

Municipal Service Review & Sphere of Influence Update



Commission Draft
June 2020



DEL NORTE LOCAL AGENCY FORMATION COMMISSION

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.

TABLE OF CONTENTS

1.0	INTRODUCTION	1
1.1	Statutory Authority	1
1.2	Municipal Service Review and Determinations	1
1.3	Sphere of Influence Determinations.....	2
1.4	Review Methods	3
1.5	California Environmental Quality Act.....	3
2.0	AGENCY PROFILE	4
2.1	District Formation	4
2.2	Governance Structure and Administration	5
2.3	Growth and Population.....	7
2.4	Disadvantaged Unincorporated Communities.....	8
3.0	SERVICES PROVIDED	8
3.1	Recreation and Park Services Overview.....	8
3.2	Needs and Deficiencies	10
3.3	Other Service Providers	11
4.0	FINANCING	11
5.0	MSR DETERMINATIONS	15
6.0	SPHERE OF INFLUENCE DETERMINATIONS	17
7.0	REFERNCES	18

LIST OF FIGURES & TABLES

Figure 1	District Boundary	6
Table 1:	Del Norte County Fairgrounds Recreation and Parks District Overview.....	4
Table 2:	Del Norte County Fairgrounds Recreation and Parks District Board of Directors	7
Table 3:	Historic and Projected Population in Del Norte County	7
Table 4:	Del Norte County Fairgrounds Facilities.....	9
Table 5:	District Revenues and Expenditures – Three Year Summary.....	12
Table 6:	District 2019-20 Budget	13
Table 7:	District Audit Information Summary.....	14

1.0 INTRODUCTION

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 communities¹ 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

¹ "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 41st District Agricultural Association (41st 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 41st 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 41st 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	Robyn Holt, Board Chair
E-mail	rholt@dncfrpd.org
District Office	421 Highway 101, Crescent City, CA 95531
Mailing Address	PO Box 402, Crescent City, CA 95531
Website	https://dncfrpd.org/
Governance	
Governing Body	Board of Directors
Board Meetings	4 th 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 41st State Board in order to fund the continued operation of the fairgrounds.

