated and actively utilized for agricultural purposes.

As prescribed by General Plan Policy, the City should promote diversity of land uses to meet the needs of the residents of Etna. Prioritization should lie with infill, preserving open space, and smart growth in order to diversify mixed use and commercial development in strategic locations of the City of Etna (PMC, 2007).

2.6 - Regional Housing Needs Allocation/Plan (RHNA/P)

California's Housing Element Law (Government Code, §65580 et seq.) mandates that a local jurisdiction develop and approve a Regional Housing Needs Allocation (RHNA) to accommodate a share of the region’s projected housing needs as part of the process of updating local housing elements of the general plan. HCD is responsible for allocating each region’s share of the statewide housing need to each of California’s Council of Governments (COG), who in turn allocate a share of the region’s housing needs to each of the cities and counties in the region for the planning period. In the case of Siskiyou County, which is a non-COG area, the Siskiyou County Public Health and Community Development Department is responsible for allocating the RHNA to individual jurisdictions within the County, including Etna.

The RHNP establishes the total number of housing units that Etna must plan for within a five-year planning period. Based on the adopted RHNP, each city and county must update the housing element of its general plan to demonstrate how the jurisdiction will meet the expected growth in housing need over this period of time.

According to Table 2-2 from the City’s Housing Element, the City of Etna will need 10 additional housing units based on the anticipated growth between 2014 to 2019. Of these 10 units, five of them must be designated for extremely low, very low, and low-income individuals.

**Table 2-2
Etna 2014-2019 Housing Allocation**

| Total # of Projected Units Needed Based on Growth | Extremely Low Income | Very Low Income | Low Income | Moderate | Above Moderate |
|---------------------------------------------------------|----------------------------|--------------------|---------------|-----------|-------------------|
| 10 | 1 (10.0%) | 2 (20.0%) | 2 (20.0%) | 2 (20.0%) | 3 (30.0%) |

Source: City of Etna 2014-2019 Housing Element

2.7 - Anticipated Service Needs

The potential for population growth for the City is very limited and highly dependent on the economy. The City of Etna General Plan directs development and growth to vacant lots within the City through goals and policies that promote infill development. As such, growth beyond the existing City limits of Etna would not be necessary until infill development has been exhausted.

Infill developments within the City would likely have many existing services within their immediate area such as water, sewer, streets, parks, lighting, and/or snowplow services. Furthermore, law enforcement services would already be servicing the surrounding properties and would be aware that the new development is within their jurisdiction.

2.8 - Determinations

Determination 2-1 - U.S. Census data indicates that the City had a 1990 population of 830, a 2000 population of 781, and a 2010 population of 737. These trends indicate that the City's population is growing at an average annual rate of approximately 0.46%.

Determination 2-2 - Based upon historical population trends, at an average annual growth rate of 0.46%, Etna's 2020 and 2030 population are projected to be 759 and 781, respectively.

Determination 2-3 - The City plans for future growth through the implementation of policies and standards set forth in its General Plan. The City's General Plan was updated in 2005 and is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth in the future. The City's General Plan provides a policy base to guide future growth within the City.

Determination 2-4 - Present land use in the area includes residential, recreational, commercial, and industrial, with most of the land being dedicated to residential use. Growth and development potential are limited and there is no expectation of substantial changes in the planned land use as a direct result of this review.

Determination 2-5 - Present needs for public facilities and services are currently being met. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain relatively the same. No significant growth or population increases are currently anticipated to affect the City's ability to provide of services. The City does not have any major plans for future expansion of boundaries.

SECTION 3 - DISADVANTAGED UNINCORPORATED COMMUNITIES

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80% (or \$51,026) of the statewide annual median household income, which was \$63,783 as of 2016 (United States Census Bureau 2016). These communities were identified as an area of concern by Senate Bill 244 that was adopted in State law in 2011. These communities may lack essential municipal services such as water or sewer as they may have been developed prior to infrastructure being installed in proximity to them. Pursuant to State law, LAFCo is now required to identify any DUC adjacent to the City and determine if they should be included with any SOI amendment.

The entire area outside the City limits but inside the SOI have a median income less than \$51,026 (Figure 3-1). The City is the sole provider of water, wastewater, and structural fire protection (with support from various agencies) within the City limits. The County of Siskiyou and the City have mutual aid agreements for fire protection. Other service providers outside the City limits are comprised of single, privately operated facilities such as water wells and septic systems.

Based on the information available, it can be determined that, although the entire SOI meets the definition of a DUC as it pertains to income level, the City is the lone service provider for water, wastewater, and structural protection. Any neighborhood outside the City should qualify as a disadvantaged neighborhood, pending further analysis or review by the City in compliance with Housing Element law.

3.1 - Determinations

Determination 3-1 – There are areas currently within the City’s Sphere of Influence that can be considered unincorporated disadvantaged communities due to median household income being below 80% of the statewide average.

Determination 3-2 – The City should update its General Plan Housing Element in compliance with Government Code Section 65302.10(d) to properly identify potential unincorporated island, fringe, or legacy communities inside or near its boundaries.

