

## REGULAR MEETING AGENDA

### Del Norte Local Agency Formation Commission TELECONFERENCE MEETING April 20, 2020 4:00 pm

#### **LISTEN TO THE MEETING AND COMMENT REMOTELY.**

**The telephonic information is: Dial-in: 1 (712) 770-5505  
Access Code: 737919#**

Due to the ongoing COVID-19 issues, the Governor of the State of California has issued Executive Order N-29-20 and Order N-25-20 establishing social distancing measures and suspending provisions of the Brown Act. For this reason we ask that you:

PLEASE SUBMIT ANY PUBLIC COMMENTS AHEAD OF TIME IF AT ALL POSSIBLE. Please send comments to [eo@delnortelafo.org](mailto:eo@delnortelafo.org). Your comment will be limited to 3000 characters. Your comment will be read aloud during the public comment period. Comments for general public comment and specific agenda items may be submitted until 2 p.m. on Monday April 20, 2020. Please submit only one comment per agenda item and only one general public comment.

Comments for general public comment and specific agenda items may also be mailed to Del Norte LAFCo, 1125 16<sup>th</sup> Street Suite, 202 Arcata, CA 95521. Written comments must be received by 2 p.m. Monday April 20, 2020.

IF YOU REQUIRE AN ACCOMMODATION DUE TO DISABILITY under the Americans with Disability Act that does not allow you to participate remotely please notify LAFCo Executive Officer [eo@delnortelafo.org](mailto:eo@delnortelafo.org) or phone number (707) 825-9301. If you know you require an accommodation, please LAFCO know as soon as possible no later than 24 HOURS before the meeting in order to make other arrangements for viewing the meeting and/ or comment.

1. Call to Order/Roll Call  
Pledge of Allegiance
2. Public Hearings
  - A. Bertsch-Ocean View Community Services District 2020 MSR & SOI Update (ATTACHMENT 2A)
  - B. Del Norte Fairgrounds Recreation & Parks District 2020 MSR & SOI Update-proposed continuance (ATTACHMENTS 2B)
  - C. FY 2020-2021 Proposed Budget Review (ATTACHMENT 2C)
3. Regular Business
  - A. Approval of January 27, 2020 Draft Minutes (ATTACHMENT 3A)
  - B. Review of CALAFCO Board Meeting Expenses (ATTACHMENT 3B)

**Del Norte Local Agency Formation Commission**  
**TELECONFERENCE MEETING**  
**April 20, 2020 4:00 pm**

4. Inquiries, Correspondence, Application Status and Referrals

- A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.
- B. Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).
- C. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.

5. Adjournment

Next Meeting Scheduled for June 1,2020.

**DEL NORTE  
LOCAL AGENCY FORMATION COMMISSION**  
1125 16<sup>th</sup> Street, Suite 202  
Arcata, California 95521  
TEL (707) 825-9301 FAX (707)825-9181  
eo@delnortelaftco.org

**AGENDA ITEM 2A**

**MEETING DATE:** April 20, 2020  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Bertsch-Ocean View Community Services District  
2020 Municipal Service Review and Sphere of Influence Update

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**RECOMMENDATION**

The following procedures are recommended for the Commission's consideration of this item:

- Receive telephonic report from staff;
- Open the public hearing and invite telephonic testimony; and
- Discuss item and - if appropriate - close the hearing and consider action on recommendation.

Staff recommends the Commission approve Resolution No.20-01 approving the Bertsch-Ocean View Community Services District Municipal Service Review and Sphere of Influence Update.

**DISCUSSION**

The Bertsch-Ocean View Community Services District (BOV CSD) provides domestic water service to the unincorporated community of Bertsch-Ocean View located adjacent to, and south of Crescent City. The District serves a population of approximately 2,000.

BOV CSD was originally established as a district under Resolution 70-65 dated May 25, 1970. The District boundary was modified a few months later on December 14, 1970 and expanded through annexations in 1991, 1993 and 1995. During MSR preparation Del Norte LAFCo staff noted District boundary inconsistencies among various paper and electronic files. State Board of Equalization (BOE) records were requested and analyzed for this MSR. The District boundary, updated for consistency with BOE records, is reflected in MSR Figure 1. The District SOI is coterminous with District boundaries except for the Elk Valley Off-Reservation Trust Land, known as Martin Ranch, located directly south-east of the district boundaries.

BOV CSD and CSA #1/1, providing wastewater services, share a similar boundary and are both within the Crescent City SOI. BOV CSD provides customers with water from the City of Crescent City and CSA#1/1 provides customers with wastewater collection service, and conveyance to the City of Crescent City wastewater treatment facility.

The BOV CSD water system infrastructure is adequate to serve resident needs. Although the FY 2018-19 adopted budget shows expenditures exceeded revenues due to increased maintenance costs, the FY 2019-20 adopted budget shows revenues will exceed expenditures by about \$34,000. BOV CSD has a loan through the State of California's Department of Water Resources with the last payment due December 31, 2034.

**ATTACHMENTS**

Attachment 1: Bertsch-Ocean View Community Services District MSR & SOI Update  
Attachment 2: Resolution 20-01 Approving the Bertsch-Ocean View Community Services District MSR & SOI Update

# Bertsch-Ocean View Community Services District

## Municipal Service Review & Sphere of Influence Update

Commission Review Draft  
April 2020



# Del Norte Local Agency Formation Commission

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## Commissioners

Jason Greenough	Chair & City Member
Bob Berkowitz	Vice Chair & County Member
Roger Gitlin	County Member
Blake Inscore	City Member
Duane (Sparky) Countess	Public Member
Lori Cowan	Alternate County Member
Isaiah Wright	Alternate City Member
Judy Dobbs	Alternate Public Member

## Staff

George Williamson, AICP, Executive Officer  
Vanessa Blodgett, Services Analyst/ Administrator  
Elizabeth Cable, Legal Counsel  
Nicole Burshem, PS Business Services, Clerk  
Emily Morris, Assistant Analyst  
Jason Barnes, GIS & Spatial Data Analyst

## Acknowledgements

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by Bertsch-Ocean View CSD Former Interim Manager Steve Paynter and Board President Charlie Wick. This report would not have been possible without their assistance. In addition, Del Norte County provided valuable assistance and information.

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## 1.0 INTRODUCTION

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The Del Norte Local Agency Formation Commission (LAFCo) conducts municipal service reviews (hereafter referred to as “service reviews”) to assess existing and future public service conditions for cities and special districts within Del Norte County. This service review allows LAFCo, local agencies, and the public to better understand how public services are provided by the Bertsch Oceanview Community Services District (BOV CSD). This chapter provides a background of the service review requirements and an overview of the process and methodology of the review.

### 1.1 Community Service Districts & Principal Act Overview

Community Service Districts (CSDs) are independent special districts under Community Service District Law (Government Code § 61000 - 61850). A CSD is authorized to provide a wide variety of services including domestic water, wastewater treatment, garbage collection, security, fire protection public recreation, street lighting, and many others to unincorporated areas. CSDs are governed by a board of five directors, all of whom are elected at large.

The principal act governing CSDs is the Community Service District law (Government Code §61000 - 61850) which authorizes CSDs to provide a variety of service within its boundaries. BOV CSD is authorized to provide domestic water services. All other remaining services, facilities, functions or powers enumerated in the District’s principal act but not identified in the formation resolution are “latent,” meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Activation of these latent powers and services requires LAFCo authorization.

### 1.2 Municipal Service Review Determinations

Government Code § 56430 requires LAFCo to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determinations with respect to each of the following topics:

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
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);
4. Financial ability of agencies to provide services;
5. Status of, and opportunities for, shared facilities;
6. Accountability for community service needs, including governmental structure and operational efficiencies; and
7. Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

State Guidelines and Commission policies encourage stakeholder cooperation in the municipal service review process. It also provides a basis to evaluate, and make changes to Spheres of Influence, if appropriate.

### **1.3 Sphere of Influence Determinations**

A Sphere of Influence (SOI) is a LAFCo-approved plan that designates an agency's probable physical boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCo is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCo must update those SOIs every five years. For a SOI update, LAFCo is required to conduct a Municipal Services Review (MSR) and adopt related determinations. It must also make the following SOI determinations:

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; and
5. The present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities within the existing sphere of influence (effective July 1, 2012).

### **1.4 Review Methods**

The following information was considered in the development of this service review:

- Agency-specific data: responses to LAFCo Requests for Information.
- Land Use and Del Norte County General Plan and Zoning data: Del Norte County Planning Division and GIS webpage.
- Demographic data: U.S. Census Bureau; Department of Finance; CA Water Resources Board.
- Finances: budgets, rates and fees.
- Personal Communications with District staff.
- Other Reports: State Water Resources Control Board, Division of Drinking Water sanitary survey.

Information gathered was analyzed and applied to make the required determinations. All information gathered for this report is filed by LAFCo for future reference.



## 1.5 California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code § 21000 et seq. Public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to § 15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines § 15306 (information collection). CEQA requirements are applicable to SOI Updates. The CEQA lead agency for SOI Updates is most often LAFCo, unless an agency has initiated an SOI expansion or update.

## 2.0 AGENCY PROFILE

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Table 1: Bertsch-Ocean View CSD Agency Profile

Formation	
Agency Name	Bertsch-Ocean View Community Services District
Formation Date	May 25, 1970
Principal Act	Government Code §61000 – 61850
Contact	
Main Contact	Charlie Wick, Board President
E-mail	charliewick.1067@gmail.com
District Office	n/a
Mailing Address	900 Northcrest Dr #256 Crescent City, CA 95531
Phone	(707) 218-7021
Governance	
Governing Body	Board of Directors
Board Meetings	Last Monday of every month
Staffing	General Manager, Part-time District Secretary (currently both positions vacant)
Services	
Services Provided	Domestic Water
Areas Served	The unincorporated community of Bertsch-Ocean View

### 2.1 District Overview

The BOV CSD is organized as an independent special district under Community Service District law (Government Code § 61000 et seq). BOV CSD provides domestic water service to the unincorporated community of Bertsch-Ocean View located along the Del Norte County coast, adjacent to, and south of Crescent City. The District serves a population of approximately 2,000 people through 629 connections<sup>1</sup>. A municipal service review was previously conducted in 2010. This document will update the previous MSR and build upon information provided therein.

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<sup>1</sup> CA Drinking Water Watch: [https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys\\_is\\_number=279&tinwsys\\_st\\_code=CA&wsnumber=CA0810003](https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys_is_number=279&tinwsys_st_code=CA&wsnumber=CA0810003)

## 2.2 Formation

BOV CSD was formed by Resolution of the Del Norte County Board of Supervisors on May 25, 1970. The special district was formed for the purpose of providing potable water to the district.

## 2.3 Boundary and Sphere of Influence

BOV CSD covers approximately 900 acres (1.4 square miles) east of Crescent City. Figure 1 shows the district boundary and sphere of influence. BOV CSD has similar boundaries to County Service Area #1, Assessment District #1 (CSA#1/1), which provides wastewater services within the BOV CSD area. BOV CSD was established as a separate District providing water service only for bond repayment. Bond payments will be completed in 2034.

