

Smith River Cemetery District

Municipal Service Review & Sphere of Influence Update



Adopted June 28, 2021



Del Norte Local Agency Formation Commission

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1 INTRODUCTION

The Del Norte Local Agency Formation Commission (LAFCo) conducts municipal service reviews (MSRs) to assess existing and future public service conditions for cities and special districts within Del Norte County. This MSR update will allow LAFCo, local agencies, and the public to better understand how public services are provided by the Smith River Cemetery District (SRCD).

The purpose of this study is to examine and evaluate local governmental services in order to improve overall understanding of local service conditions and to enhance these conditions through comprehensive review and analysis. This MSR includes a discussion, analysis, and recommendations regarding services currently provided by the District. The current sphere of influence for the District was last updated and adopted on July 29, 1975 which established a “status quo” sphere of influence for the district. In spheres of this nature, district service area boundaries and sphere boundaries are coterminous to limit service expansion outside the service area boundary. This update serves to review relevant data on services provided within the SRCD’s Sphere of Influence (SOI).

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 consistent with local conditions and circumstances. The major LAFCo goals, as established by the Cortese-Knox-Hertzberg 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 Reviews

LAFCo operates under the provisions of the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000, commencing with California Government Code § 56000. 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 MSR update 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 MSR 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 § 56430. However, MSR updates help to inform the SOI update process with regard to identifying an appropriate and probable District service area. MSRs are exempt from the California Environmental Quality Act (CEQA) because they are feasibility or planning studies for possible future actions that LAFCo has not approved (CEQA Guidelines § 15262).

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 each of the factors summarized in the following table.

Municipal Service Review Determinations
1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities ¹ 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 "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.

1.3 Sphere of Influence

LAFCo establishes, amends, and updates spheres for all cities and special districts to designate the territory it believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.

The authority for LAFCo to adopt, review, and amend spheres of influence is contained in various sections of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Specifically, Government Code § 54625(a) states that:

“In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local government agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency with the county and enact policies designed to promote the logical and orderly development of areas within the sphere.”

Government Code § 56425(g) specifies that, beginning in 2008, LAFCo shall, as necessary, review and update each sphere of influence every five years. In making sphere determinations, LAFCo is required to prepare written statements addressing five specific planning factors listed under Government Code § 56425(e). The mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest.

The intent in preparing the written statements is to focus LAFCo in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five planning factors are summarized in the following table.

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

1.4 Review Methods

This service review was prepared by LAFCo staff in 2019-2021. A District Board Member, John Roberts, was contacted and current District information was requested. All information gathered for this report is stored in Del Norte LAFCo files 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. *California Environmental Quality Act*.

1.6 Background on Cemetery Districts

Public cemeteries in California are among the earliest public facilities in the state and many existed prior to the enactment of the first public cemetery district law in 1909. As of 2009, there were 252 cemetery districts in California, including one in Del Norte County. Cemetery districts rank fourth in the total number of special districts in California, behind water districts, fire districts and community services districts. Cemetery districts are organized and have powers pursuant California Health and Safety Code § 9000 et seq. This law was revised in its entirety and recodified effective January 1, 2004. cemetery districts are special districts that are legally separate from any other unit of local government. Each district's board of trustees is solely responsible for all aspects of district operations. Trustees, who must be registered voters in the district, are appointed by a county board of supervisors to fixed, four-year terms of office. Alternatively, a board of supervisors can appoint itself to be the board of trustees.

Public Cemetery District Law provides broad statutory authority for public cemetery districts to own, improve, expand, and operate public cemeteries. The law provides for the formation of new cemetery districts, defines the selection, role and functioning of the cemetery district board of trustees, outlines the powers of the district, limits who may be interred in district cemeteries, requires cemetery districts to establish and maintain an endowment care fund for the long-term care of burial plots, sets forth requirements and authorities relating to district finances, including the ability to raise additional revenue, and provides for zones to be established within district boundaries for different levels of service.

Unlike most special districts, cemetery districts do not hold monopoly service authority. Private cemeteries, both religious and secular, can and do compete with public cemeteries particularly in more urbanized areas. Therefore, existing cemetery districts face market pressures usually not associated with the delivery of most other government services. As a result, the formation of new public cemetery districts has been uncommon in the state for many years.