Determination 3-3 – The City should conduct an analysis of water, wastewater and structural fire protection of any identified unincorporated island, fringe, or legacy communities inside or near its boundaries.

Determination 3-4 – Following proper updates of the General Plan in accordance with Housing Element law by the City, LAFCo shall revisit the presence of unincorporated disadvantaged communities and more specifically identify and prioritize these neighborhoods for service delivery by the City, if applicable.

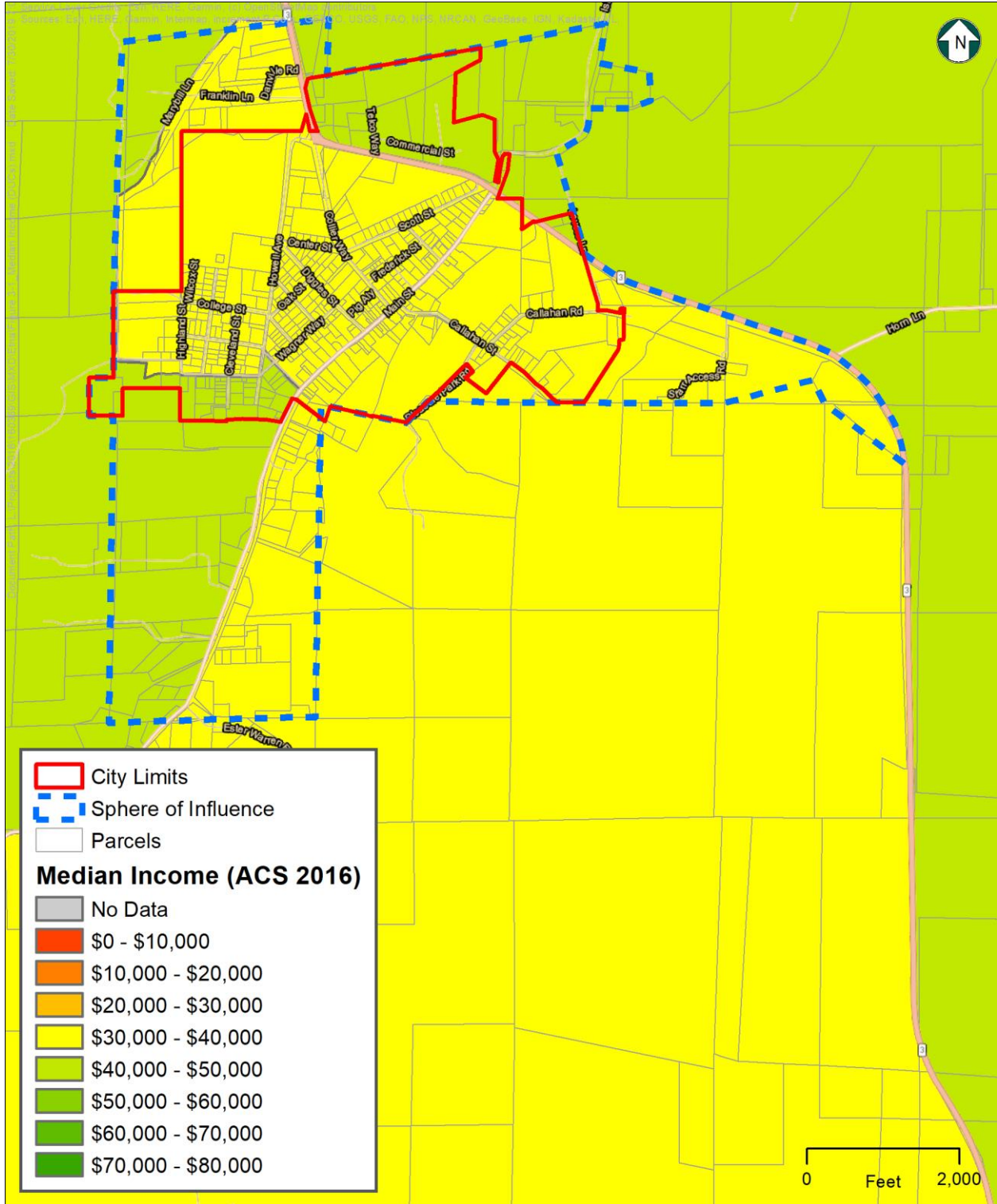


Figure 3-1
Median Household Income (2016)



SECTION 4 - PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies of the City of Etna in terms of availability of resources, capacity to deliver services, condition of facilities, planned improvements, service quality, and levels of service.

LAFCo is responsible for determining that an agency requesting an SOI amendment is reasonably capable of providing needed resources and basic infrastructure to serve areas within the City and its SOI. It is important that these findings of infrastructure and resource availability are made when revisions to the SOI and annexations occur. LAFCo accomplishes this by evaluating the resources and services to be expanded in line with increasing demands.

4.1 - Capital Investment/Improvement Program (2014-2019)

Upon completion of this Municipal Services Review, the City of Etna had not completed a Capital Improvement Plan. The Siskiyou County Regional Transportation Plan, however, has identified both short range and long-range capital improvements for the next 20 years for the City of Etna. Projects include road rehabilitation to a few roads in the City, the total predicted pricing of which to exceed \$840,000. The current status of said projects are unknown.