BOV CSD was originally established as a district under Resolution 70-65 dated May 25, 1970. The District boundary was modified a few months later on December 14, 1970 and expanded through annexations in 1991, 1993 and 1995. During MSR preparation Del Norte LAFCo staff noted District boundary inconsistencies among various paper and electronic files. State Board of Equalization (BOE) records were requested and analyzed for this MSR. The District boundary, updated for consistency with BOE records, is reflected in Figure 1. The District SOI is coterminous with District boundaries except for the Elk Valley Off-Reservation Trust Land, known as Martin Ranch, located directly south-east of the district boundaries.

BOV CSD and CSA #1/1, providing wastewater services, share a similar boundary and are both within the Crescent City SOI. BOV CSD provides customers with water from the City of Crescent City and CSA#1/1 provides customers with wastewater collection service, and conveyance to the City of Crescent City wastewater treatment facility.

## 2.4 Accountability and Governance

BOVCSD is governed by a five-member Board of Directors, elected at large by District residents to serve four-year terms (Table 2). The Board meets on the last Monday of each month at the Lighthouse Community Church 2455 Oliver Ave. in Crescent City. Meeting dates and agendas are posted 72 hours prior to the meetings at the local fire station on Humboldt Road (175 Humboldt Rd. Crescent City). The District does not currently maintain a website; however the fees and service area are listed on the Crescent City website (<https://crescentcity.org/csa.html>).

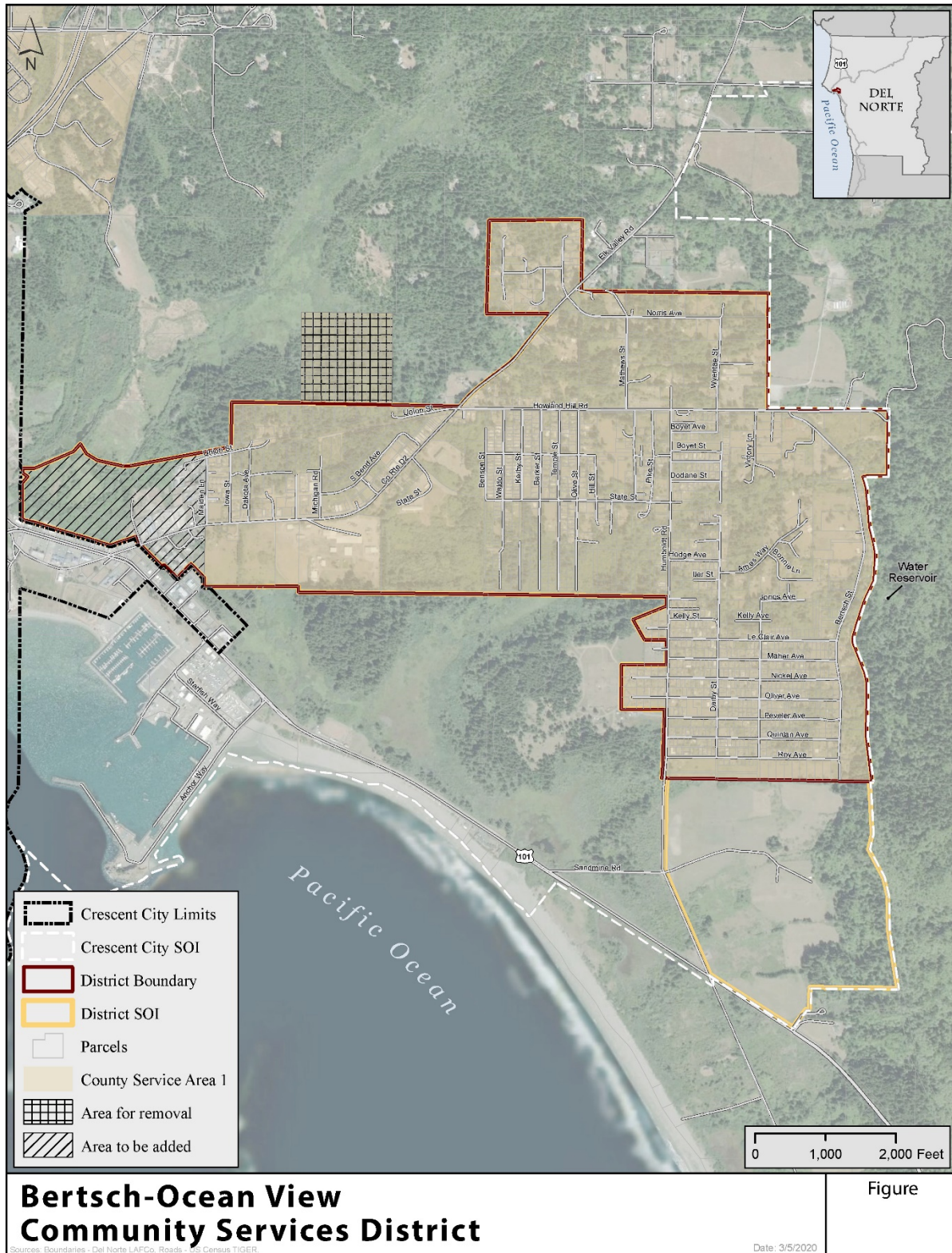
### Management & Staffing

The District currently employs one part-time Office Manager who is in the process of phasing out of the position. The District intends to use a secretary service to fill the vacant position once it is vacated entirely. The District was overseen by former District engineer Steve Paynter as an unpaid Interim Manager, but he indicated during the preparation of this document that it was essential that the District actively search for another General Manager as he intended to retire. The District is actively searching for a new General Manager.<sup>2</sup> All agency decisions are overseen by the Board of Directors upon consideration of public input and discussion.

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<sup>2</sup> Personal communication with Board President Charlie Wick April 2020

**Figure 1. District Boundary and SOI**



**Table 2: Bertsch-Ocean View CSD Board of Directors**

Board Member	Title	Term Expiration
David Markel	Board Member	2022
James Herrick	Board Member	2020
Kristen Peterson	Board Member	2022
Thomas Cochran	Board Member	2020
Charlene Wick	Board Member	2022

## **2.5 Present and Planned Land Use**

### **Existing Land Uses**

The Del Norte County General Plan (2003) and Zoning Code guide land use decisions within the unincorporated portion of Del Norte County including the community of Bertsch-Ocean View. BOV CSD primarily consists of rural residential, industrial, timberland, and resource conservation area land use designations. The Elk River Rancheria, a federally recognized tribe of Tolowa and Yurok people, is also in the BOVCSD boundary.

### **Future Development Potential**

Much of the District is generally surrounded by agricultural, timber, resource conservation, or State and Federal Lands; and therefore has limited development potential. Just outside of, and directly north of the District boundary, is an area designated as residential. There is some development in this area, but it remains relatively undeveloped.

BOV CSD currently provides water service to the Elk Valley Rancheria off reservation trust land, commonly known as the Martin Ranch parcel which is undeveloped except for a single residence. Since the Cortese Knox Hertzberg Local Government Reorganization Act discourages the provision of or extension of services outside of a District's service boundary, the District SOI was expanded to include Martin Ranch in the 2010 MSR/SOI Update. The Martin Ranch parcel is also located within the City of Crescent City SOI and in 2016 LAFCo approved a City application to extend water service to Martin Ranch for future development.

## **2.6 Population and Growth**

According to the U.S. Census, the total Del Norte County population was 28,610 in 2010 and estimated at 27,828 in the 2018, which is an approximately 2.7% population decrease<sup>3</sup>. California Department of Finance projections also show similar population decreases throughout the MSR planning period. However, it should be noted that the County population has historically fluctuated and future population increases are also likely.

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3 U.S. Census QuickFacts. Del Norte County, CA.  
<https://www.census.gov/quickfacts/fact/table/delnortecountycalifornia/PST045218#PST045218>

Bertsch-Ocean View is a census-designated place (CDP) that according to the 2010 census had a population of 2,436; and based on American Community Survey (ACS) 5-year estimates a 2018 population of 2,042.<sup>4</sup> The CDP boundary is larger than BOV CSD, however other areas of the CDP are not heavily populated, meaning the CDP population is likely representative of the BOV CSD population.

Based on the population estimates above which indicate slight population decreases in Del Norte County and the Bertsch-Ocean View CDP, it is unlikely that the district will have a significant increase in demand for water service during the MSR timeframe.

## **2.7 Disadvantaged Unincorporated Communities**

LAFCo is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities (DUC)s as part of this service review, including the location and characteristics of any such communities. A DUC is defined as any area with 12 or more registered voters where the annual median household income is less than 80 percent of the statewide annual median household income (pursuant to Government Code §56033.5 and Water Code §79505.5). Within a DUC, three basic services are evaluated: water, sewage, and fire protection. The District provides domestic water services only and is therefore responsible for assuring that this service is adequately provided to the community. CSA #1 provides wastewater collection and treatment and Crescent Fire and Rescue provides fire protection services.

According to the 2014-2018 American Community Survey 5-Year Estimates, the California median household income (MHI) was \$71,228. Bertsch-Ocean View CDP had an estimated MHI of \$38,603, which is 54.2% of the state average MHI, thereby qualifying the area as disadvantaged. Should territory in the surrounding area be proposed for annexation in the future, disadvantaged communities in the area should be considered.

## **3.0 DISTRICT SERVICES & INFRASTRUCTURE**

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### **3.1 Water Service Overview**

As per Resolution 1991-63 passed by the City Council of Crescent City, BOV CSD contracts with the City of Crescent City to provide water services on behalf of the district. BOV CSD owns the system, while the City water department delivers water and provides billing services. The District is responsible for major repairs and system integrity. Main line repairs in excess of 10% of that years' water revenues are paid by the District and the District is responsible for all power and maintenance costs for the booster pump and storage reservoir. The City maintains water meters, service lines and appurtenances and is responsible for hook-up deposits and monthly billing pursuant to the City Water Ordinance. The District charges \$700.00 per unit to connect into the system and this fee is collected by the City plus the city's connection fee of \$2,700 per single family equivalent.

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<sup>4</sup> U.S. Census Bertsch-Oceanview CDP, California. <https://data.census.gov/cedsci/profile?g=16000000US0606150&q=Bertsch-Oceanview>

BOV CSD is one of several Districts that contracts with Crescent City for water service including Church Tree CSD. The City provides potable water service to the area within the City boundary, which includes Pelican Bay State Prison, an incorporated island of the City, and unincorporated areas around the City. Due to its location Pelican Bay State Prison is served by a separate water main off of the main transmission line.

BOV CSD provides water distribution to customers within its boundaries, as well as to the Martin Ranch parcel outside of the district boundary, but within the District's SOI. Of the District's 750,000-gallon reservoir capacity, 300,000 gallons are maintained for fire flows. The remaining 450,000 gallons are available for the District's use to deliver to its customers.

BOV CSD holds a state water permit for water delivery for municipal purposes (CA0810003). The water system, originally permitted in January 1976, provides service to approximately 629 active connections. The District reports that there is sufficient capacity within the existing reservoir to maintain the Maximum Daily Demand (MDD) of the BOV CSD without having to utilize the booster station's available pumping capacity. The water system is reviewed annually by the Del Norte County Public Health Department.