District Boundary

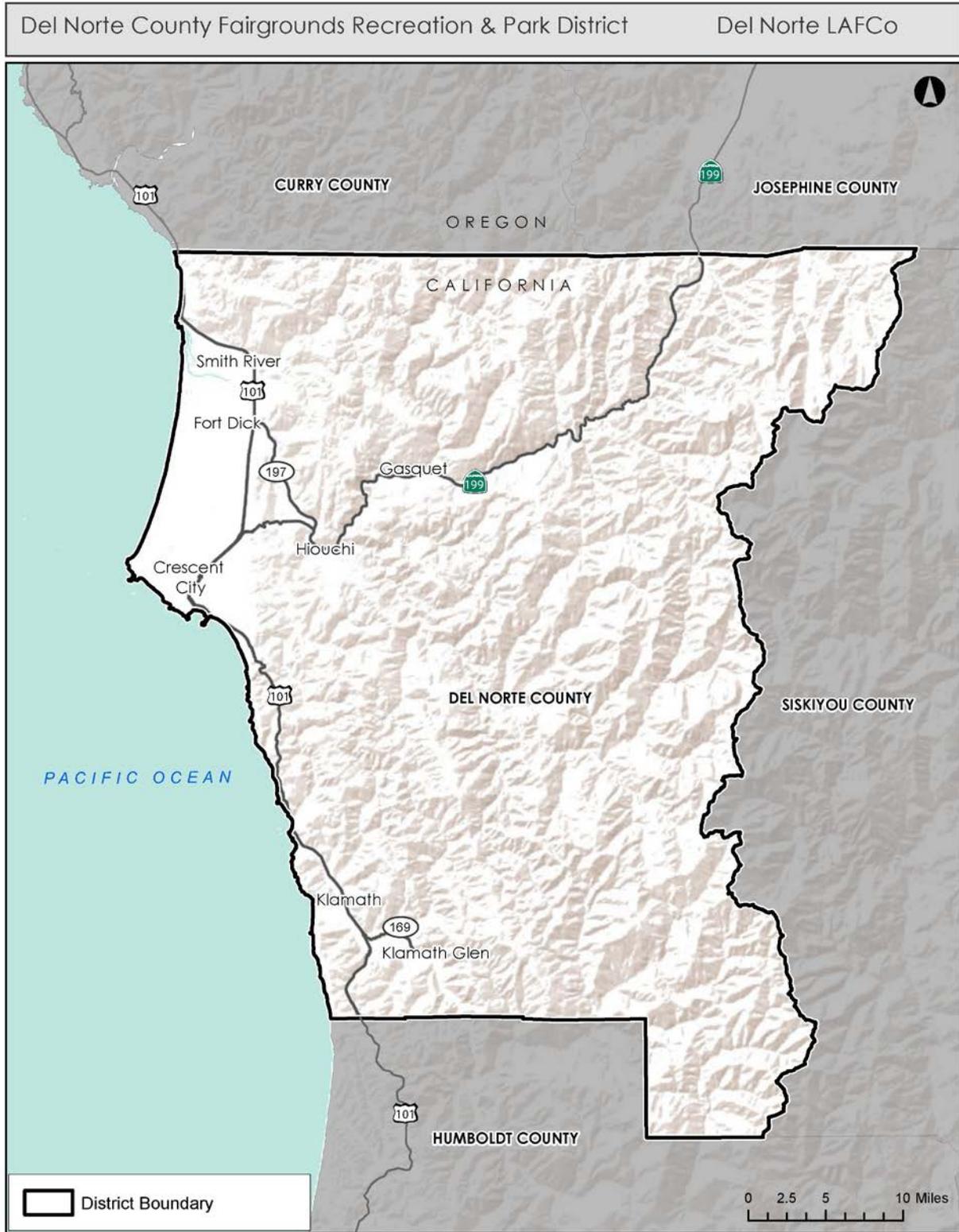
The District's boundary and sphere of influence are coterminous with the Del Norte County boundary as shown on Figure 1.

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 41st 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 41st 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 41st DAA must expend the funds in accordance with the conditions set forth by the District. 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 MOU is in the process of being updated to more accurately reflect the relationship between the District and the 41st DAA.

Figure 1 District Boundary



Map compiled by Planwest Partners for Del Norte LAFCo, January 17, 2014.
 D:\Planwest GIS Data\planwest\projects\DeNorte_laico\Projects\CountyFair\DNOC_Fairgrounds_Rec_Park_Dist_140409

PLANWEST PARTNERS, INC.

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 2018². 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.

² 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

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 41st 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.³ 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
Other Improvements			
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:

³ Strategic Plan 2014-2016, 41st 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.⁴

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 41st 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 41st 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 41st 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 41st DAA and the District Board, interviewed multiple members of the Local District Board, members of the 41st 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 41st 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 41st State Board
- Provide more detailed income, expenditures and transfers accounting, to provide greater public transparency and accountability.

⁴ Strategic Plan 2014-2016, 41st 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

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 41st 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 41st DAA outlines a process for requesting and using District funds; however it appears that this process has not been fully implemented. The 41st 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 41st DAA. If the District provides financial assistance, the 41st DAA must expend the funds in accordance with the conditions set forth by the District. 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 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

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

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 charges⁵. 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>).

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

Table 7: District Audit Information Summary

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

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 41st 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 41st DAA and the District. The District and the 41st DAA are working together to comply with the audit recommendations and to update and implement the MOU accordingly.

5.0 MSR DETERMINATIONS

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 41st 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 41st DAA to implement specific processes to follow when providing financial assistance and update the MOU between them and the 41st 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

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 41st 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

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>