4.1.1 - DETERMINATIONS

Determination 4.1-1 –Every few years, the County adopts its Regional Transportation Plan which identifies key capital projects that are needed in order to enhance services to residents.

Determination 4.1-2 – The City should implement a Capital Improvement Plan in order to determine how the City will pay for future improvements.

4.2 - Water

4.2.1 - SUMMARY OF PRIOR MSR FINDINGS

According to the previous MSR, the City of Etna obtains its water from Etna Creek, where it enters the water system at the south end of town. A gravity system is provided from a concrete diversion dam located at Etna Creek, and feeds two water storage tanks with a storage capacity of 274,000 gallons while the demand is approximately 70,000 gallons. The total amount of storage recommended for operational, fire, and emergency requirements is 465,000 gallons, so an additional 191,000 gallons of storage is recommended. At present the City does not have a formal water conservation program. The City's water treatment facility, located on Highland Avenue, consists of pressured filters and chlorine disinfectant pursuant with State drinking water standards. This system was implemented in the early 1970s (PMC, 2007).

4.2.2 - CURRENT CONDITIONS

As of the completion of this MSR, the City has not implemented a Water Master Plan (PMC, 2007). The City should undergo this evaluation of its existing water system to determine where leaks and other losses are occurring and needed improvements or upgrades in order to preserve its water resources.

As of the completion of this MSR, there is no evidence to prove that the current conditions of the water system are any different from the conditions during the last MSR. The City's 2005 General Plan has a goal of improving public facilities and services within the community. Considering that the water system was implemented over 40 years ago, it is presumably worth considering improvements. The City is still in need of a larger storage tank in order to provide for operational, fire, and emergency requirements. It is suggested that the City look into the feasibility of update its water system, taking everything from monetary to capacity constraints.

In 2017, the Water Enterprise Fund operated at a surplus of \$65,410. Revenue totaled \$204,000 and expenditures totaled \$138,590 (California State Controller's Office, 2018). Data could not be found regarding the status of the fund in prior years, so the current evidence proves that the City's fund is in good condition. The City would benefit from a Capital Improvement Program, where the budget could be broken down into further detail to determine the feasibility of water system updates. A financing strategy to update the infrastructure is suggested in order to see how the City can afford improvements.

4.2.3 - DETERMINATIONS

Determination 4.2-1 – The City provides water to residents within the City through the use of a water treatment plant and a storage tank.

Determination 4.2-2 – The City needs to increase its water storage capacity in order to have enough storage for operational, fire, and emergency requirements.

Determination 4.2-3 – The City should prepare a Water Master Plan to determine an estimated water usage, to accommodate the development and growth envisioned within the General Plan, and to assess the quality of water related infrastructure and plan improvements accordingly.

Determination 4.2-4 – The City should produce an annual report to City Council on water supply and water quality.

Determination 4.2-5 – The City should implement a Capital Improvements Plan for the phasing of updates to the water supply system when feasible, including the completion of metering of the water supply system as well as for the phasing of updates to the water distribution system when feasible.

Determination 4.2-6 – The City should adopt a financing strategy to update its water and wastewater infrastructure. This could be through development impact fees, grants, or any other forms of financing the City sees fit.

Determination 4.2-7 – The City should implement a program to assess the distribution network as the City completes updates and regular maintenance.

4.3 - Wastewater

4.3.1 - SUMMARY OF PRIOR MSR FINDINGS

According to the previous MSR, the City provides collection, treatment, and disposal of wastewater within the City limits. The treatment plant is located outside the City, on Island Road to the north of the City limits. The wastewater collection and treatment infrastructure were installed in 1970. Improvements have included the installation of aerators in the 1980s and a complete update of the collection and treatment facilities in 2002-2003 (PMC, 2007).

Wastewater treatment is provided in an aerated lagoon system. The City does not discharge to any watercourse. The plant is designed for a dry weather flow of 0.325 million gallons per day and in 2004 experienced an average dry weather flow of 0.11 million gallons per day. This equates to approximately 140 gallons per day per capita. If the ratio continues, the plant could accommodate a population of over 2000 persons. In 1984 an additional treatment pond was added along with repair of some older sewer mains and laterals. These improvements were designed to provide sufficient capacity to serve a population of 1,100.

4.3.2 - CURRENT CONDITIONS

As of the completion of this MSR, there is no evidence to show that the current conditions of the water system are any different from the conditions during the last MSR. The City's 2005 General Plan has a goal of improving public facilities and services within the community. The City should look to their Sewer Master Plan to determine if the level of service is adequate for the needs of the City. The City should also update their Sewer Master Plan, as it was last completed in 1999.

The current condition of the wastewater treatment plant is sufficient to provide for a population up to 1,100. At the current population projections for the City of Etna, the plant will suffice for decades to come. That is not to assume though that periodic improvements will be required to adequately serve the population. The City should periodically assess the status of the wastewater plant in order to determine what, if any, improvements are needed. The City should also implement a capital improvement fund with the yearly budget in order to plan accordingly for upcoming wastewater projects.