### **Water Source**

BOV CSD receives water from the City of Crescent City, which obtains its water supply from the Smith River groundwater basin located 8.5 miles north of the City. The basin produces approximately 2.9 million acre-feet (944,265 million gallons per year) of high-quality water per year. Water is pumped out of the Smith River groundwater basin via the Ranney well, which has a capacity of 6,700 acre-feet per year. According to Water Resources Control Board water right permits, the appropriation from the Smith River is specified as an average of 12.8 cubic feet per second (8.3 million gallons per day) with a maximum annual diversion of 3,666 acre-feet per year (1,194 million gallons per year) (Urban Water Management Plan (UWMP), 2014).

### **Water Treatment**

Water from the Smith River is naturally filtered through the sand and gravel bed of the river and collected by intake lines 30 feet below the river. From there, water is pumped southward to the treatment facility off Kings Valley Road, where chlorine is added to meet State compliance standards. The City ceased adding fluoride to its water supply in 2012 per Ballot Measure A.

### **Water Demand**

The normalized MDD was recorded as 370,337 gallons in 2018. The population has not changed significantly in the last 10 years so it is unlikely the demand has changed substantially. The Crescent City UWMP projected an increase in demand for the City from 2,459 acre-feet annually to 2,887 acre-feet in 2025. A 2017 inspection of the Crescent City water system showed good water quality and adequate capacity.

Elk Valley Off-Reservation Trust Land, commonly known as Martin Ranch, is within the BOV CSD SOI and is planned for current casino relocation and resort development. The City of Crescent City received LAFCo approval for water service extension to the Martin Ranch parcel. Water supply system extension components would consist of a 3-to 4 inch pipeline connection, an on-site reservoir with a 500,000-700,000 gallon capacity and a booster pump for potable water.

The Casino/Resort Project 2008 Final Environmental Impact Statement (Bureau of Indian Affairs, California, Elk Valley Rancheria Martin Ranch 203.5 - Acre Fee-to-Trust Transfer and Casino/Resort Project, Implementation, Federal Trust Elk Valley Rancheria Tribe, Crescent City Del Norte, California No. 20060394), stated that significant system improvements would not be necessary. Estimated average daily water demand is estimated at 60,000 gallons per day and estimated peak flow is 150 gallons per minute.

### **Infrastructure Overview**

Treated water from Crescent City is conveyed south to the BOV CSD through a 12-inch diameter BOV CSD waterline until it reaches a booster station located on Elk Valley Road. The booster station contains two pumps with sufficient generator backup power for simultaneous operation. Each pump can deliver approximately 550 gallons per minute (GPM) and together, approximately 900 GPM. Typically, a single pump is operated daily for 7-9 hours (depending on the season). The backup power generator has enough electrical capacity and fuel to continuously operate both pumps for a minimum of 24 hours.

The BOV CSD water distribution system is primarily upstream of the booster station with a few connections located downstream of the booster station as well. The BOV CSD distribution system contains approximately 12.8 miles of 4-to- 12-inch piping, the majority of which (74%) is 6-to 8-inches in diameter. The majority of BOVCSD's existing water distribution system was constructed in 1973 and is predominately Asbestos Cement Pipe. The District maintains a 750,000-gallon reservoir that was constructed in 1998.

### **Planned Upgrades**

The District had Oscar Larson Engineering prepare a Capital Improvement Plan (CIP) in 2010. In the CIP, the District envisioned two waterline improvement projects. The first improvement project, known as the State Street extension project, has been completed. This project involved a 10-inch waterline extension that runs from the intersection of Elk Valley Road and the County Solid Waste Transfer Station, through the County Transfer Station property and intersects with State Street at the Olive Street intersection.

The second improvement project is the Broad Street extension project, which has not yet been implemented. This project will involve a waterline extension that will run from the booster station, along Broad Street, to the intersection of Elk Valley Road and North Bend Street. The project will result in the placement of over a mile of 12-inch diameter waterline. The line will run parallel to the existing 12-inch Elk Valley Road waterline.

Since 2010 no CIP has been prepared and the status of the waterline improvement projects discussed above was reviewed by personal communication with Steve Paynter, former Interim District Manager and former owner of Oscar Larson Engineering.

### **Infrastructure Needs and Deficiencies**

Crescent City is planning to implement a water project that will provide better service and reliability to customers. The project updates sections of transmission lines as well as storage tanks and water meters. The City water system updates will provide improved water service to BOV CSD



and the Broad Street extension mentioned above would also provide important upgrades to the District's water system when implemented.

### **3.2 Shared Facilities & Services**

BOV CSD took out a Davis Grunsky loan from the State Revolving Fund to finance construction of its water system and its interconnection with the City of Crescent City's water system. BOV CSD purchases water from the City of Crescent City and the District has an agreement with Crescent City that the City will provide system maintenance and upkeep. According to the City of Crescent City Resolution 1991-63, BOV CSD is responsible for major repairs and repair costs over 10% of that years' water revenues. The City bills customers and collects water service fees for the District. When the District's loan reaches completion in 2034, BOV CSD needs to evaluate its purpose.

### **3.3 Other Service Providers**

#### **Wastewater**

Wastewater collection and treatment within the District are provided by CSA #1. CSA#1 owns and maintains wastewater conveyance within the CSA and under contractual agreements the wastewater is treated by the City of Crescent City.

#### **Other Services**

The County of Del Norte provides general governmental services including social services, emergency services, planning, county roads and parks, etc. to the unincorporated areas of Del Norte County. Law Enforcement is provided by the Del Norte County Sheriff's Office and fire protection is provided by Crescent Fire Protection District (Crescent City Fire and Rescue).

## **4.0 FINANCIAL INFORMATION**

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### **4.1 Water Loan**

BOV CSD took out a Davis Grunsky loan from the State Revolving Fund to finance construction of its water system and its interconnection with the City of Crescent City's water system. The loan amount is \$529,000.00, commenced in 1972 and is scheduled to be paid off at the end of 2034. The loan repayment is approximately \$18,500.00 annually, which includes an interest payment due every six months and an interest rate of 2.5%. When the loan reaches completion in 2034, BOV CSD needs to evaluate its purpose. Should the District consider a change of organization after that a successor agency would need to be identified. A Capital Improvement Plan (CIP) will need to be developed to document future uses of District revenue.

### **4.2 Budget**

The District's primary revenue sources include water fees and service fees (standby and connection fees). The District's primary operational expenditures are salaries, utilities, professional fees, and loan repayment.



Table 3: Bertsch-Ocean View CSD Budget Summary

	FY 2017/18 Adopted*	FY 2018/19 Adopted**	FY 2019/20 Adopted*
<b>REVENUES</b>			
Water Revenues	\$99,000	\$96,000	\$89,503
Connection Fees/Misc. Receipts	\$0	\$12,000	\$12,636
Property Taxes	\$5,000	\$5,000	\$5,264
Interest Income	\$1,200	\$1,500	\$2,894
<b>Total Revenue</b>	<b>\$105,200</b>	<b>\$114,500</b>	<b>\$110,297</b>
<b>EXPENSES</b>			
Insurance	\$5,000	\$6,500	\$4,138
Maintenance	\$11,100	\$21,100	\$655
Office Expense	\$100	\$100	\$7,870
Professional Services	\$9,300	\$9,500	\$2,100
Legal Fees (Attorney & Engineering)	\$33,000	\$34,000	\$7,800
Special Departmental Expenses/Interest Expense	\$8,600	\$9,800	\$21,869
Regulatory Fees	\$6,000	\$6,000	\$0
Depreciation	\$32,100	\$35,000	\$31,795
<b>Total Expenditures</b>	<b>\$105,200</b>	<b>\$122,000</b>	<b>\$76,227</b>
<b>NET INCOME</b>	<b>\$0</b>	<b>-\$7,500</b>	<b>\$34,070</b>

\*County of Del Norte

\*\*District Communication

### Service Rates

As noted above, Crescent City distributes water to the district and bills the district's customers directly at a set rate effective July 1, 2017 (Table 4). These rates include 500 cubic feet of monthly usage, excluding fire services fixed rates.

Table 4: Bertsch-Ocean View Water Service Fixed Rates

Meter Size	Amount
5/8 by 3/4 inch (most homes have these)	\$22.49
3/4 inch	\$22.49
1 inch	\$31.66
1 1/2 inch	\$50.35
2 inch	\$76.85
3 inch	\$113.24
4 inch	\$147.93

Meter Size	Amount
6 inch	\$210.95
4 inch Fire Service	\$13.33
6 inch Fire Service	\$17.60
8 inch Fire Service	\$26.28
10 inch Fire Service	\$44.12

**Table 5: Bertsch-Ocean View CSD Fee Schedule**

Water (0-500 c.f.)	Special District Fee	Minimum Bill Amount	Deposit
\$ 22.49*	\$9.75	\$32.24	\$100.00

\*BOV Water Accounts are charged \$2.62 for every 100 c.f. above the 500 c.f. minimum charge.

## 5.0 MUNICIPAL SERVICE REVIEW DETERMINATIONS

This chapter addresses the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code §56430). As part of the municipal service review process, LAFCo is required to make written statements of determinations in each of the categories listed below.

### 1) Growth and population projections

The population of the Bertsch-Oceanview CDP is approximately 2,042 according to the American Community Survey 2014-2018 estimate. Population growth for the area served is expected to be limited and it is unlikely that the District will have a significant increase in demand for water service during the MSR timeframe.

### 2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence

According to the 2014-2018 American Community Survey 5-Year Estimates, the California median household income (MHI) was \$71,228. Bertsch-Ocean View CDP had an estimated MHI of \$38,603, which is 54.2% of the state average MHI, thereby qualifying the area as disadvantaged. Should territory in the surrounding area be proposed for annexation in the future, disadvantaged communities in the area should be considered.

### 3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

The BOV CSD water system infrastructure is adequate to serve resident needs. The District has identified one improvement project that has not yet been completed (Broad Street extension). The City of Crescent City has plans to upgrade its water system, including its storage tanks, water meters and transmission lines. This will upgrade the system that delivers water to the BOV CSD. There is currently excess water system capacity to serve all the active service connections.

#### **4) Financial ability of agencies to provide services**

BOV CSD is currently able to provide services throughout the district. Although the FY 2018-19 adopted budget shows expenditures exceeded revenues due to increased maintenance costs, the FY 2019-20 adopted budget shows revenues will exceed expenditures by about \$34,000. BOV CSD has a loan through the State of California's Department of Water Resources with the last payment due December 31, 2034.

#### **5) Status of, and opportunities for, shared facilities**

BOV CSD is adjacent to the City of Crescent City and provides customers with water that is purchased from the City; the City provides general system maintenance and upkeep. BOV CSD is responsible for major repairs and repair costs over 10% of that years' water revenues. The City bills customers and collects water service fees for the District. BOV CSD also has a similar boundary and serves similar customers as CSA #1/1, which collects and conveys wastewater that is ultimately treated by the City of Crescent City. Given these conditions, a future consolidation of these service providers may be warranted, as would consideration of future annexation to the City of Crescent City due to this area being in the City sphere of influence. When the District's loan nears completion in 2034, BOV CSD needs to evaluate its purpose and service delivery options.

