

RESPONSE TO GRAND JURY REPORT

Report Title: Incorporating the City of McKinleyville: To Be, or Not to Be?

Report Date: May 22, 2023

Response by: Humboldt County Board of Supervisors

FINDINGS

The county agrees with the findings numbered: **1, 2 and 4**

The county disagrees with the finding numbered: **3**

RECOMMENDATIONS

Recommendations numbered **1 and 2** have been implemented.

Recommendations numbered **3-6** will not be implemented.

Date: _____ Signed: _____

Number of pages attached: _____



COUNTY OF HUMBOLDT

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INTEROFFICE MEMORANDUM

TO: HUMBOLDT COUNTY BOARD OF SUPERVISORS
FROM: COUNTY ADMINISTRATIVE OFFICE
SUBJECT: RESPONSE TO 2022-23 GRAND JURY REPORT "INCORPORATING THE CITY OF MCKINLEYVILLE: TO BE, OR NOT TO BE?"
DATE: AUGUST 15, 2023

In the Grand Jury Report, "*Incorporating the City of McKinleyville: To Be, or Not to Be?*" the Grand Jury has requested that the Humboldt County Board of Supervisors respond to Findings 1 through 4 and Recommendations 1 through 6. I am proposing the following response as detailed below.

FINDINGS

Finding 1: *Interest in the topic of incorporating McKinleyville as a city has been demonstrated by the citizens of McKinleyville. No in-depth Initial Feasibility Analysis of the advantages and disadvantages of incorporation has ever been conducted, resulting in the citizens not knowing the pros and cons of incorporation.*

Response: Agree

Finding 2: *Incorporation as a city poses financial and other impacts on the residents of the proposed new city, adjacent communities, and the county as a whole. Without an in-depth Initial Feasibility Analysis the citizens of McKinleyville cannot know how these impacts affect them.*

Response: Agree

Finding 3: *The McKinleyville Municipal Advisory Committee is an appointed body that provides recommendations to the County Planning Commission and the County Board of Supervisors on local issues. While the committee has received interest about incorporation from some citizens of McKinleyville, they have no ability to be responsive to these citizens because they cannot implement an in-depth Initial Feasibility Analysis.*

Response: Disagree

While the McKinleyville Municipal Advisory Committee (MMAC) does not have budgetary authority, the MMAC can be responsive to residents in a number of ways, including using feedback it receives to provide advice to the Board of Supervisors regarding incorporation.

Finding 4: *An independent and neutral qualified company that specializes in such matters is needed to create an in-depth Initial Feasibility Analysis. No funding for such a study exists.*

Response: Agree

RECOMMENDATIONS

Recommendation 1: *By no later than November 1, 2023, the Humboldt County Board of Supervisors provide the McKinleyville Municipal Advisory Committee and any of its subcommittees with the authority to seek other sources of funding to assist in the creation of the in-depth Initial Feasibility Analysis. (F1, F2, F3, and F4)*

Response: *This recommendation has been implemented.*

Section 5 of the Rules, Regulations and Procedures for Operation of The McKinleyville Municipal Advisory Committee (MMAC), most recently updated by the Board of Supervisors on Jan. 11, 2022, states:

“The McKinleyville Municipal Advisory Committee (MMAC) is tasked with gathering input from the community and *providing advice on matters which relate to services which are or may be provided to the McKinleyville Community Planning Area* by the County or other local governmental agencies. *The advice to be provided by the MMAC includes* but is not limited to advice on matters of public health, safety, welfare, public works, *public financing and proposed annexation that may affect the local area covered by the MMAC.* The MMAC is not intended to address countywide matters unless those matters have a localized impact within the area mapped in Figure 1 and described as the territorial jurisdiction of the MMAC.”

This recommendation has been implemented via adoption of the above-referenced document. While the MMAC may not apply for funding on its own, it does have the authority to seek other funding sources. The MMAC rules state “*The advice to be provided by the MMAC includes, but is not limited to ... public financing and proposed annexation.*” The activity of seeking funding to create the IFA is most easily included in the non-exclusive list of responsibilities detailed above, but because incorporation is the process of creating a new legal boundary it is similar enough in nature to the statement on “public financing and proposed annexation” that it can be considered to be within the realm of the MMAC.