The 2017 Sewer Enterprise Fund operated at a surplus of \$3,600. Revenue totaled \$200,810 and expenditures totaled \$197,210. Data could not be found regarding the status of the fund in prior years, so the current evidence alone proves that the City's fund was recently in good condition. The City would benefit from a Capital Improvement Program, where the budget could be broken down into further detail to determine the feasibility of water system updates. A financing strategy to update the infrastructure is suggested in order to see how the City can afford improvements.

4.3.3 - DETERMINATIONS

Determination 4.3-1 – The City has a wastewater treatment plant that provides sewer treatment to the entire City.

Determination 4.3-2 – The City should review their Sewer Master Plan at every budget cycle in order to determine if funds are needed to revise the document based on growth, development, or regulatory changes within the City.

Determination 4.3-3 – The City should update their Sewer Master Plan.

Determination 4.3-4 – The City should implement a Capital Improvement Program to determine the feasibility of water system updates and determine how the City can afford improvements.

4.4 - Storm Drainage

4.4.1 - SUMMARY OF PRIOR MSR FINDINGS

According to the 2007 City of Etna MSR, the City's storm drainage infrastructure consists of a discontinuous network of natural and man-made drainage features throughout the City. New developments are required to install curb and gutter consistent with the City's Zoning Code. The City has a standard "condition" on all development that requires post construction storm water run-off not to exceed pre-construction amounts. There are no plans for improvements and repairs of the City's existing storm drain system (PMC, 2007). The City is in need of a Storm Drainage Master Plan.

4.4.2 - CURRENT CONDITIONS

There is no evidence of a recent service issue with the current storm drainage system in the City. As of the completion of this MSR, there is no evidence that Etna adopted a Storm Drainage Master Plan.

4.4.3 - DETERMINATIONS

Determination 4.4-1 – There are no known service issues with the current storm drainage system in the City.

Determination 4.4-2 – The City is in need of a Storm Drainage Master Plan.

4.5 - Road Maintenance

4.5.1 - SUMMARY OF PRIOR MSR FINDINGS

The prior MSR noted the City of Etna Public Works Department maintains the streets and roads of Etna as needed. The MSR concluded, in view of future development, this service will be inadequate for the long-term maintenance of streets and roads in Etna (PMC, 2007). The Siskiyou County 2001 Regional Transportation Plan (RTP) updated by the Local Transportation Commission (LTC) to comply with the California Transportation Commission (CTC) prioritizes transportation projects within Siskiyou County. This plan has identified both short-range and long-range capital improvements for the next 20 years for the City of Etna. However, this plan has experienced a shortfall of \$125 million in road improvement costs for both the State and local road systems. Of the total 25 projects identified in the RTP, one had been completed and a second had been partially completed as of the writing of the 2007 MSR.

4.5.2 - CURRENT CONDITIONS

The following City of Etna road projects are included in the 2016 Siskiyou County RTP:

**Table 4-1
Etna Road Projects**

| Route | Description | Cost | Construction Year |
|-----------------------------------------|--------------------|-------------|--------------------------|
| Bryan Street: Woodland Street to End | Rehabilitate Road | \$90,000 | 2018 |
| Cleveland Street: College Street to End | Rehabilitate Road | \$80,000 | 2018 |
| Howell Ave: SR 3 to Harrison | Rehabilitate Road | \$370,000 | 2019 |
| Scott Street: Collier Way to SR 3 | Rehabilitate Road | \$300,000 | 2016 |

Note: Construction year is anticipated.

Source: 2016 Siskiyou County Regional Transportation Plan

Funding for the listed projects is expected to come from STIP/Regional Surface Transportation Program (RSTP), and local funds. Most of these projects are carryover projects from the 2011 Siskiyou County RTP; construction will occur as funding becomes available. The 2016 RTP lists an additional five unconstrained (long-range) road projects for the City of Etna, totaling \$363,000.

Most projects listed in the Siskiyou County Regional Transportation Plan have not been completed due to lack of funding. The 2016 Regional Transportation Plan stated that there will not be sufficient funding over the next 20 years to implement all the projects identified

in the RTP, even though these projects are important improvements for the regional and local transportation system (Siskiyou County, 2016).

4.5.3 - DETERMINATIONS

Determination 4.5-1 – The City actively maintains the existing road systems.

Determination 4.5-2 – The City utilizes various funding sources for the operations and maintenance of maintaining streets within the City limits. However, the City should consider adopting a Capital Improvements Program for streets in order to allow for comprehensive financial planning of resources.

Determination 4.5-3 – The City should investigate opportunities for funding to complete the four unconstrained (long-range) road projects, totaling \$363,000.

4.6 - Law Enforcement

4.6.1 - SUMMARY OF PRIOR MSR FINDINGS

Police and law enforcement services were described in the 2007 City of Etna MSR. The Police Department consisted of two full-time officers and one part-time administrator. Additionally, four volunteers and one trainee support the Police Department. The police station, located at 442 Main Street, within the City Hall building, is staffed 8:00 a.m. to 12:00 p.m. Monday through Friday. The City contracted with the Siskiyou County Sheriff's Department for dispatch. The City of Etna Police Department jurisdictional boundaries are contiguous with the city limits, though the Police Department has mutual aid agreements with the Siskiyou County Sheriff's Department.