#### **6) Accountability for community service needs, including governmental structure and operational efficiencies**

BOV CSD is governed by a Board of Directors. Meetings are held on the last Monday of every month and are open to the public. There is currently no website for BOV CSD and one will need to be constructed to meet new special district website requirements. SB 929 was signed into law on September 14, 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. The legislation outlines minimum data required on the website, including contact information, financial reports, and meeting agendas/minutes. Only hardship-based findings, identified in a board resolution approved at a regular meeting, would allow a district to be exempt from establishing or maintaining a website. The findings may include but are not limited to: inadequate internet access; significantly limited financial resources; or insufficient staff resources. BOV CSD currently has only one part-time staff member, so it would likely qualify for hardship-based findings, making the District exempt from the website requirement. The resolution would be valid for one year and would need to be adopted annually so long as the hardship exists.

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

BOV CSD was originally established as a district under Resolution 70-65 dated May 25, 1970. The District boundary was modified a few months later on December 14, 1970. State Board of Equalization records obtained by LAFCo staff in the preparation of this report were analyzed and the updated District boundary is reflected in Figure 1.

## 6.0 SPHERE OF INFLUENCE DETERMINATIONS

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### **1) Present and planned land uses in the area, including agricultural and open-space lands.**

BOV CSD primarily contains rural residential, industrial, timberland, and resource conservation area land use designations. Land uses within District boundaries are subject to the Del Norte County General Plan. Little change in actual or designated land uses within the District is anticipated over the next 20 years. The existing SOI extends beyond the District boundary to the south to Elk Valley Rancheria off reservation trust land (Martin Ranch). BOV CSD currently provides water service to one residence on this parcel. The Martin Ranch area is also located within the City of Crescent City SOI and in 2016 LAFCo approved an application from the City to extend water service to Martin Ranch for future development.

### **2) Present and probable need for public facilities and services in the area.**

Land adjacent to the district boundary is primarily designated as agricultural, timberland, and State and Federal Lands. Opportunities for growth are limited by resource constraints and development potential. Need for substantial increases beyond existing water service in the area is not expected.

### **3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

BOV CSD currently provides adequate public services to the residents of its District. Improvements are underway in the City of Crescent City to update transmission lines, storage facilities and water meters. These updates will ensure that BOV CSD is able to continue providing adequate services. There is currently excess water system capacity to serve all the active service connections.

### **4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**

The Bertsch-Ocean View area is located south of the City of Crescent City, which provides a major shopping and service industry hub for local residents in Del Norte County. The BOV CSD boundary includes the Elk River Rancheria, which is a federally recognized tribe of Tolowa and Yurok people. The District also provides water service to Elk Valley Rancheria off-reservation trust land (Martin Ranch) located in the District's existing SOI.

### **5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.**

The bulk of Del Norte County's population exists in communities that qualify as disadvantaged including the unincorporated communities of Smith River, Hiouchi, Gasquet, Klamath, Bertsch-Oceanview and parts of the incorporated City of Crescent City. The MSR determination made for DUCs applies to this determination as well. No changes to the District SOI are proposed at this time.

## 7.0 REFERENCES

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Annual Water Quality Report 2018: <https://crescentcity.org/docs/2018CCR.pdf>

Bertsch-Ocean View Community Services District Municipal Services Review, 2010. Del Norte LAFCo.

California Department of Transportation:

[http://www.dot.ca.gov/hq/tpp/offices/eab/index\\_files/2016/DelNorte2016.pdf](http://www.dot.ca.gov/hq/tpp/offices/eab/index_files/2016/DelNorte2016.pdf)

City of Crescent City USDA Water Improvement Project 2016.

City of Crescent City website: Water Service Areas and Fees as of July 1, 2017

<http://www.crescentcity.org/csa.html>

CA Dept. of Water Resources: [http://www.water.ca.gov/irwm/grants/resources\\_dac.cfm](http://www.water.ca.gov/irwm/grants/resources_dac.cfm)

CA Dept of Water Resources 2010 Urban Water Management Plan

<http://www.water.ca.gov/urbanwatermanagement/2010uwmps/Crescent%20City,%20City%20of/Crescent%20City%20Final%20UWMP%20041812.pdf>

Personal communication with former interim District Manager Steve Paynter, June 2019

Personal communication with Board President Charlie Wick, April 2020

Urban Water Management Plan (2010) 2014 Amendment (UWMP, 2014) Crescent City, CA. Freshwater Environmental Services.

US Census Bureau, 2010 [https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

US Census Bureau: <https://www.census.gov/quickfacts/table/PST045215/06>

Water System Details:

[https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys\\_is\\_number=279&tinwsys\\_st\\_code=CA&wsnumber=CA0810003](https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys_is_number=279&tinwsys_st_code=CA&wsnumber=CA0810003)

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**RESOLUTION 20-01  
APPROVING THE BERTSCH-OCEAN VIEW COMMUNITY SERVICES DISTRICT  
MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE**

WHEREAS, the Del Norte Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Del Norte County; and

WHEREAS, the Commission staff prepared a municipal service review to evaluate the availability and performance of governmental services provided by the Bertsch-Ocean View Community Services District, pursuant to California Government Code Section 56430; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Executive Officer’s report and recommendations on the sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all evidence presented at a public hearing on April 20, 2020; and

WHEREAS, the Commission considered all the factors required under California Government Code Section 56425.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The Commission hereby accepts the Bertsch-Ocean View Community Services District Municipal Service Review, incorporated herein by reference.
2. The Bertsch-Ocean View Community Services District sphere of influence included within the Municipal Service Review has been appropriately informed by the Commission’s evaluation of the level and range of governmental services provided.
3. Pursuant to Government Code Section 56425(e), the Commission makes written statement of determinations for the Bertsch-Ocean View Community Services District Municipal Service Review & Sphere of Influence Update, hereby incorporated by reference.
4. The Commission, as Lead Agency, determines that the sphere of influence update is exempt from further review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3). This finding is based on the Commission determining with certainty the update will have no possibility of

significantly effecting the environment given no new land use or municipal service authority is granted.

5. The Executive Officer shall revise the official records of the Commission to reflect the updated District boundary and sphere of influence.

**PASSED AND ADOPTED** at a meeting of the Del Norte Local Agency Formation Commission, State of California, on the 20th day of April 2020, by the following vote:

AYES:	Commissioners:
NOES:	Commissioners:
ABSENT:	Commissioners:
ABSTAIN:	Commissioners:

---

Jason Greenough, Chair

Attest:

---

George Williamson, Executive Officer

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**AGENDA ITEM 2B**

**MEETING DATE:** April 20, 2020  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Del Norte County Fairgrounds Recreation and Parks District  
Municipal Service Review and Sphere of Influence Update

---

**RECOMMENDATION**

The following procedures are recommended for the Commission's consideration of this item:

- Receive telephonic report from staff;
- Open the public hearing and invite telephonic testimony; and
- Discuss item and continue hearing to June 1 2020 to continue working with District.

**DISCUSSION**

The Del Norte County Fairgrounds Recreation and Park District (District) is a county-wide, independent special district. The District's purpose is to provide revenue for Del Norte County Fairgrounds (41st District Agricultural Association) facilities and programs operations. The Fairgrounds site includes numerous structures, parking lots, rodeo arena, horse barns/arena, open space areas, and natural resource areas. In addition to the annual fair, the site facilities are used year-round by various organizations and to host events.

The State of California owns the Del Norte County Fairgrounds site and facilities, which are governed by the California Governor appointed 41st District Agricultural Association Board of Directors. The District contracts with the 41st District Agricultural Association to continue operating the Fairgrounds facilities and services. The 41st District Agricultural Association has requested that the State relinquish Fairgrounds ownership, but that has not happened. The District formation and sales tax approval has increased funding for the programs of the 41st District Agricultural Association, however the facilities remain State property.

The District is financed primarily through a countywide special sales tax (0.25%) approved by Del Norte County voters in November 2014. The sales tax sunsets in 2022 (7 years) and additional long-term revenue sources need to be pursued and implemented by the District. The District has established a reserve fund to make it sustainable past the initial seven-year period when sales tax revenues are accruing.

As determined in District formation conditions, thirty percent (30%) of annual revenue is placed in a reserve fund. This has now accumulated over several years and according the FY 2019-20 Budget is \$834,110. The proposed FY 2020-21 District budget also includes an increased reserve amount based on this year's sales tax revenues.

A Del Norte County Fairgrounds Recreation and Park District Municipal Service Review (MSR) and Sphere of Influence (SOI) was prepared as part of District formation. These are updated every five years, as needed, and LAFCo staff presented a 2020 Administrative Draft MSR and SOI Update to the District Board at their February 27, 2020 Board meeting. This next MSR five-



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year period will extend past the sales tax sunset. Part of the MSR presentation was an offer to prepare a five-year budget projection template for FYs 2020-21 to 2024-25. The Board expressed willingness to consider a projection, to better understand the District's financial picture after the 0.25% sales tax sunset in FY 2021-22. The District Board scheduled the five-year budget projection template for Finance Committee review.

The DNCFRPD Finance Committee met on March 11, 2020 to review the 5-year budget projection template through FY 2024-25, which includes current and projected revenues, for the last two years of sales tax and annual expenditures and the three-year period after the 2022 sales tax sunset. The template is intended to show how reserves might fund future expenses in the future.

The discussions at both the District Board and Finance Committee meetings, both attended by 41st District Agricultural Association representatives, included how best to continue to work with the 41st DAA to implement specific processes for providing financial assistance. This includes and update of the Memorandum of Understanding (MOU) between the District and the 41st DAA as necessary, to reflect agreed upon terms and conditions. This should include a post sales tax recreational use funding program.

In addition, the 41st DAA released a Request for Proposals (RFP) on March 2, 2020 for Planning and Consultant services to prepare a Master Plan and Land Use Update. The proposal submission deadline in April 30, 2020. The RFP is available on the 41st DAA's website.

To allow more time to work with the 41st DAA and District, to prepare the five-year financial projections, LAFCO staff recommends continuing the MSR SOI Update to the June 1, 2020 Commission meeting.

**ATTACHMENTS**

Attachment 1: Del Norte County Fairgrounds Recreation and Park District Draft MSR & SOI Update

# Municipal Service Review & Sphere of Influence Update



Administrative Draft  
For Commission Review April 2020



## DEL NORTE LOCAL AGENCY FORMATION COMMISSION

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### Commissioners

Jason Greenough	Chair & City Member
Roger Gitlin	Vice Chair& County Member
Blake Inscore	City Member
Bob Berkowitz	County Member
Duane (Sparky) Countess	Public Member
Lori Cowan	Alternate County Member
Isaiah Wright	Alternate City Member
Judy Dobbs	Alternate Public Member

### Staff

George Williamson, AICP, Executive Officer  
Vanessa Blodgett, Services Analyst/Administrator  
Elizabeth Cable, Legal Counsel  
Nicole Burshem, PS Business Services, Clerk  
Emily Morris, Assistant Analyst  
Jason Barnes, GIS & Spatial Data Analyst

### Acknowledgements

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by the Del Norte County Fairgrounds Recreation and Park District Administrator, Wilma Madden and the 41st Agricultural District's CEO and General Manager Kim Floyd. This report would not have been possible without their assistance.