2 AGENCY PROFILE

The SRCD is located approximately ten miles north of the City of Crescent City. The District lies between the Pacific Ocean and the Smith River National Recreation Area and is bisected by Highway 101. The District's northernmost border parallels the California/Oregon State line. The District covers approximately 14.2 square miles (9,109 acres) including the unincorporated town of Smith River and the Tolowa-Dee-Ni' Nation. The SRCD's boundary lies within and overlaps the Smith River Community Service District (SRCSD) and Smith River Fire Protection District (SRFPD) boundaries.

2.1 District Formation

The Smith River Cemetery has been in existence since 1862 and perhaps longer. It originally served not only the Smith River valley but also its neighbors in the Chetco and Brookings (Oregon) areas. The cemetery memorializes veterans from the Civil War, the Spanish-American War, as well as both World Wars, the Korean War, and Vietnam. Local citizens formed a cemetery district to properly care for the site and honor those buried there.²



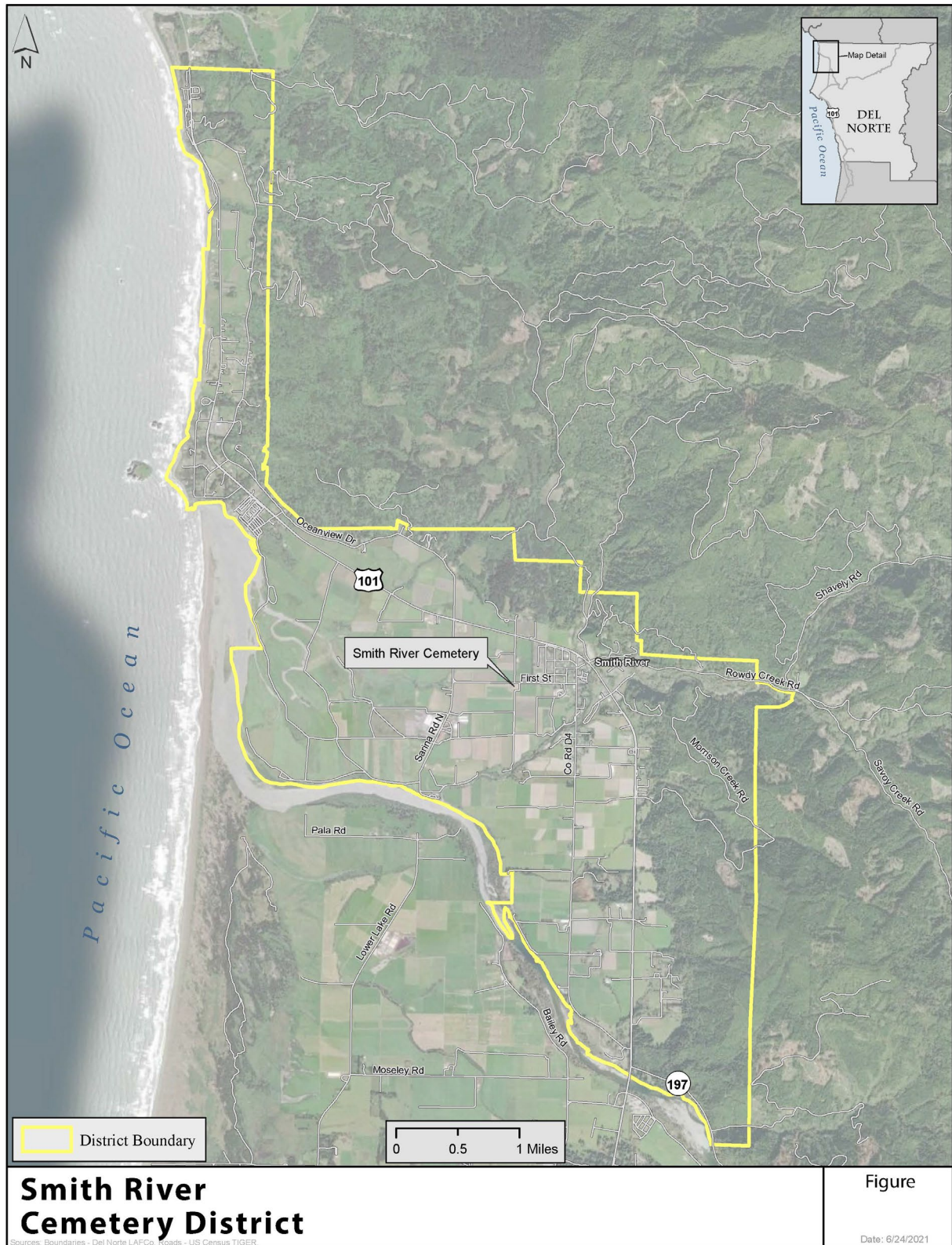
The District was formed on July 28, 1969 for the purpose of maintaining the Smith River Cemetery. Cemetery Districts are independent public agencies, authorized under State of California Health and Safety Code § 9000.

