

MARIN LOCAL AGENCY FORMATION COMMISSION

RESOLUTION NO. 26-02

ADOPTION OF THE NOVATO AREA MUNICIPAL SERVICE REVIEW AND WRITTEN STATEMENT OF DETERMINATIONS

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

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

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

WHEREAS a written report on the municipal service review was presented to the Commission at a public hearing on Thursday, April 9, 2026, in a manner provided by law; and

WHEREAS Marin LAFCo issued a Draft Service Review on Friday, March 27, 2026, which included a public hearing, and a Final Service Review on Thursday, June 11, 2026, which also included a public hearing; and

WHEREAS as part of the Novato Area Municipal Service Review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regard to certain factors.

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

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

PASSED AND ADOPTED by the Marin Local Agency Formation Commission, on June 11, 2026, by the following vote:

AYES: Commissioners Coler, Rodoni, Chu, Murray, Kiou, Lucan and Burdo _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

Barbara Coler
Barbara Coler (Jun 15, 2026 11:09:14 PDT)
Barbara Coler, Chair
Marin LAFCo

ATTEST:

APPROVED AS TO FORM:

Jason Fried
Jason Fried, LAFCo Executive Officer

Malathy Subramanian
Malathy Subramanian (Jun 15, 2026 10:30:55 PDT)
Malathy Subramanian, LAFCo Counsel

Attachments to Resolution No. 26-02

- 1) Exhibit "A"

EXHIBIT A
NOVATO AREA MUNICIPAL SERVICE REVIEW
MUNICIPAL SERVICE REVIEW DETERMINATIONS
GOVERNMENT CODE SECTION 56430

1. Growth and population projections for the affected area.

a) The City of Novato has an estimated 2025 population of 51,690 residents and is Marin County's second-largest city. Between 2010 and 2025, Novato experienced a total estimated population decrease of approximately 0.4 percent, with the annual growth rate over that period calculated at about negative 0.03 percent. The California Department of Finance Growth Forecast anticipates that Novato's population will continue to contract modestly, with a projected decline of approximately 2.7 percent over the next 20 years; Department of Finance projections show Novato's population decreasing to 50,465 by 2035 and 50,480 by 2045, mirroring the Countywide annual growth rate of negative 0.24 percent from 2025 to 2035 and negative 0.12 percent from 2025 to 2045.

b) The Novato Fire Protection District (NFPD) serves an estimated 59,825 residents as of 2026, based on the best available demographic data compiled for the MSR. Since 2010, NFPD's population has increased from 58,809 to 59,825, reflecting an annual growth rate of approximately 0.11 percent, which exceeds Marin County's overall annual growth rate of about 0.056 percent over the same period. The district includes both the incorporated City of Novato and surrounding unincorporated communities, and its service population is expected to remain relatively stable over the report horizon, with only modest changes associated with infill and limited greenfield development within its largely built-out service area.

c) The Novato Sanitary District (NSD) and Bel Marin Keys Community Services District (BMKCSD) both serve areas that are largely developed under existing zoning and general plan designations, particularly within the Highway 101 corridor and the Bel Marin Keys planned community. Within the NSD sphere of influence, Marin County's Housing Element identifies two large parcels (APNs 125-180-85 and 125-180-79), totaling approximately 233.8 acres, as a potential Regional Housing Needs Allocation (RHNA) site capable of accommodating 249 above-moderate income units, which would generate incremental but manageable increases in service demand if developed. BMKCSD's residential area is substantially built out, with approximately 700 housing units and limited opportunities for additional greenfield development, suggesting only minor population changes over the timeframe of this MSR.

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

a) Marin LAFCo identifies disadvantaged unincorporated communities (DUCs) using 2019–2023 American Community Survey data, designating as disadvantaged any

unincorporated area with a median household income less than 80 percent of the statewide median, calculated for this MSR as less than 76,417 dollars. Applying this methodology, Marin LAFCo designated DUCs Countywide and reviewed their relationship to the spheres of influence of the City of Novato, NSD, NFPD, and BMKCSO.

b) Within or contiguous to the spheres of influence of the Novato-area agencies studied in this MSR, Marin LAFCo determines that there are no disadvantaged unincorporated communities with identified unmet municipal service needs related to the service functions reviewed in this report. The unincorporated communities surrounding Novato—including Loma Verde, Indian Valley, Black Point, Green Point, and Bel Marin Keys—are characterized by relatively high median household incomes and do not meet the statutory thresholds for disadvantaged status under Government Code Section 56033.5 and Water Code Section 79505.5(a).