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## 1.0 INTRODUCTION

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The Del Norte Local Agency Formation Commission (LAFCo) conducts municipal service reviews (hereafter referred to as “service reviews”) to assess existing and future public service conditions for cities and special districts within Del Norte County. This service review allows LAFCo, local agencies, and the public to better understand how public services are provided by the Del Norte County Fairgrounds Recreation and Park District. This chapter provides a background of the service review requirements and an overview of the process and methodology of the review.

### 1.1 Statutory Authority

The fundamental role of the Local Agency Formation Commission (LAFCo) is to implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) consistent with local conditions and circumstances. The major goals of LAFCo as established by the CKH Act are to:

- Encourage orderly growth and development;
- Discourage urban sprawl;
- Preserve open-space and prime agricultural lands by guiding minimizing resource loss;
- Exercise its authority to ensure that affected populations receive efficient services;
- Promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide services;
- Make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies to provide for present and future needs;
- Establish priorities by assessing and balancing community service needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions and financial resources; and
- Determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, are where deemed necessary.

### 1.2 Municipal Service Review and Determinations

The CKH Act authorizes LAFCo to conduct comprehensive studies of the delivery of municipal services provided in the county or other area deemed appropriate by the Commission. The term “municipal services” refers to the full range of services that a public agency provides or is authorized to provide. The service review process provides LAFCo with a tool for studying existing and future public service conditions, evaluating organizational options for accommodating growth, and examining whether critical services are provided in an efficient and cost-effective manner. This includes making determinations on the adequacy, efficiency, and effectiveness of these services in relationship to local conditions and circumstances.

The service review process does not require LAFCo to initiate changes of organization based on service review findings; it only requires that LAFCo make determinations regarding the provision of public services in accordance with Government Code Section 56430. However, the service review helps to inform the sphere of influence development process with regard to identifying an appropriate and probable service area for the District. The CKH Act requires that LAFCo review municipal services before or in conjunction with updating spheres of influence and prepare a written statement of determinations with respect to seven factors:

### Municipal Service Review Determinations

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities<sup>1</sup> within or contiguous to the sphere
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

### 1.3 Sphere of Influence Determinations

An SOI is a LAFCo-approved plan that designates an agency's probable physical boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCo is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCo must update those SOIs every five years. For a SOI update, LAFCo is required to conduct an MSR and adopt related determinations. It must also make the following SOI determinations:

### Sphere of Influence Determinations

1. Present and planned land uses in the area, including agricultural and open space
2. Present and probable need for public facilities and services in the area
3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide
4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency
5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere

<sup>1</sup> "Disadvantaged unincorporated community" means an inhabited community (12 or more registered voters) with an annual median household income that is less than 80 percent of the statewide annual median household income.

## 1.4 Review Methods

The following information was considered in the service review:

- Agency-specific data: Plan for Services, responses to LAFCo Requests for Information, Del Norte County Fair Strategic Plan 2014-2016, personal communications with Kim Floyd and Wilma Madden.
- Demographic data: U.S. Census Bureau; Department of Finance.
- Population projections: Department of Finance.

Information gathered was analyzed and applied to make the required determinations for the District. All information gathered for this report is filed by LAFCo for future reference.

## 1.5 California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code § 21000 et seq. Public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to § 15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines § 15306 (information collection). CEQA requirements are applicable to SOI Updates. The CEQA lead agency for SOI Updates is most often LAFCo, unless an agency has initiated an SOI expansion or update.

## 2.0 AGENCY PROFILE

The Del Norte County Fairgrounds Recreation and Park District (District) is a county-wide, independent special district. The District boundary is coterminous with the County boundary (Figure 1). The purpose of the District is to provide revenue to maintain and operate the Del Norte County Fairgrounds facilities and programs. The Fairgrounds are located at 421 Highway 101 in Crescent City, CA. The Fairgrounds site includes numerous structures, a large parking lot, rodeo arena, horse barns/arena, open space areas, and natural resource areas. In addition to the annual fair, the site facilities are used year-round by various organizations.

The State of California owns the Fairgrounds site and facilities, which are governed by the 41<sup>st</sup> District Agricultural Association (41<sup>st</sup> DAA) Board of Directors who are appointees of the Governor of the State of California. The Del Norte County Fairgrounds Recreation and Park District contracts with the Del Norte County Fair 41<sup>st</sup> District Agricultural Association to continue operating the Fairgrounds facilities and services. The Fairgrounds ownership and current Fair Board have not changed as a result of District formation. The District is a conduit for funding the programs and facilities of the 41<sup>st</sup> District Agricultural Association.

**Table 1: Del Norte County Fairgrounds Recreation and Parks District Overview**

Formation	
Agency Name	Del Norte County Fairgrounds Recreation and Park District
Formation Date	November 2014
Principal Act	Public Resources Code (PRC) Section 5780 et seq
Areas Served	County-wide
Contact	
Main Contact	Wilma Madden, Administrator
E-mail	wmadden@dncfrpd.org
District Office	421 Highway 101, Crescent City, CA 95531
Mailing Address	PO Box 402, Crescent City, CA 95531
Website	<a href="https://dncfrpd.org/">https://dncfrpd.org/</a>
Governance	
Governing Body	Board of Directors
Board Meetings	4 <sup>th</sup> Thursday of the month
Staffing	Part-time Administrator

### 2.1 District Formation

The Del Norte County Fairgrounds Recreation and Park District was formed pursuant to Public Resources Code (PRC) Section 5780 et seq in November 2014. The purpose of the district is to provide funding to maintain and operate the Del Norte County Fairgrounds programs and facilities.



## **Background**

In 2011, the state eliminated about \$200,000 in funding to the 41st DAA which jeopardized the continued operation of the Fairgrounds and the County Fair. Facing a potential closure of the Fairgrounds and loss of the County Fair, various funding avenues were explored and the Board of Supervisors reached a decision to pursue creation of the Del Norte County Fairgrounds, Recreation and Parks District. District formation was contingent on voter approval of a 0.25% special sales tax (Measure F). In November 2014 Measure F was passed by the required two-thirds majority approving a 0.25% sales tax to remain in effect for seven years. The sales tax collection started on April 1, 2015. Thirty percent of the sales tax is set aside in reserve by the County to keep the Fair in operation beyond the seven years when the tax expires.

The District and the 41st DAA sought a Lease Agreement with the State of California to transfer possession, control, and management of the fairgrounds to the District. While the approval of the lease agreement was pending, the District and the 41st DAA entered a Memorandum of Understanding (MOU) for the purpose of ensuring that the fairgrounds continue as a viable resource for community events, recreational opportunities, and hosting of the annual County Fair. In 2016, the organizations learned the governor of California had declined to sign the lease agreement. As such, the MOU continued to function and allowed for the transfer of a portion of the sales tax revenue from the District to the 41<sup>st</sup> State Board in order to fund the continued operation of the fairgrounds.

## **District Boundary**

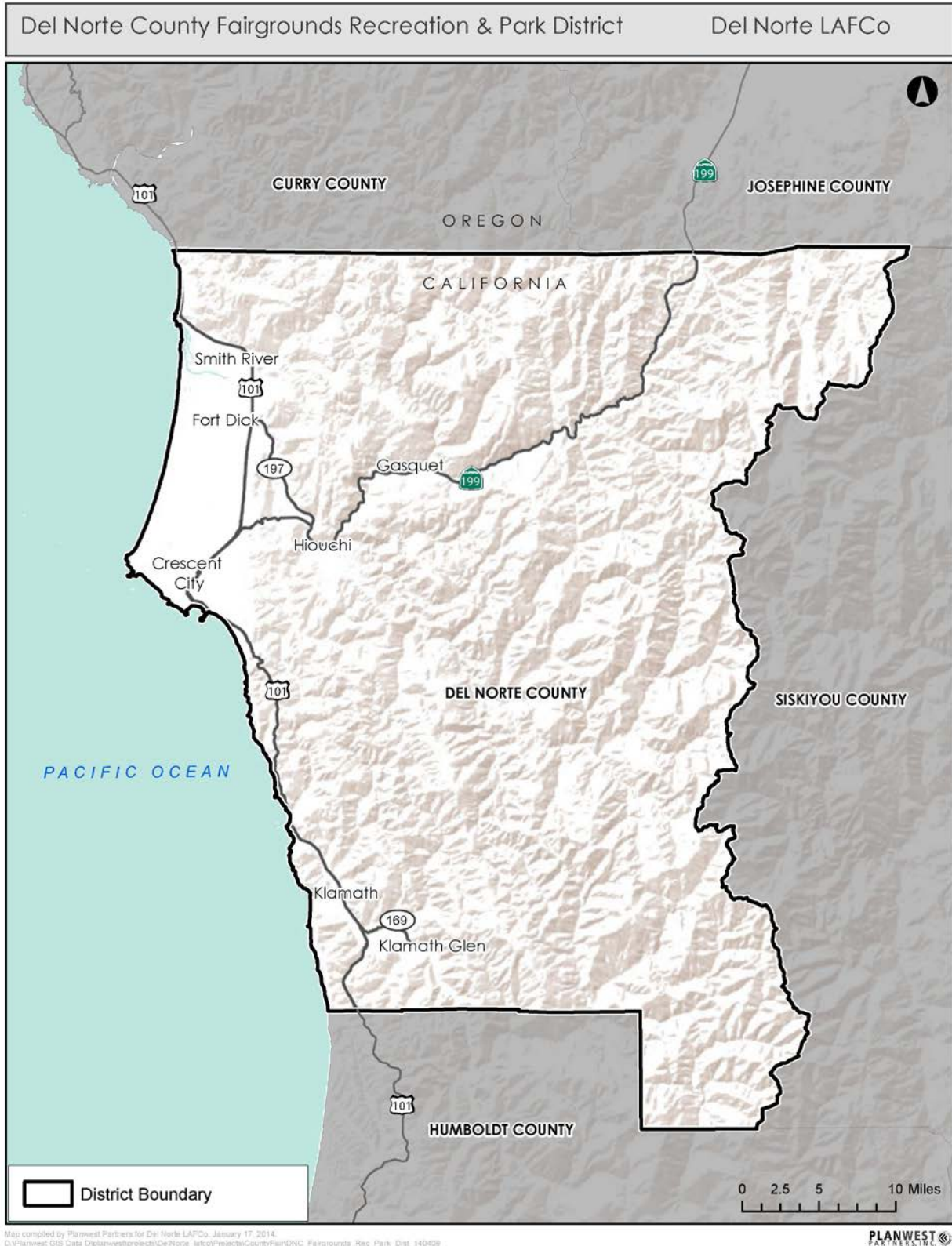
The District's boundary and sphere of influence are coterminous with the Del Norte County boundary as shown on Figure 1.

## **2.2 Governance Structure and Administration**

The District is governed by a five-member Board of Directors elected by District residents. The District Board must meet regularly in compliance with Brown Act requirements. Meetings are noticed, records are posted regularly on the District website, and Board procedures have been developed.