The 2007 MSR identified the City of Etna's Police Department's current and short-term future needs to include a new patrol vehicle, radio equipment, a scanner for the office, replacement and update of existing gear and mandated equipment. A need for three additional full-time police staff, including two officers and one community service officer/administrator in the short-term future was identified.

The County Sheriff has a station located in Etna, which is primarily dedicated to serve the rural area surrounding Etna. Continued growth of the community can be accommodated with expansion of the Police Department as needed to meet the demand.

4.6.2 - CURRENT CONDITIONS

The Etna Police Department provides law enforcement services to the residents of the City. In 2019, the City spent \$691,254 on public safety services, which is 76.88% of all expenditures for the City that year. Public safety was the largest share of total expenditures. Of that share, the Police Department accounted for 37.67%, totaling \$260,406.

As of the completion of this MSR, there is no evidence that the Police Department does not operate the same way it did in 2007 when the MSR was completed. If that is the case, then it is within the best interest of the City to adopt a Capital Improvement Program in order to determine how the City is going to pay for the short and long-term needs of the Department.

Table 4-2 below shows the expenditures of the Police Department for the years of 2017-2019.

**Table 4-2
Police Department Expenditures, 2015-2017**

| Year | Expenditure Amount |
|-------------|---------------------------|
| 2017 | \$224,882 |
| 2018 | \$217,592 |
| 2019 | \$260,406 |

Crime statistics for Etna were obtained from the Federal Bureau of Investigations (FBI) and are shown in Table 4-3 below.

It appears that the total number of crimes increased in 2015 and 2016, then decreased considerably in 2018. The City should continue to monitor these statistics and determine if there is a need for an additional officer in order to curtail the continuance of increased crimes. Monitoring the statistics would allow the City to determine if the increase in 2015 and 2016 was an anomaly and therefore act accordingly with appropriate staffing and funding, if needed.

**Table 4-3
2013-2017 Reported Crime Statistics (Category 1 Crimes)**

| Category | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|------|------|------|------|------|
| Population | 705 | 712 | 713 | 718 | 716 |
| Violent Crime | 1 | 1 | 2 | 0 | 2 |
| Murder/non-negligent manslaughter | 0 | 0 | 0 | 0 | 0 |
| Rape | 0 | 0 | 0 | 0 | 1 |
| Robbery | 0 | 0 | 0 | 0 | 0 |
| Aggravated Assault | 1 | 1 | 2 | 0 | 1 |
| Property Crime | 4 | 7 | 3 | 0 | 0 |
| Burglary | 0 | 0 | 1 | 0 | 0 |
| Larceny-theft | 3 | 5 | 1 | 0 | 0 |
| Motor vehicle theft | 1 | 2 | 1 | 0 | 0 |
| Arson | 0 | 0 | 0 | 0 | 0 |
| Total Reported Crimes | 5 | 8 | 5 | 0 | 2 |

Source: www.fbi.gov

The City does not have an adopted standard for sworn officers per 1,000 residents within the General Plan. The Etna Police Department serves the jurisdictions of the City but holds mutual aid agreements with Siskiyou County Sheriff's Department. With the current budget, the Department is operating with two officers who serve the City. Maintaining a population of 720, the City holds a ratio of approximately 2.78 officers per 1,000 residents. This ratio is lower than the ratio for the Western region of the United States for cities whose population is under 10,000 of 2.2 sworn officers per 1,000 residents (Federal Bureau of Investigations, 2017).

4.6.3 - DETERMINATIONS

Determination 4.6-1 –The Police Department provides law enforcement services and coordinates with the Siskiyou County Sheriff's Department.

Determination 4.6-2 – The City should continue mutual aid agreements with other local and regional law enforcement agencies in order to enhance response capabilities within and around the City limits.

Determination 4.6-3 – The City should monitor crime statistics in years immediately following 2016 to determine if there is a need for additional patrol personnel in order to curtail the increase in crimes.

4.7 - Fire Protection

4.7.1 - SUMMARY OF PRIOR MSR FINDINGS

The City of Etna MSR from 2007 identified that the Etna Volunteer Fire Department consisted of one station, four engines, a part-time paid chief, and a volunteer-based crew of 17 persons and two trainees. The jurisdictional boundaries are contiguous with the City limits, though the Department does have mutual aid agreements with surrounding fire agencies (PMC, 2007).

Fire service needs include one full time chief, replacement of the 1985 Dodge vehicle and replacement of the 1976 vehicle. Additionally, the 1980 vehicle needs to be retrofitted with foam. If the community grows as projected, the Volunteer-based Fire Department should be able to effectively serve the community. If growth occurs beyond the projections of the General Plan, steps may need to be taken to shift more to a full-time staff. As a small rural community, public safety services rely heavily on public contributions and donations. Over the years the community has supported public safety by donating materials, services, and equipment as well as financial contributions.

4.7.2 - CURRENT CONDITIONS

Upon completion of this document, there is no evidence of any changes to the Fire Department.

4.7.3 - DETERMINATIONS

Determination 4.7-1 – The City provides fire protection with a mostly volunteer fire department.