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

a) The City of Novato provides a wide range of municipal services—law enforcement, building and planning, code enforcement, parks and recreation, landscape maintenance, streets/road maintenance, and stormwater drainage—to a largely urbanized jurisdiction of approximately 17,850 acres (28 square miles), with 21,756 housing units and a population density of about 1,846 persons per square mile. The MSR finds that Novato’s police, public works, and parks and recreation services are adequately staffed and resourced at present levels; police staffing remains stable at approximately 78 full-time equivalent (FTE) positions, the City’s infrastructure net position has returned to a positive trajectory after pandemic-era budget reductions, and the Parks, Recreation and Community Services (PRCS) Department operates near full cost recovery, with a modest General Fund subsidy as of FY 2025. The primary infrastructure adequacy concern for the City is deferred maintenance of roads, storm drains, and public facilities that accumulated when the City under-invested relative to depreciation during FY 2021–2022, but Novato has resumed a positive capital investment trajectory beginning in FY 2023 and is supplementing core funding with Measure M revenues for street and weed abatement programs.

b) NSD owns and operates the Novato Treatment Plant (NTP) and a collection system serving the City of Novato and surrounding unincorporated areas, with design capacity sufficient to meet current and reasonably foreseeable flows. Plant design criteria, influent flows, and 2024 performance data show that the NTP is operating within its permitted capacity and meeting effluent limits, while the collection system and pump stations are being maintained and upgraded pursuant to an adopted capital improvement program. Marin LAFCo determines that NSD has adequate present capacity and planned capital investments to continue providing wastewater collection, treatment, and disposal services throughout its service area, including potential future development at the identified RHNA site within its proposed expanded SOI.

c) NFPD provides structural fire protection and emergency medical response across approximately 45,440 acres (71 square miles), including the entire City of Novato and substantial unincorporated territory, operating from multiple stations with an 88-FTE

workforce. The district's facilities, apparatus, and staffing levels are adequate to maintain current service levels, and NFPD participates in automatic and mutual aid arrangements with neighboring agencies, supporting effective regional emergency response.

d) BMKCSO provides a limited suite of services within the Bel Marin Keys community, including parks, recreation, and lagoon/levee-related functions, in coordination with other providers for storm drainage and related infrastructure. The MSR notes that the district's facilities and staffing are sufficient to maintain current service levels; however, it recommends that BMKCSO coordinate more closely with the County of Marin regarding storm drainage responsibilities to avoid confusion over this critical function.

4. Financial ability of agencies to provide services.

a) The City of Novato is a municipality with a General Fund heavily weighted toward public safety, with police services representing a substantial share of expenditures and fire services provided under contract by NFPD. Over the five-year study window, Novato's General Fund revenues exceeded expenditures in all years except during the early pandemic period, and the City has restored structural balance and rebuilt reserves, while also implementing fiscally conservative policies such as rules for the use of one-time revenues and surplus. The City's primary long-term challenges are rising public safety costs and pension liabilities; however, Novato has made progress in reducing its net pension liability and unfunded accrued liability and continues to follow Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) best practices.

b) NSD's financial position is stable, with sewer service charges and other revenues sufficient to cover operating costs, debt service, and planned capital improvements. Historical financial data demonstrate that NSD's General Fund and enterprise operations consistently generate revenues that meet or exceed expenditures, and the district maintains healthy reserves to address unanticipated needs and future regulatory requirements. Marin LAFCo determines that NSD has the financial capacity to continue providing wastewater services at current levels while implementing its capital improvement program and accommodating incremental growth within its service area and sphere of influence.

c) NFPD's finances are supported primarily by property tax revenues and special assessments within its large service area, and the district has demonstrated the ability to fund ongoing operations, capital replacement, and pension obligations. Historical General Fund revenue and expenditure trends show that the district operates within its means, with reserves and long-term planning sufficient to manage volatility in revenue and rising personnel costs. Marin LAFCo finds that NFPD is financially capable of sustaining current fire protection and emergency medical services for its existing population and modest future growth anticipated in the Novato area.

d) BMKCSO maintains a relatively small but stable financial base, relying on property-related revenues and assessments within a largely built-out residential community. The district's historical financial statements show that revenues have generally outpaced or matched expenditures, allowing BMKCSO to maintain core facilities and services while building fund balances to address future capital needs. Marin LAFCo determines that BMKCSO has adequate financial capacity to continue providing its authorized services at existing levels, contingent upon maintaining sound financial management practices and

continuing to comply with State transparency requirements.