Table 1: Agency Profile

Agency Name	Date of Formation	Enabling Legislation
Smith River Cemetery District	July 28, 1969	GC §9000 et seq.
Contact Person	Contact Title	Email/Website
John Roberts	Board Member	at17n22@hotmail.com
Mailing Address	Physical Address	Phone
P.O. Box 762 Smith River, CA 95567	N/A	(707) 487-3025

² California's Redwood Coast: Paradise Untamed. National Geographic. Accessed September 9, 2013.
<http://www.visitredwoodcoast.com/content/smith-river-cemetery/ncoCDC3B0F39DE6EBEE1>

Figure 1 District Boundary



2.2 Accountability and Governance

The Smith River Cemetery District is governed by a five-member appointed Board of Trustees. The Board meets quarterly, on the second Wednesday of the month. Meeting notices are posted at two locations within the District: the Smith River Post Office located at 291 South Fred Haight Drive, and the Smith River Community Hall located at 241 First Street. The District currently retains one part-time pro-bono secretary to maintain District function. All agency decisions are overseen by the Board of Directors.

Table 2: Smith River Cemetery District Board of Directors

Board Member	Title	Term Expiration
Nancy Westbrook	Trustee	2020
Juanita Henson	Trustee	2020
Pat Jensen	Trustee	2022
John Roberts	Trustee	2022
Vacant	Trustee	2020

2.3 Present and Planned Land Use

The Del Norte County General Plan guides land use decisions within the County and SRCD's jurisdiction. Del Norte County covers approximately 1,008 square miles, or 640,000 acres. More than eighty percent of this land is publicly owned. The County has 600,000 acres of forestland and 10,000 acres of agricultural land.³ The SRCD largely contains resource and rural residential land and will likely continue to develop at current county-wide rates of 0.4 percent per year.

2.4 Population and Growth

The estimated 2019 Del Norte County population was 27,812, down from 28,610, as reported by the 2010 U.S. Census, but up from 27,507 reported in the 2000 census. This indicates very little growth from 2000 to 2019. The community of Smith River is a Census-Designated Place (CDP); the U.S. Census Bureau defines CDPs as:

"The statistical counterparts of incorporated places... delineated to provide data for settled concentrations of population that are identifiable by name but are not legally incorporated under the laws of the state in which they are located."

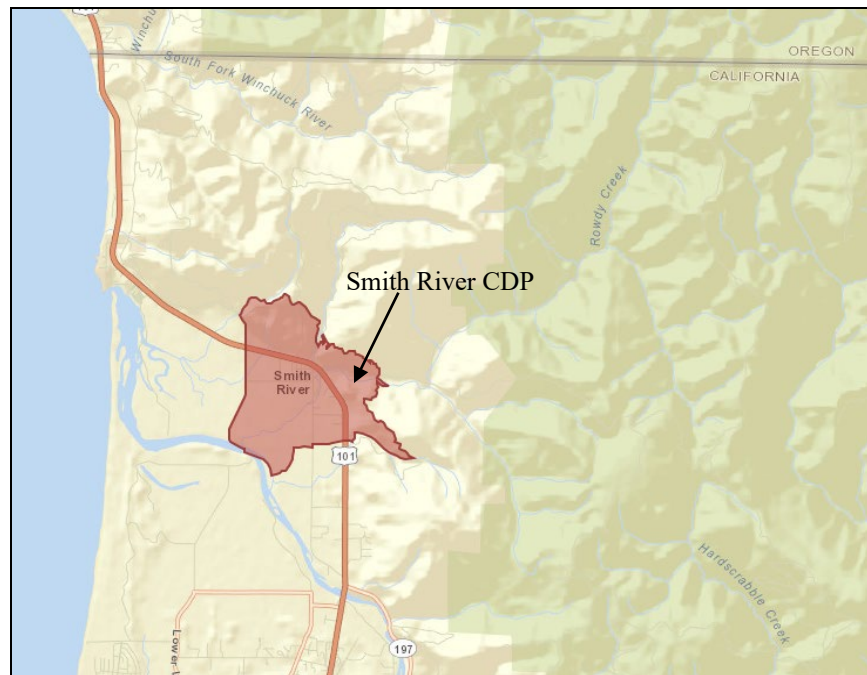
According to the 2010 U.S. Census, the Smith River CDP population was 866 residents. However, the SRCD covers a larger area than the CDP including the Tolowa Dee-ni' Nation, formerly known as the Smith River Rancheria; the SRCD covers approximately 14.2 square miles while the CDP is only approximately 4 square miles. The Tolowa Dee-ni' Nation owns 805 acres of land and has over 1,700 tribal members governed by a seven-member Tribal Council.⁴ Therefore, it is estimated that there are approximately 2,566 residents within the District boundary.