Determination 4.7-2 – The City should continue mutual aid and automatic aid agreements with adjacent agencies in order to provide overlapping and supplemented service within the City limits and SOI.

SECTION 5 - FINANCIAL ABILITY TO PROVIDE SERVICES

This section analyzes the financial structure and health of the City of Etna with respect to the provision of services. Included in this analysis is the consideration of rates, service operations, and the like, as well as other factors affecting the City’s financial health and stability, including factors affecting the financing of needed infrastructure improvements and services. Compliance with existing State requirements relative to financial reporting and management is also discussed.

An examination of financing includes an evaluation of the fiscal impacts of potential development, and probable mechanisms to finance needed improvements and services. Evaluating these issues is important to ensure new development does not excessively burden existing infrastructure and the ability of the City to fund existing improvements and services.

An examination of rate restructuring should identify impacts on rates and fees for services and facilities and recognize opportunities to positively impact rates without decreasing service levels. The focus is on whether there are viable options to increase the City’s efficiency through rate restructuring prior to any SOI adjustment.

Annual audit reports and financial statements for the City were reviewed in accordance with the MSR Guidelines. The purpose of this review is to determine fiscal viability, suitability of current funding practices, and potential fiscal impacts resulting from new legislation.

5.1 - City Budget

A City’s Annual Budget reflects the City Council’s goals and targets and continues funding sufficient to maintain basic service levels. The budget includes assumptions and directions included in the CIP and Multi-year Financial Plan. As of the completion of this MSR, the City of Etna had not provided their annual budget. Conclusions about the budget were determined by the reports the City submitted to the California State Controller’s Office. The previous three years’ (2016-2019) revenues and expenditures are shown in Table 5-1.

**Table 5-1
City Revenues and Expenditures (2016-2019)**

| Source | 2016-2017 | 2017-2018 | 2018-2019 |
|---------------|--------------------|---------------------|--------------------|
| Revenues | \$1.46 Million | \$1.43 Million | 1.8 Million |
| Expenditures | \$1.20 Million | \$1.73 Million | \$1.5 Million |
| Total | (\$260,000) | (-\$300,000) | (\$300,000) |

Source: California State Controller’s Office

The City’s deficit should not be construed as though the City is operating inappropriately but should be monitored by the City Manager and Finance Department. The excessive expenditures may be the result of grant funding which has not yet been matched or received

from outside sources. Also, the State Controller's Office does not show reserves available. There is a change this seeming deficit was accounted for with the use of the City's reserve fund. "Debt Service & Capital Outlay" accounted for one-third of the total expenditures of the City in 2017. It is not known what these debts were, or for how long the City was operating at a deficit to accrue these debts. Regardless, exploration into additional revenue sources may be required to try and offset some of these expenditures in order to alleviate some of the financial burden of the General Fund or enterprise funds.

Overall, it is within the best interest of the City to adopt budget policies and strategies that drive the development of a sound budgetary structure. The City should maintain benchmarks and goals in order to measure their effectiveness from year to year. A summary of their achievements should also be presented to the City Council in order to allow for proper planning during the budgeting process. This allows the City to reallocate funds accordingly in order to meet missed benchmarks.

5.1.1 - RATES AND FEES

The City sets rates and fees for various services it provides. However, typical rates for water and sewer, which are usually among the rates that require significant attention due to operation and maintenance costs, may only be used to support delivering that specific service and are subject to Proposition 218, described in Section 5.1.2.

Therefore, very few of the rates and fees set by the City are subject to Proposition 218 and, instead, may be adjusted through a resolution adopted by the City Council. This allows for easier adjustment for various factors such as inflation or establishment of new services provided by City staff.

The City adopts fees as the beginning of the fiscal year and provides a comprehensive list of fees through the Master Fee Schedule that is revised accordingly. The fees include:

- Usage fees for the various recreation facilities throughout the City
- Building permit fees for review and inspection
- Business license fees
- Police service and vehicle fines

5.1.2 - PROPOSITION 218

Proposition 218 restricts local government's ability to impose assessment and property related fees and requires elections to approve many local governmental revenue raising methods. This initiative, approved in 1996, applies to nearly 7,000 cities, counties, special districts, schools, community college districts, redevelopment agencies, and regional organizations. It ensures that all new taxes and most charges on property owners are subject to voter approval and especially to the tools of using property related fees to fund governmental services instead of property related services. Of potential concern is the long-term effect the proposition has created in a local government's ability to fill the growing

divide between infrastructure needs and the provision of governmental services for the new infrastructure.

However, Proposition 218 has not proven to be a factor in limiting the City's ability to provide services because the services that are typically the subject of the provisions of Proposition 218, mainly water and sewer services, are not provided by the City.

5.1.3 - OPPORTUNITIES FOR RATE/FEE RESTRUCTURING

The City's Fee Schedule is subject to periodic comprehensive revisions and updates. There is no evidence suggesting that the City would not be able to provide services to the SOI areas for fees consistent with citywide fees for such services. Further, since it appears that the City's practice is to review these fees and adopted revised fees parallel with approving the two-year budget, it can be assumed that future years will follow the same review and update procedure in order to ensure that full cost recovery is obtained for services rendered.