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

a) The Novato area agencies participate in multiple shared service and facility arrangements that improve cost efficiency and service effectiveness. The City of Novato maintains numerous contracts and memoranda of understanding (MOUs) with neighboring agencies, but does not currently operate any out-of-agency service agreements requiring LAFCo approval under Government Code Sections 56133 or 56134. Marin LAFCo recommends that the City proactively explore additional shared services agreements with large-scale municipal service providers within its jurisdiction (for example, in administrative support functions) to address long-standing staffing challenges and improve resilience.

b) NSD's wastewater services are coordinated regionally through regulatory frameworks and interagency collaboration, and its treatment plant and collection system provide regionalized service to both the City and unincorporated areas. The MSR recommends adjusting NSD's sphere of influence to remove overlap with Las Gallinas Valley Sanitary District and to include the identified RHNA housing site, which will clarify long-term service responsibilities and promote efficient infrastructure planning..

c) NFPD's participation in automatic and mutual aid systems with neighboring fire agencies is a central example of shared emergency response capacity in the Novato area. Marin LAFCo recommends that NFPD and the Marinwood Community Services District consider a joint feasibility study regarding the potential consolidation of Marinwood's fire and emergency medical services into NFPD, which could further leverage shared facilities, training, and administrative capacity.

d) BMKCSD collaborates informally with county and regional entities for storm drainage and flood-related functions, but the MSR highlights the need for clearer role definition. Marin LAFCo recommends that BMKCSD work directly with the County of Marin to clarify responsibilities for storm drainage services within the district, which would enhance coordination, avoid duplication, and ensure critical infrastructure is managed effectively.

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

a) The City of Novato operates under a council–manager form of government with five district-based councilmembers elected to staggered four-year terms, in compliance with the California Voting Rights Act and local districting requirements. The City holds regularly scheduled City Council meetings on the second and fourth Tuesdays of each month at 6:00 p.m., noticed and conducted consistent with the Brown Act. Novato maintains an up-to-date and robust website that includes contact information, council records, budgets, audits, compensation reports, and other key documents; all required Form 700 filings and AB 1234/AB 1661 training certifications are current, and the City complies with SB 272 and, while not directly applicable, SB 929, as well as AB 1637.

b) NSD is governed by an elected board that meets regularly in publicly noticed meetings,

and the district maintains a website that provides board agendas, minutes, financial information, and policy documents. The MSR evaluates NSD's website for compliance with SB 929 and the Special District Leadership Foundation's transparency requirements, finding high levels of compliance and recommending only minor enhancements where applicable. NSD cooperated fully with LAFCo's data requests and interviews, demonstrating a commitment to transparency and accountability.

c) NFPD is governed by a five-member elected Board of Directors, each serving a four-year term, with regular meetings held on the first Wednesday of each month at 10:00 a.m. The district maintains an accessible website that provides board materials, budgets, policies, and operational information, and has generally met State transparency and governance standards evaluated in this MSR. NFPD's organizational structure and operational practices, including participation in regional mutual aid, support efficient service delivery across its large and diverse service area.

d) BMKCSD is governed by an elected board and holds regular, publicly noticed meetings, with information available through its website and other communication channels. The MSR notes certain website compliance issues with legally required postings and recommends that BMKCSD notify Marin LAFCo upon launching its updated website so that LAFCo staff can confirm that missing items have been corrected. Overall, BMKCSD demonstrated cooperation during the MSR process, and Marin LAFCo finds that the district can meet community service needs effectively, provided it completes identified transparency improvements.

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

a) Marin LAFCo recommends that NFPD and Marinwood Community Services District engage in discussions regarding a potential joint feasibility study focused on consolidating Marinwood's fire and emergency medical services into NFPD. This exploration is driven by regional service patterns and the potential for operational efficiencies, improved staffing resilience, and more consistent service delivery across the northern Highway 101 corridor.

b) Marin LAFCo recommends amending NSD's sphere of influence to remove an area along the southern boundary that overlaps the jurisdictional lands of Las Gallinas Valley Sanitary District and to include two RHNA-designated parcels (APNs 125-180-85 and 125-180-79) that are currently outside both NSD's SOI and jurisdiction but contiguous to each. These changes will reduce overlap and clarify long-term service responsibility, while ensuring that potential future development on the identified RHNA site is logically aligned with NSD's wastewater service infrastructure.

c) Marin LAFCo recommends that the City of Novato's sphere of influence be amended to be coterminous with its voter-approved urban growth boundary (UGB), which is in place through at least 2042. Aligning the SOI with the UGB ensures consistency between State law's definition of a sphere, Marin LAFCo policies recognizing UGBs, and the City's own growth limits, thereby discouraging urban sprawl and ensuring efficient municipal service provision.

d) Marin LAFCo recommends that BMKCSD promptly inform LAFCo upon completion of

its website update and work directly with the County of Marin to clarify storm drainage responsibilities within its boundary. These actions will enhance transparency, clarify service accountability for critical drainage infrastructure, and support more efficient and coordinated service delivery in the Bel Marin Keys community.











Resolution 26-02 - Adoption of Novato MSR & Determinations

Final Audit Report

2026-06-15


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