The District Board provides oversight of how District revenue is used for continuing the programs and operations of the Del Norte County Fairgrounds facilities for community recreation opportunities. The District and the 41<sup>st</sup> DAA signed a Memorandum of Understanding (MOU) detailing the agreement between the two parties. The MOU purpose is to enable the District to provide funds to the 41<sup>st</sup> DAA to continue its rendering of services that constitute the provision of facilities and opportunities for community recreation. If the District provides financial assistance, the 41<sup>st</sup> DAA must expend the funds in accordance with the conditions set forth by the District. The 41<sup>st</sup> DAA maintains sole possession and control of the Fairground premises and is responsible for the management, operation, events and activities that take place there. The MOU is in the process of being updated to more accurately reflect the relationship between the District and the 41<sup>st</sup> DAA.

Figure 1 District Boundary



**Table 2: Del Norte County Fairgrounds Recreation and Parks District Board of Directors**

Board Member	Title	Term Expiration
Westbrook, Steven	President	2022
Wakefield, Doug	Vice-President	2022
Renner, Sabina	Secretary	2022
Holt, Robyn	Board Member	2020
Wier, Richard	Board Member	2020

## 2.3 Growth and Population

Del Norte County is the northernmost county on the California Coast. The County, which covers approximately 1,070 square miles, is bounded on the north by Curry County Oregon, on the east by Siskiyou County, on the south by Humboldt County and on the west by the Pacific Ocean. The District covers the entire unincorporated area of Del Norte County and the City of Crescent City. This includes the unincorporated communities of Bertsch-Oceanview, Fort Dick, Gasquet, Hiouchi, Klamath, Klamath Glen, Patrick Creek, and Smith River.

According to the U.S. Census, the total population in Del Norte County was 28,610 in 2010 and estimated at 27,828 in the 2018, which is an approximately 2.7% population decrease from 2010 to 2018<sup>2</sup>. The California Department of Finance projections are reflected in the 2020 and 2030 year population numbers (Table 3). It should be noted that the County population has historically fluctuated and future population increases are also likely.

**Table 3: Historic and Projected Population in Del Norte County**

Year	Total County Population
2000	27,507
2010	28,610
2020	27,558
2030	27,180

Sources: U.S. Census 2000 and 2010; Total Population Projections for California and Counties, Department of Finance, 2019 (<http://www.dof.ca.gov/Forecasting/Demographics/Projections/>)

## Existing and Planned Land Uses

The District covers the entire unincorporated area of Del Norte County and the incorporated area of City of Crescent City. Land uses within the District boundaries are subject to the Del Norte County General Plan and Crescent City General Plan. The majority of Del Norte County is made up of public lands including Redwood State and National Parks and the Smith River National Recreation Area. Del Norte County is comprised of approximately 683,500 acres, of which approximately 192,357 acres (28 percent) are privately owned and 489,697 acres (72 percent) are publicly owned.

<sup>2</sup> U.S. Census QuickFacts. Del Norte County, CA. <https://www.census.gov/quickfacts/fact/table/delnortecountycalifornia/PST045218#PST045218>

## 2.4 Disadvantaged Unincorporated Communities

LAFCo is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community (DUC) is defined as any area with 12 or more registered voters where the annual median household income is less than 80% of the statewide annual median household income (pursuant to Government Code Section 56033.5 and Water Code Section 79505.5). Within a DUC, three basic services are evaluated: water, sewage, and fire protection. The District provides park and recreation services; water, sewer, and fire protection services are provided by others.

According to the 2014-2018 American Community Survey 5-Year Estimates, the California median household income (MHI) was \$71,228. Del Norte County had an estimated MHI of \$41,287, which is 58% of the state average MHI, thereby qualifying the area as disadvantaged.

## 3.0 SERVICES PROVIDED

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### 3.1 Recreation and Park Services Overview

The Del Norte County Fairgrounds Recreation and Park District does not directly provide services and has an agreement with the Del Norte County Fair 41<sup>st</sup> District Agricultural Association to continue operating the Fairgrounds facilities and services. The powers and duties of recreation and park districts are defined in Public Resources Code Section 5786-5786.31. The main function of the District – to contract for services – is defined in PRC Section 5786.13 below.

#### *Section 5786.13.*

A district may contract with other public agencies to provide recreation facilities and programs of community recreation within the district's boundaries.

Other powers a recreation and park district may take on (with subsequent LAFCo approval) include, but are not limited to:

#### *Section 5786.* A district may:

- (a) Organize, promote, conduct, and advertise programs of community recreation, including, but not limited to, parks and open space, parking, transportation, and other related services that improve the community's quality of life.
- (b) Establish systems of recreation and recreation facilities, including, but not limited to, parks and open space.
- (c) Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, both inside and beyond the district's boundaries.

#### *Section 5786.11.*

- (a) A district may cooperate with any city, county, special district, school district, state agency, or federal agency to carry out the purposes and intent of this chapter. To that end, a district may enter into agreements with those other public agencies to do any and all things necessary or convenient in carrying out the purposes and intent of this chapter.

- (b) A district may jointly acquire, construct, improve, maintain, and operate recreation facilities and programs of community recreation with any other public agency. Nothing in this chapter shall be construed to prohibit any joint or cooperative action with other public agencies.

### Del Norte County Fairgrounds Overview

The Del Norte County Fairgrounds encompass approximately 87.3 acres in the community of Crescent City, California, adjacent to U.S. Highway 101. The site includes a number of buildings, arenas and other structures principally intended to serve the production requirements of the annual county fair, typically held over 4 days on the first weekend in August. In addition, the fairgrounds accommodates a variety of non-Fair functions throughout the year, including special events in the buildings and arenas.<sup>3</sup> The existing fairground facilities and equipment are described in the table below. The buildings are mainly owned by the State of California.

**Table 4. Del Norte County Fairgrounds Facilities**

Building/ Arena	Size (sq. ft.)	Construction Type	Year Built
Main Exhibit Building	13,600	Steel and wood frame	1953
Arts & Crafts Building	5,000	Wood frame	1972
Grandstands & Concessions	1,800 sq. ft. 2,000 seats	Steel	1941/ retrofit 1991
Stables	80 stalls	Wood frame	1961/ 1968/ 2001
Floral Building	5,500	Wood Frame	1984
Indoor Tennis/ Commercial	12,000	Steel and concrete block	1962
ACE Arena	20,000	Steel	2001
Outdoor Horse Arena	30,000	n/a	n/a
Livestock Building	17,500	Block and steel	1966
Poultry Building	4,800	Wood frame	1923
Jr. Building	2,000	Steel	1944
Driving Range	1,380	Steel and wood frame	1994
Outdoor Rodeo Arena	60,000	n/a	n/a
Main Office	1,500	Wood frame	1954
Shop	1,030	Wood frame	2001
School House	1,000	Wood frame	1991
<b>Other Improvements</b>			
7 portable bleachers	350 seats	n/a	n/a
Bandstand shell	240	n/a	n/a
Mobile Home and Garage	1,140/ 864	Wood frame	1989

Many of the fairground facilities are available for rent. The Fairgrounds also offers horse stabling, RV hookups, and boat & trailer storage. Additional equipment available for rent includes:

<sup>3</sup> Strategic Plan 2014-2016, 41<sup>st</sup> District Agricultural Association, The Del Norte County Fair and Fairgrounds.

- Tables
- Brown Padded Chairs
- Green Curtains per foot (10' min.)
- Red/Gray Curtains per foot (10' min.)
- Paneled Walls per event
- Dishes per event
- Food Warmer per event
- Gini Lift (Hourly & Staff operated)
- Black Padded Chairs
- Green Stage (Per section - 22 available)
- Large P.A. System per event
- Portable P.A. System per event

### **Demand for Services**

The Fairgrounds site is used for the annual County Fair, typically held over four days on the first weekend of August. In addition, the Fairgrounds accommodates a variety of non-fair functions throughout the year. According to the Strategic Plan, the total annual attendance of the Fairgrounds site is approximately 135,000, including both fair and interim attendance.<sup>4</sup>

The Fairgrounds facilities and buildings are used year-round by numerous organizations for small meetings and large annual events. Types of organizations/events that use the site on a regular basis include youth and adult sports leagues, political organizations, agricultural clubs, sales and auction events.

## **3.2 Needs and Deficiencies**

The District needs to continue pursuing long-term funding sources. The MOU between the District and the 41<sup>st</sup> DAA is intended to backfill operating losses, rather than fund specific projects. Funds provided by the District so far have covered operating shortfalls along with emergency and routine maintenance items. The 41<sup>st</sup> DAA Fair Board's Strategic Plan identifies minimum maintenance/improvement projects to existing facilities needed to ensure that ongoing operations are safe and enjoyable. Fairground improvement projects would be funded by the 41<sup>st</sup> DAA.

### **2018 Grand Jury Report Summary**

The 2017-2018 Del Norte County Grand Jury undertook an investigation and review of the District from August 2017 through April 2018. It reviewed public documents, attended a joint meeting between the 41<sup>st</sup> DAA and the District Board, interviewed multiple members of the Local District Board, members of the 41<sup>st</sup> DAA Board and employees, and county government officials. In the report, it presents seven findings and recommendations that the District has been actively pursuing. The District is in complete compliance with LAFCo structure and works effectively with the 41<sup>st</sup> DAA State Board to make joint decisions. The report recommendations included:

- Putting a dispute resolution structure in place that could be used when membership changes or diverging priorities result in conflict.
- Increasing public outreach and community participation, including increasing meeting agenda posting locations and greater exposure of meetings on their website
- Resubmit and promote the State of California and Local District Board lease agreement to the new State Governor for local control and operations transfer from the 41<sup>st</sup> State Board
- Provide more detailed income, expenditures and transfers accounting, to provide greater public transparency and accountability.

<sup>4</sup> Strategic Plan 2014-2016, 41<sup>st</sup> District Agricultural Association, The Del Norte County Fair and Fairgrounds.

### 3.3 Other Service Providers

Del Norte County includes parks, resource areas, beaches, and recreational facilities. Most of these areas are small, compared with Federal and State parks, but are strategically located to provide access and use of some of the county's most important recreational features. Del Norte County operates and maintains 24 parks and recreation facilities totaling approximately 160 acres.

The Crescent City area provides opportunities for hiking, bicycling, beach combing, commercial and recreational fishing, camping, surfing, boating, and many other activities. There are approximately 192 acres of parkland within City limits. Major recreational features located within the Crescent City area include Peterson Park, Brother Jonathan Park and Vista Point, Tetrapod Area, Beach Front Park, Cultural Center, public swimming pool, Marine Mammal Center, beach access, Harbor-City bicycle path, Citizens Dock and boat launching facilities, and the B Street Pier. There are also several camping and RV areas within the City including four privately managed and one public RV park.

In addition to County and City owned and maintained park and recreation areas, there are vast amounts of Federal and State park areas that provide recreation opportunities to residents and visitors to Del Norte County. The Smith River National Recreation Area and the National Park portion of Redwood National and State Parks make up the majority of the Federal recreations in the county. The Smith River NRA covers approximately 43 percent of Del Norte County and offers a broad range of recreation uses.