³ DNRCD flier. *Del Norte Resource Conservation District: Benefiting Land and People in Del Norte County.* http://ruralhumanservices.org/nortec/July_Sept06/DNRCD%20Flyer/DNRCD%20Flyer.pdf.

⁴ Tolowa Dee-ni' Nation <https://www.tolowa-nsn.gov/who-we-are/about-tolowa-dee-ni-nation/> Accessed October 11th, 2018

2.5 Disadvantaged Unincorporated Communities

The Cortese-Knox-Hertzberg Act defines a "disadvantaged unincorporated community" as inhabited territory (12 or more registered voters), or as determined by commission policy, that constitutes all or a portion of a "disadvantaged community" as defined by § 79505.5 of the Water Code. The Water Code § 79505.5 defines a "disadvantaged community" as a community with an annual median household income that is less than 80 percent of the statewide annual median household income.



Source: Department of Water Resources <http://www.water.ca.gov/irwm/grants/resourceslinks.cfm>

The State Department of Water Resources (DWR) has mapped for each county those communities that are at or below 80 percent of the annual median household income by using Census Designated Places.⁵ While the CDP data is a helpful tool in identifying DUCs, not all unincorporated areas that arguably should be defined as disadvantaged unincorporated communities are defined as CDPs. The Smith River CDP is identified as a disadvantaged unincorporated community as shown on the map above; however the entire SRCD is not covered by the CDP.

⁵ State Department of Water Resources (DWR). Disadvantaged Communities (DAC) Mapping Tool.

3 DISTRICT SERVICES & INFRASTRUCTURE

The Smith River Cemetery District maintains the Smith River Cemetery located on approximately 4.9 acres at the intersection of 1st Street and Westbrook Lane in Smith River, CA. The Smith River Cemetery is estimated to have a remaining capacity of approximately 0.53 acres, excluding cremation plots.

The SRCD maintains a water distribution system within their boundaries that is only used to irrigate the Smith River Cemetery. There are no known deficiencies or planned upgrades to the District's water distribution system at this time.

3.1 Other Service Providers

The Tolowa Dee-ni' Nation owns and maintains the Howonquet Cemetery for tribal members. The District's water is received from the Smith River CSD; fire protection is provided by the Smith River Fire Protection District (FPD) and CalFIRE; and the Del Norte County Sheriff's Office provides law enforcement services.

4 FINANCIAL INFORMATION

As a district's cemetery becomes full, the income from service fees declines, ultimately to zero unless a district has the capability of acquiring more land for cemetery purposes and/or better utilizing existing land the district already owns. Thus, declining capacity of the cemeteries owned by cemetery districts can be a significant financial constraint. The relatively near term capacity constraint is a financial constraint for the District. The lack of adequate records about remaining capacity could also result in a potential financial constraint for the SRCD.

While each district should regularly review rates and make adjustments based on expenses, the ability to restructure rates and service fees is impacted by competition from private cemeteries. Also, as cemeteries become full, neither rate restructuring or cost avoidance are sufficient to overcome the financial constraints resulting from a lack of capacity within cemeteries.

The Public Cemetery District Law requires the board of trustees to create and maintain an endowment care fund and requires a payment into the endowment care fund for each internment right sold. Districts are able to use interest income received from an endowment care fund investment solely for the care of the cemeteries owned by the district; however, trustees cannot spend the endowment fund principal.