Recommendation 2: *By no later than November 1, 2023, the Humboldt County Board of Supervisors authorize the McKinleyville Municipal Advisory Committee, and any of its subcommittees, to make recommendations to the Board of Supervisors on the scope and specifics of the in-depth Initial Feasibility Analysis. (F1, F2, F3, and F4)*

Response: *This recommendation has been implemented.*

The rules, regulations and Procedures for Operation of the McKinleyville Municipal Advisory Committee

(MMAC) provide that the committee’s responsibility is to advise the Board of Supervisors on “matters of public health, safety, welfare, public works, public financing and *proposed annexation that may affect the local area covered by the MMAC.*” The ability to provide recommendations to the Board on this matter has already been authorized. Incorporation is a complex process and while the MMAC and any of its subcommittees would provide valuable input, even the Initial Feasibility Analysis (IFA) would benefit if done with the guidance of Humboldt LAFCO, which would be responsible for any later Comprehensive Fiscal Analysis and other critical parts of the incorporation process.

Recommendation 3: *By no later than November 1, 2023, the Humboldt County Board of Supervisors provide additional staff support to assist the McKinleyville Municipal Advisory Committee in accomplishing the creation of the in-depth Initial Feasibility Analysis. See below regarding suggested funding sources. (F1, F2, F3, and F4)*

Response: *This recommendation will not be implemented.*

While the costs of an Initial Feasibility Analysis would be determined by a successful request for proposals process, Humboldt LAFCO has estimated that it may cost \$60,000 or more. Additionally, any proponent, or Affected Agency (including the county and McKinleyville Community Services District), may raise or spend funding for the IFA independent of county action.

Regarding the funding element of this recommendation, the county is facing a budget shortfall of more than \$17 million in Fiscal Year 2023-24 and is not in a financial position to allocate additional General Fund, and therefore staff time, for this purpose, including the ability to pursue funding for an Initial Feasibility Analysis.

While the County Administrative Officer does not recommend that an in-depth Initial Feasibility Analysis be funded by the county at this time due to the county’s current budget constraints, it should be noted that any member of the Board of Supervisors could bring a discussion item forward in the future if interested in funding the Initial Feasibility Analysis.

Recommendation 4: *By no later than January 1, 2024 the Humboldt County Board of Supervisors create a Request for Proposal to solicit bids from qualified contractors to conduct an in-depth Initial Feasibility Analysis on the effects and impacts of McKinleyville being incorporated as a city. See below regarding suggested funding sources. (F1, F2, F3, and F4)*

Response: *This recommendation will not be implemented.*

The county is facing a budget shortfall of more than \$17 million in FY 2023-24 and therefore is not in a financial position to allocate additional General Fund, and therefore staff time, for this purpose, including the ability to create the above-described Request for Proposal, or to pursue related funding. While it is not recommended by staff, it should be noted that any member of the Board of Supervisors could bring a discussion item forward in the future if interested in funding staff time related to the Initial Feasibility Analysis.

Recommendation 5: *By no later than March 1, 2024, the Humboldt County Board of Supervisors enter into a contract with the qualified contractor chosen from the bidding process for the Request for Proposal to conduct an in-depth Initial Feasibility Analysis on the effects and impacts of McKinleyville being incorporated as a city. See below regarding suggested funding sources. (F1, F2, F3, and F4)*

Response: *This recommendation will not be implemented.*

Regarding the funding element of this recommendation. As mentioned previously, the he county is not in a financial position to allocate additional General Fund, and therefore staff time, for this purpose, including the ability to enter into a contract as described above, or to pursue related funding. While it is not recommended by staff, it should be noted that any member of the Board of Supervisors could bring a discussion item forward in the future if interested in funding contractor services and staff time related to the Initial Feasibility Analysis.

Recommendation 6: *By no later than October 1, 2024, an in-depth Initial Feasibility Analysis on the effects and impacts of McKinleyville being incorporated as a city be completed. See below regarding suggested funding sources. (F1, F2, F3, and F4)*

Response: *This recommendation will not be implemented.*

The county is not in a financial position to allocate additional General Fund, and therefore staff time, for this purpose, including ensuring an Initial Feasibility Analysis is completed, or to pursue related funding.

While the County Administrative Officer does not recommend that an in-depth Initial Feasibility Analysis be funded by the county at this time due to the county's current budget constraints, it should be noted that any member of the Board of Supervisors could bring a discussion item forward in the future if interested in funding the Initial Feasibility Analysis.

Funding Recommendation: *The Grand Jury recommends that the Humboldt County Board of Supervisors fund the expenses listed in R3, R4, R5, and R6 with existing appropriations in the current fiscal year. If current appropriations are not sufficient, the Grand Jury recommends that BOS, at its next earliest opportunity, pursue additional funding from an appropriate agency, including state or federal agencies.*