5.1.4 - DETERMINATIONS

Determination 5.1-1 – The City attempts to utilize other forms of revenue available besides property taxes and fees, such as grants, in order to supplement its revenue stream.

Determination 5.1-2 – The services provided by the City are not generally subject to Proposition 218 and are adjusted annual to account for costs and inflation to allow for cost recovery.

Determination 5.1-3 – There is no evidence suggesting that the City would be unable to provide services to the SOI areas for fees consistent with citywide fees for services.

Determination 5.1-4 – The City's utilization of an open and sound budgeting process allows the City to be financially able to provide an adequate level of service to residents.

5.2 - Status of, and Opportunities for, Cost Avoidance and Shared Facilities

Practices and opportunities that may help to reduce or eliminate unnecessary costs are examined in this section, along with cost avoidance measures that are already being utilized. Occurrences of facilities sharing are listed and assessed for efficiency. Potential sharing opportunities that could result in better delivery of services is also discussed.

An examination of cost avoidance opportunities should identify practices and opportunities that may help eliminate unnecessary or excessive costs to provide services. Such costs may be derived from a variety of factors including duplication of service efforts and facilities; inefficient budgeting practices; higher than necessary administration and operating cost ratios; inefficient use of outsourcing opportunities; and inefficient service boundaries.

An examination of opportunities for shared facilities should determine if public service costs can be reduced as a result of identification and development of opportunities for sharing facilities and resources. The benefits of sharing costs for facilities are numerous, including

pooling of funds to enjoy economies of scale; reduced service duplications; diversion of administrative functions of some facilities; reduced costs; and providing better overall service.

Maximizing opportunities to share facilities allows for a level of service that may not otherwise be possible under normal funding constraints; however, facilities sharing opportunities are not without their challenges. When a municipality enters into a shared agreement, it generally relinquishes a portion of its control of the facility. Additionally, the facility may not be entirely suited to accommodate the municipality's needs.

However, the City's location makes it difficult to share facilities or services with other agencies besides Siskiyou County. In any event, the City should continuously review its ability to maximize facilities by looking for partners to share operating and construction costs with new facilities either through the update of various planning documents or during the two-year budget cycle.

5.2.1 - DETERMINATIONS

Determination 5.2-1 – During the budget review cycle or an update of a planning document, the City should review its existing agreements with various agencies to identify the potential for cost sharing opportunities of services and/or facilities.

5.3 - Accountability for Community Service Needs, including Governmental Structure and Operation Efficiencies

This section addresses the adequacy and appropriateness of the City of Etna's existing boundary and Sphere of Influence, assesses the management structure and overall managerial practices of the City, and evaluates the ability of the City to meet its service demands under its existing government structure. Also included in this section is an evaluation of compliance by the City with public meeting and records laws.

An examination of government structure should consider the advantages and disadvantages of various government structures that could provide public services. In reviewing potential government structure options, consideration may be given to service delivery quality and cost, regulatory or government frameworks, financial feasibility, operational practicality, and public preference.

An examination of local accountability should evaluate the accessibility to and levels of public participation with the agency's management and decision-making processes. The MSR Guidelines note measures such as legislative and bureaucratic accountability, public participation, and easy accessibility to public documents and information as important in ensuring public participation in the decision-making process.

5.3.1 - ORGANIZATIONAL STRUCTURE

The City of Etna operates under a council/mayor form of government. The City Council, as the legislative body, represents the entire community and formulates citywide policy. The City has five full time employees, including City Clerk, Public Utilities, Public Works, Police Chief, and one Police Officer. The City employs four part-time staff and 25 paid volunteer personnel (15 fire and 10 ambulance).

Five Council members are elected at large by City voters and serve a four-year term, which are staggered. The Mayor and Mayor-pro-tempore are selected from among the ranks of the Council and serve two-year terms. The City Clerk is appointed by the Council and is responsible for day-to-day administration of City affairs and implementation of Council policies. Each Council member serves as the Commissioner for the City's Departments. Commissions can change and are appointed by the mayor.

The City Council is responsible for governing as well as establishing the overall priorities and direction for the City's municipal government. The Council's responsibilities include the adoption of City ordinances and policies, approval of programs, services, projects, contracts and agreements, adoption of the annual budget, and establishment of short- and long-term goals for the City. Actions of the Council, including opportunities for public involvement and public hearings, are regulated in accordance with applicable statutes and City procedures.

As stated before, the City Council is elected on an at-large basis. Once elected, it is the duty of each Councilmember to represent the interests of all residents of the City. However, this structure of election allows residents to elect all Council members but may result in areas of the City being unrepresented.

5.3.2 - DETERMINATIONS

Determination 5.3-1 – The City Council is elected at-large and utilizes a rotating mayor format, which serves for a term of two years. This may prevent some areas of the City from being represented by on the City Council.

Determination 5.3-2 – The City conducts open meetings in compliance with the Brown Act that allows for complaints and comments regarding services and potential conflicts or inefficiencies to be identified to the City Council by residents.

Determination 5.3-3 – The City utilizes an organizational structure that obtains efficiency through departments heads who oversee multiple divisions.