## 4.0 FINANCING

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The District is financed primarily through a special sales tax (0.25%) applied countywide. This special sales tax was approved by Del Norte County voters in November 2014 and took effect April 1, 2015. The sales tax is a short term (7 years) revenue source and will sunset in 2022. Additional long-term revenue sources need to be pursued and are currently under review by the District. The District is eligible to apply for grants and to accept donations. Existing Fairgrounds facilities and equipment rentals and fair attendance revenues continue to be managed by the current 41<sup>st</sup> DAA Fair Board.

District administrative expenses include costs of liability insurance, part-time contract staff to coordinate and notice board meetings, prepare meeting agendas, and record minutes at District board meetings, and bookkeeping services. Other miscellaneous costs include an annual audit. A District budget overview is shown in Table 5.

The MOU between the District and the 41<sup>st</sup> DAA outlines a process for requesting and using District funds; however it appears that this process has not been fully implemented. The 41<sup>st</sup> DAA is to provide the District a quarterly financial report and request for funding assistance. The financial report and request must contain all sources of projected revenue and the current and ongoing operational expenses and liabilities. In addition, the report and request should specifically list all events, available recreational programs and opportunities, and scheduled uses of facilities

anticipated during the funding request period. Upon receipt of the financial report and request, the District considers the financial report and determine within 30 days whether it will provide financial assistance, in what amount, and for what purposes the money may be spent by the 41<sup>st</sup> DAA. If the District provides financial assistance, the 41<sup>st</sup> DAA must expend the funds in accordance with the conditions set forth by the District. The 41<sup>st</sup> DAA maintains sole possession and control of the Fairground premises and is responsible for the management, operation, events and activities that take place there.

The District Board financial committee operates under Financial and Accounting Policies and Procedures adopted October 29, 2015. These policies are in the process of being updated and in the update process the Board should ensure that more detailed income accounting, expenditures, and transfers that provide greater transparency and accountability to the public are incorporated.

**Table 5: District Revenues and Expenditures – Three Year Summary**

	<b>FY 2017-18 Actual</b>	<b>FY 2018-19 Budget</b>	<b>FY 2019-20 Budget</b>
<b>Revenues</b>			
0.25% sales tax revenue	\$491,705	\$502,264	\$490,000
Interest Income	\$7,372	\$7,372	\$15,000
<b>Total Revenue</b>	<b>\$499,077</b>	<b>\$509,636</b>	<b>\$505,000</b>
<b>Expenses</b>			
Administrative	\$12,662	\$25,000	\$25,000
Other Operating Expenditures (41 <sup>st</sup> DAA)	\$300,000	\$300,000	\$250,000
<b>Total Expenses</b>	<b>\$312,662</b>	<b>\$325,000</b>	<b>\$275,000</b>
<b>Net Revenues over Expenses</b>	<b>\$186,415</b>	<b>\$184,636</b>	<b>\$230,000</b>
<b>Reserve Fund</b>	<b>\$632,845</b>	<b>\$783,524</b>	<b>\$834,110</b>

Source: District Budgets



Table 6: District 2019-20 Budget

	Year End Estimates 2018-19	Budget 2019-20
Sales Tax Revenue	484,619.76	490,000.00
Interest Income	15,932.75	15,000.00
Total Revenues	\$ 500,552.51	\$ 505,000.00
Expenditures		
Administrative	21,030.00	25,000.00
Other Operating Expenditures (41st DAA)	236,000.00	250,000.00
Total Expenditures	\$ 312,662.00	\$ 275,000.00
Beginning Cash	\$ 1,240,568.10	\$ 1,409,458.61
Net Revenues over Expenditures	\$ 187,890.51	\$ 230,000.00
Ending Cash	\$ 1,428,458.61	\$ 1,589,458.61
Current Reserve Funding - 30% of Revenue	-	\$ 201,265.61
Prior Year Reserves	\$ 632,844.97	632,844.97
Total Restricted Funds	\$ 632,844.97	\$ 834,110.58
Net Cash Available - Unrestricted	\$ 795,613.64	\$ 755,348.03

It is the District's responsibility to annually review the budget to efficiently allocate expenses and build a reserve fund. The reserve fund is established to make the District sustainable past the initial seven-year period when sales tax revenues are accruing. Thirty percent of annual revenue is placed in the District's reserve fund. The District FY 2018-19 budget shows \$755,348 of unrestricted cash available. The FY 2019-20 Budget shows a reserve fund \$834,110. At this rate it is possible for the reserve fund to exceed \$1,000,000 when the sales tax measure sunsets. It will be important for the District to have a program in place for beneficial use of these funds.

### Annual Audit Information

The accounting policies applied to and procedures used by the District conform to accounting principles applicable to District Agricultural Associations as prescribed by the State Administrative Manual and the Accounting Procedures Manual. The District's activities are accounted for as an enterprise fund. The Governmental Accounting Standards Board (GASB) defines an enterprise fund as a fund related to an organization financed and operated in a manner similar to a private business enterprise where the intent is to recover the costs of providing goods or services to the general public primarily through user charges<sup>5</sup>. The District posted its annual audits for fiscal years 2015-16, 2016-17 and 2017-18 prepared by Donald R. Reynold, Certified Public Accountant to its website at (<https://dncfrpd.org>).

<sup>5</sup> Del Norte County Fairgrounds Recreation & Parks District Financial Statements for the year ended June 30, 2017

**Table 7: District Audit Information Summary**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>Revenues</b>			
Sales Tax	\$389,788	\$480,402	\$502,269
<b>Total Revenue</b>	<b>\$388,788</b>	<b>\$480,402</b>	<b>\$502,269</b>
<b>Expenses</b>			
Administration	\$16,822	\$15,551	\$12,663
Prior Expenses	\$48,411	\$30,000	\$0
Contribution to other Agencies	\$209,000	\$239,574	\$300,000
<b>Total Expenses</b>	<b>\$274,233</b>	<b>\$285,125</b>	<b>\$312,663</b>
<b>Revenue/Expenses</b>	<b>\$115,729</b>	<b>\$195,277</b>	<b>\$189,606</b>

Source: District Audits prepared by Donald R. Reynold, Certified Public Accountant

#### **41st District Agricultural Association Audit Information**

The California Department of Food and Agriculture’s Audit Office conducted a performance audit of the 41<sup>st</sup> DAA from January 1, 2017-December 31, 2018. Based on the procedures as specified within the audit methodology, all sales tax (Measure F) funds were fully accounted for without exception. The audit did find compliance deficiencies in the MOU between the 41<sup>st</sup> DAA and the District. The District and the 41<sup>st</sup> DAA are working together to comply with the audit recommendations and to update and implement the MOU accordingly.

## 5.0 MSR DETERMINATIONS

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56430(a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

### **1) Growth and population projections for the affected area.**

The District covers the entire unincorporated area of Del Norte County and the City of Crescent City. According to the U.S. Census, the total population in Del Norte County was 28,610 in 2010 and estimated at 27,828 in the 2018, which is an approximately 2.7% population decrease from 2010 to 2018. California Department of Finance projections could mean population decreases resulting in a 2030 population of approximately 27,180.

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

According to the 2014-2018 American Community Survey 5-Year Estimates, the California median household income (MHI) was \$71,228. Del Norte County had an estimated MHI of \$41,287, which is 58% of the state average MHI, thereby qualifying the area as disadvantaged.

### **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).**

The present and planned capacity of the Fairgrounds accommodates the annual County Fair and other regular and special events throughout the year. The 41<sup>st</sup> DAA's proposed maintenance/improvement projects will improve the adequacy and capacity of the Fairgrounds facilities and services. The District supports park and recreation services; sewer, water, and structural fire protection services within the District are provided by other agencies.

### **4) Financing ability of agencies to provide services.**

The District is financed primarily through a special sales tax (0.25%) applied countywide. This special sales tax was approved by Del Norte County voters in the November 2014. The sales tax is a short-term revenue source (7 years) and additional long-term revenue sources need to be pursued and implemented by the District. The District has established a reserve fund to make it sustainable past the initial seven-year period when sales tax revenues are accruing. Thirty percent of annual revenue is placed in the District's reserve fund, which according the FY 2019-20 Budget has \$834,110. The current District budget also shows \$755,348 of unrestricted cash available. The District should continue to work with the 41<sup>st</sup> DAA to implement specific processes to follow when providing financial assistance and update the MOU between them and the 41<sup>st</sup> DAA if necessary,

to reflect agreed upon terms and conditions. This should include a post sales tax recreational use funding program.

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

The District does not directly provide services and has an agreement with the Del Norte County Fair 41st District Agricultural Association to continue operating the Fairgrounds facilities and services. The Fairgrounds facilities are unique, there are no other service providers that have these types of services or a similar type of property within District boundaries. The District shares space with the Fair Board and District meetings are generally held at the Fairgrounds offices.

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

The District is governed by a five-member Board of Directors elected by District residents. The District Board meets regularly in compliance with Brown Act requirements. Meetings are noticed and records are posted regularly on the District website including meeting agendas, minutes, budgets, and audits. The 41st DAA maintains sole possession and control of the Fairground premises and is responsible for the management, operation, events and activities that take place there.

The District Board provides oversight of how District revenue is used for continuing the programs and operations of the Del Norte County Fairgrounds facilities for community recreation opportunities. The District and the 41st DAA signed a MOU detailing the agreement between the two parties. The MOU terms and conditions should be implemented by both organizations.

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

The District and the 41st DAA signed a MOU detailing the agreements between the two parties. The MOU is structured for effective and efficient service delivery. The District, as an independent special district, is authorized to receive sales tax revenues. The 41st DAA is staffed and equipped for service delivery and this capacity is enhanced by additional revenues.

## 6.0 SPHERE OF INFLUENCE DETERMINATIONS

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The District's sphere of influence is coterminous with District Boundaries. According to §56425(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

**1) The present and planned land uses in the area, including agricultural and open-space lands.**

The District covers the entire unincorporated area of Del Norte County and the City of Crescent City. Land uses within District boundaries are subject to the Del Norte County General Plan and Crescent City General Plan. The district largely contains resource and rural residential land. The majority of Del Norte County is made up of public lands including Redwood State and National Parks and the Smith River National Recreation Area. Little change in actual or designated land uses within the District is anticipated over the next 20 years. As the District sphere is coterminous with the District boundary and the Del Norte County boundary, there is no opportunity to expand the SOI and therefore no recommended changes.

**2) The present and probable need for public facilities and services in the area.**

The Fairgrounds site is used for the annual County Fair, typically held over four days on the first weekend of August. In addition, the Fairgrounds accommodates a variety of non-fair functions throughout the year. The Fairgrounds facilities and buildings are used year-round by numerous organizations for small meetings and large annual events. Types of organizations/events that use the site on a regular basis include youth and adult sports leagues, political organizations, agricultural clubs, sales and auction events.

**3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

The present capacity of the Fairgrounds is sufficient to accommodate the annual County Fair and other regular and special events throughout the year. On-going maintenance/ improvement projects will improve the Fairgrounds facilities and services. The funds provide to the 41<sup>st</sup> DAA by the District have covered operating shortfalls along with emergency and routine maintenance of fairground facilities. The sales tax is a short-term revenue source and additional long-term revenue sources are under consideration by the District.