Determination 5.3-4 – The current City structure is efficient, transparent and meets expectation of its residents with the resources available.

SECTION 6 - SPHERE OF INFLUENCE REVIEW

6.1 - Sphere of Influence Overview

As part of any Sphere of Influence review, LAFCo is required to consider all of the information presented in the Municipal Service Review conducted for that agency. Additionally, LAFCo must also make written statement of its determinations for that agency regarding the following:

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. The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence.

After a written determination has been made with respect to the aforementioned areas of review, LAFCo may adopt a Sphere of Influence (SOI) that is appropriate for the agency's provision of service.

This section of the report fulfills the requirements of Government Code Section 56425 and allows LAFCo to adopt an SOI that is consistent with the written determinations for the City of South Lake Tahoe.

6.2 - Present and Planned Land Uses

The City adopted a General Plan Update in January 2005. The planning area within the General Plan provided a basis for the land use analysis and future development policies. The planning area does not extend past the City limits; however, areas outside the City limits are addressed only in the case of concepts pending future evaluations of appropriate land uses for annexations. Land outside the City limits is also addressed as it pertains to access and connectivity of goods and services to City residents.

The current SOI would appear to be adequate to meet present and future service needs of residents. The SOI covers adjacent, existing communities which may need services in the future if their service provider is no longer able to operate. The areas within the SOI but without the City limits are mainly agricultural and rural. Were these areas to develop and become more populated, the City would consider annexation in order to provide basic services. The City would be able to possibly step in as successor agency in the future.

6.3 - Present and Probable Need for Public Facilities and Services

The City provides a range of services to its residents, while sometimes coordinating with other agencies to best provide services in a comprehensive manner. Additionally, the City has outlined its growth and development within the adopted General Plan. The slow growth of the City of Etna has allowed the City to serve the needs of its residents without needing to expand.

The only probable need for public facilities would be for the existing areas within the SOI, were these areas to become more developed. It is also within the City's best interest to continue to update their existing facilities, along with conducting studies to determine the timeline and funding opportunities to do so.

6.3.1 - DISADVANTAGED UNINCORPORATED COMMUNITIES

The area outside the City limits but in the SOI is mostly agricultural land. The City would be the logical service provider for this area. Therefore, the City would need to prepare to extend these services to this area as part of any reorganization within, and development of, the area. However, this area is already within the SOI and therefore no amendment would need to be made.

6.4 - Present Capacity of Public Facilities and Adequacy of Public Services

The City currently provides a level of service which is satisfactory to meet the needs of residents. The City reviews its service levels and should set benchmarks that allow for easy review on an annual basis to determine if additional resources must be allocated. Creating Master Plans on a five-year basis would allow for better tracking and evaluation of service levels and needs. Furthermore, inclusion of a CIP within the two-year adopted budget would further show the enhancements and improvements completed to further enhance infrastructure systems operated by the City.

6.5 - Existence of Any Social or Economic Communities of Interest

As stated in Section 3, there are currently communities of social or economic interest within or adjacent to the existing SOI, identified as DUCs. However, by keeping these neighborhoods within the SOI, it would allow the City to be a viable service provider under the provisions of Government Code §56133 and subject to the policies of Siskiyou LAFCo, in the event that an existing service provider is no longer able to do so.

6.6 - Etna Sphere of Influence Recommendations

As shown in the MSR and throughout the determinations of this document, the City of Etna is currently providing services at an adequate level to its citizens. The City is accountable to its customers through the City Council, which are elected at-large. However, the City needs to monitor its revenues compared to expenditures, as recent financial statements appear to show a deficit, and much of the City's expenditures are spent on debt repayment.

The growth of the City is managed through the General Plan. As a result, modest growth has been planned and identified within the City but policies for development will allow for services and infrastructure planning to catch up with the needs of future residents.

In conclusion, based on the analysis provided within this report, the existing SOI for the City of Etna is adequate to service the existing residents as well as possible future needs of communities within it.

Recommendation 6-1 – It is recommended that the City of Etna’s Sphere of Influence remain unchanged.

Recommendation 6-2 –City’s existing SOI is acceptable to accommodate present and future growth needs for residents.

Recommendation 6-3 - The capacity of public facilities is required to be reviewed during new development proposals by the City to accommodate the present and future needs of residents in a responsible manner.

Recommendation 6-4 – The City may be considered a logical service provider for adjacent, existing communities if one of the current service providers is no longer solvent or able to provide services. At that time, a feasibility study should be commissioned to identify potential options for successor agencies to provide other services to these communities.

SECTION 7 - REFERENCES

California State Controller's Office. (2018). *California State Controller's Office Local Government Financial Data*. Sacramento: Office of the Controller - State of California.

Federal Bureau of Investigations. (2017). *2017 Crime Report*. U.S. Department of Justice.

Michael Baker International. (2016). *2014-2019 Housing Element*. City of Etna: California Department of Housing and Community Development.

PMC. (2007). *Exising Municipal Services Review Reports Readopted*. Etna: PMC.

Siskiyou County. (2016). *Siskiyou County Regional Transportation Plan*. Transportation Plan: Siskiyou County.

State of California SB 375. (2008). B 375.