**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.**

The District serves the entire unincorporated area of Del Norte County and the incorporated area of Crescent City; other communities include the unincorporated communities of Bertsch-Oceanview, Fort Dick, Gasquet, Hiouchi, Klamath, Patrick Creek, and Smith River.

5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

The District does not provide sewer, municipal and industrial water, or structural fire protection services. The District SOI has no ability to expand due to already covering the entire County and therefore it is not proposed to be updated. The Municipal Services Review determination made for disadvantaged unincorporated communities applies to this determination as well.

## 7.0 REFERENCES

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CA Department of Finance, 2019. Total Population Projections for California and Counties, <http://www.dof.ca.gov/Forecasting/Demographics/Projections/>

Del Norte County Fair and Fairgrounds Strategic Plan 2014-2016, 41st District Agricultural Association.

Madden, W. District Administrator, personal communication, July 2019.

U.S. Census 2000 and 2010

U.S. Census QuickFacts. Del Norte County, CA.

<https://www.census.gov/quickfacts/fact/table/delnortecountycalifornia/PST045218#PST045218>

**DEL NORTE**  
**LOCAL AGENCY FORMATION COMMISSION**  
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eo@delnortelafco.org

**AGENDA ITEM 2C**

**MEETING DATE:** April 20, 2020  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** FY 2020-2021 Proposed Budget

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**RECOMMENDATION**

The following procedures are recommended with respect to the Commission's consideration of this item:

- Receive telephonic report from staff with recommendation;
- Open the public hearing telephonically and invite testimony; and
- Discuss item, close the hearing and consider action on recommendation:
  - 1) Approve proposed FY 2020-2021 budget, as provided in Attachment A, and
  - 2) Direct the Executive Officer to distribute the proposed budget to the City of Crescent City and County of Del Norte, and schedule final budget adoption for a public hearing at the Commission's June meeting.

**BACKGROUND**

Local Agency Formation Commissions (LAFCoS) are responsible under State law for annually adopting a proposed budget by May 1st and a final budget by June 15th. State law specifies the proposed and final budgets shall - at a minimum - be equal to the budget adopted for the previous fiscal year unless LAFCo finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

**DISCUSSION**

*LAFCo Funding Sources:*

Del Norte LAFCo's annual operating expenses are principally funded through appropriations from the County of Del Norte and City of Crescent City, in addition to application fees and interest earnings. Each fiscal year, after the Commission adopts the final budget, operating expenses are apportioned in the following manner: the County pays 1/2; and the City pays 1/2. The apportioned amounts are deposited into the Del Norte LAFCo account with the County Auditor.

*Proposed Operating Expenses:*

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations and for conducting municipal service reviews and sphere of influence updates. The proposed FY 2020-21 operating expenses are similar to the FY 2019-20 budget. A FY 2020-21 expense summary, compared to last year's budget is described below.

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- Insurance budget increase from \$2,100 to \$2,400.
- CALAFCO membership dues increased approximately 28% from \$1,075 to \$1,373.
- Printing/postage and advertising/publications budgets remain the same.
- MSR/SOI preparation and application processing amounts remain the same based on the number of MSRs and SOIs scheduled for the coming year and the applications processed over the last several years.
- Professional Executive Officer/Administrative services costs remain the same.
- Legal Counsel budget stays the same.
- Public member stipend remained the same, up to 8 meetings at \$40.00 per meeting.

*Proposed Operating Revenues:*

City and County contributions to increase slightly, to cover insurance and membership dues increases only. Projected FY 2019-20 expenses are expected to be less than revenues, which will increase unrestricted fund. A portion of those unrestricted funds go to cover Commissioner travel expenses for CALAFCO Board meetings.

**ATTACHMENTS**

FY 2020-21 Proposed Budget



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**FY 2020-21 PROPOSED BUDGET**

Account	EXPENDITURES	FY 2019-20 Final	FY 2020-21 Proposed
<b>Line #</b>	<b>SERVICES &amp; SUPPLIES</b>		
20150	Insurance	\$2,100.00	\$2,400.00
20200	CALAFCO Membership	\$1,075.00	\$1,373.00
20221	Printing	\$50.00	\$50.00
20223	Postage	\$50.00	\$50.00
20230	Professional Services		
	MSR/SOI Preparation	\$24,500.00	\$24,500.00
	Application Processing	\$10,000.00	\$10,000.00
20231	Prof. Serv. Executive Officer/ Admin.	\$47,520.00	\$47,520.00
20232	Prof. Serv. Legal Counsel	\$2,000.00	\$2,000.00
20240	Advertising/Publications	\$400.00	\$400.00
	Conferences (CALAFCO when funds available)	\$0.00	\$0.00
70530	Interfund-Cost Plan	\$1,692.00	\$1,692.00
20233	Public Member Stipend (up to 8 mtgs @ \$40/mtg)	\$320.00	\$320.00
	<b>TOTAL EXPENDITURES</b>	<b>\$89,707.00</b>	<b>\$90,305.00</b>
	<b>REVENUES</b>		
91125	Project Revenue (Application Deposit)*	\$10,000.00	\$10,000.00
90300	Interest	\$20.00	\$50.00
90780	Del Norte County	\$39,853.50	\$40,152.50
90781	City of Crescent City	\$39,853.50	\$40,152.50
07100	Funds from Account #42801007100	\$0.00	\$0.00
	<b>TOTAL REVENUES</b>	<b>\$89,727.00</b>	<b>\$90,355.00</b>
	FY 2020-21 revenues \$50 higher than expense due to projected interest		
	<b>Contingency (Unrestricted) Fund Allocations</b>		
	Authorized CALAFCO Board Travel Expenses	\$5,911.83	TBD
	Contingency Fund Balance (Account #42801007100)	\$20,852.24	TBD
*Deposit paid by applicants to cover application processing. Projected amount for auditor use in issuing payment for expense claims.			
TBD	To be determined		

## **REGULAR MEETING MINUTES**

### **Del Norte Local Agency Formation Commission Board of Supervisors Chambers January 27 2020 4:00 pm**

**Members present:** Roger Gitlin (County Member & Chairman), Bob Berkowitz (County Member), Blake Inscore (City Member), Jason Greenough (City Member & Vice-Chair), Sparky Countess (Public Member)

**Members absent:** None

**Others present:** George Williamson (Executive Officer), Elizabeth Cable (Legal Counsel)

#### **1. Call to Order/Roll Call**

Chairman Gitlin called the meeting to order at 4:04 p.m. and led the Pledge of Allegiance.

#### **2. Election of Officers for 2020**

Nominations for Chairperson:

Motion by Commissioner Berkowitz for Commissioner Greenough to serve as Chairperson Second by Commissioner Inscore Approved 5-0 by roll call vote

Nominations for Vice Chairperson:

Motion by Commissioner Inscore for Commissioner Berkowitz to serve as Vice Chairperson Second by Commissioner Countess. Approved 5-0 by roll call vote  
Commissioners switched seats and Chairperson Greenough conducted the rest of the meeting.

#### **3. Regular Business**

##### **A. Approval of December 9, 2019 Minutes**

On a motion by Commissioner Gitlin, seconded by Commissioner Inscore and carried by a 5-0 vote the December 9, 2019 minutes were approved.

##### **B. FY 2019-20 Mid-year Budget Review**

Executive Officer reported on expenses to date and Insurance coverage

Commissioners requested to see CALAFCO conference expenses for Commissioner Inscore. A total of 32% of budgeted expenditures have been used this fiscal year to date.

Receive and file.

##### **C. MSR Compliance Work Program**

Executive Officer distributed updated 2019-2020 Compliance Work Program.

The three MSRs in progress, Bertsch Ocean-View Community Services District, Smith River Cemetery District and Del Norte Fairgrounds Recreation

and Park District will be brought before the Commission at their next meeting on March 23,2020.

Information gathering has been initiated for the three MSRs to be brought before the Commission later in 2020: County Service Area #1, Crescent City Harbor District and Del Norte County Resource Conservation District.

Receive & File

4. **Inquiries, Correspondence, Application Status and Referrals**

**Staff** - The Executive Officer may provide a report of current projects, issues of interest, and pending legislation. Executive Officer comment:

The Executive Officer reported that there would be a proposed FY 2020-21 Budget scheduled for Public Hearing at the March Commission Meeting. The FY 2019-20 Mid-year budget numbers will be ready for review then as well.

**Commission** - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).

Commission comment: The Commission discussed CALAFCO dues for 2020-21. The dues will be divided between Suburban, Rural and Urban Districts and will be allocated by population. Dues are estimated at \$1,375.

**Public** - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda. Public comment: None.

5. **Adjournment**

Chairman Greenough noted that the next regular meeting is March 23, 2020

Chairman Greenough adjourned the meeting at 4:46 PM

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Respectfully Submitted

**DEL NORTE  
LOCAL AGENCY FORMATION COMMISSION**  
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**AGENDA ITEM 3B**

**MEETING DATE:** April 20, 2020  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Review of CALAFCO Board Meeting expenses

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**RECOMMENDATION**

The following information is recommended for the Commission's consideration.

**DISCUSSION**

Commission member Blake Inscore serves on the CALAFCO Northern Board of Directors as a City Representative and has been representing Del Norte LAFCo at CALAFCO Board meetings. Some of the Board Meetings require travel, including attending the CALAFCO Annual Conference. The Commission approved Contingency Fund Allocations for Commissioner Inscore's CALAFCO Board travel expenses of \$1,449 for FY 2018-19 and \$5,911.83 for FY 2019-20. These amounts were both drawn from Contingency (unrestricted) Funds, separate from regular budget expenses.

Commissioner Inscore's travel expenses came in under budget in both FY 2018-19 and 2019-20. Commissioner Inscore participated in three board meetings in FY 2018-19. In FY 2019-20 he attended CALAFCO's Annual conference, for a total expense of \$1,550.40 including \$1,031.40 in travel expenses and annual conference registration fees of \$520.00. In addition, Commissioner Inscore participated in FY 2019-20 Board meetings by phone. Due to current travel restrictions, no additional expenses are anticipated for FY 2019-20, although funds are available.

A proposed FY 2020-21 CALAFCO Board Meeting travel expense allocation of \$4,300.00 is requested to allow for Commissioner Inscore to attend up to four board meetings and the annual conference. The Commissioner may decide to attend the meetings in person or remotely depending on meeting scheduling and logistics. This amount, if approved by the Commission, would also come from Contingency (unrestricted) Funds.

The FY 2018-19 Contingency Fund Balance (Account #42801007100) was more than \$20,000.00. There will be a final accounting of travel expense at fiscal year end. The Contingency Fund receives any unexpended funds at the end of each Fiscal Year. It is expected to increase for this fiscal year due to staffing expenses coming in under budget.

This is an informational item for the April 20 2020 meeting as requested by the Commission. The proposed FY 2020-21 CALAFCO Board Meeting travel expense allocation of \$4,300.00 will be brought back for Commission consideration at the June 1 2020 meeting.