Cemetery districts can levy special taxes, applied uniformly to owners of real property. For example, per parcel assessments can be implemented with voter approval. Now, special taxes are subject to approval of two-thirds of the voters in a district as required by Article XIII A of the

state constitution. Because of the high voter approval threshold and competing demands for additional income for other public services, approval of special taxes for cemetery districts is difficult at best. This is especially true if a district does not have the income necessary to consider and pay for an election, as is probably the case with the SRCD.

The Public Cemetery District Law also provides for cemetery districts to establish Mello-Roos Community Facilities Districts. These types of “districts” can be used to finance the purchase, construction, expansion, improvement or rehabilitation of real property with a useful life of five years or more, a variety of capital facilities, and certain types of direct services that are in addition to services already provided.

Forming community facilities districts is complex and, due to vote requirements, is usually done before an area develops. Because of the requirements for forming these types of financing districts, they are not a viable source of new operating revenues given existing conditions. However, based on new growth within the boundaries of a cemetery district, community facilities districts possibly could be a means of financing the acquisition of land for new or expanded cemeteries.

Public cemetery districts have the ability to borrow money and incur indebtedness (bond cap is 2% of the assessed value of all taxable property), and to establish a revolving fund in an amount not to exceed 110% of one-twelfth of the district’s adopted budget for that fiscal year to pay any authorized expenditures of the district. However, the ability to borrow or restrict funds is predicated on the underlying financial condition of the district and is not a source of new income.

The Public Cemetery District Law provides that the funds of cemetery districts with annual income of less than \$500,000 be kept in the county treasury. While the board of trustees of each District is solely responsible for the affairs of the District, including receipts and disbursements, all warrants are to be drawn on the funds maintained in the county treasury.

The District is investigating potential revenue sources including contacting local congressional offices and levying a parcel tax⁶.

⁶ Personal communication with Board Member John Roberts 10/13/19.

4.1 Budget

The SRCD's fiscal year 2018-19 actual budget included \$5,923 in revenues and \$3,581 in expenditures (Table 3). The primary sources of revenues are the selling of cemetery plots and other/donations. The primary expenditures are equipment and grounds maintenance. The District has been operating on a small surplus for the past three years but only by ceasing to pay any salary for any District employees.

Table 3: Budget Summary

Smith River Cemetery District	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Adopted
Revenues			
Cemetery Plot Fees	\$5,430	\$8,750	\$7,500
Other (yield tax, interest, misc.)	\$493	\$646	\$750
Total Revenue	\$5,923	\$9,396	\$8,250
Expenditures			
Payroll and Employee Benefits	\$0	\$0	\$0
Insurance	\$554	\$562	\$650
Maintenance (equipment and grounds)	\$3,000	\$3,750	\$6,300
Other (office expense, prof. services, etc.)	\$27	\$1,259	\$800
Total Expenditures	\$3,581	\$5,571	\$7,750
Amount Over/(Under)	\$2,342	\$3,825	\$500

5 MSR DETERMINATIONS

CKH § 56430(a) notes that: in order to prepare and to update spheres of influence in accordance with § 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 the following:

1) Growth and population projections for the affected area.

Smith River is a census designated place with a 2010 population of 866 residents. The District also includes the Tolowa Dee'ni' Nation with a tribal membership of over 1,700. Therefore, the District population is estimated to be approximately 2,566 residents. The SRCD will likely continue to develop at current county-wide rates of 0.4 percent per year, which would result in a 2030 population of approximately 2690 people.

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

The Smith River CDP, which covers a portion of the District, has been identified as a disadvantaged unincorporated community by the State Department of Water Resources.

3) Present and planned capacity of public facilities and adequacy of public services, including 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 Smith River Cemetery is estimated to have a remaining capacity of approximately 0.53 acres, excluding cremation plots.

4) Financing ability of agencies to provide services.

The District is primarily funded through plot sales. The SRCD's Fiscal Year 2019-20 adopted budget included \$8,250 in revenues and \$7,750 in expenditures. The primary revenue sources are the selling of cemetery plots and other/donations. The primary expenditures are equipment and grounds maintenance. The District has been operating without paid employees for at least the past three years. Continued District operation is a significant concern. Documents included in the original district formation file indicate that the county collected property based assessments for the District, however this assessment collection stopped at some point in the 1970's. It is recommended that the District pursue potential revenue sources listed in the Financial Information section above and report back to the LAFCo Commission in one year.

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

Given that the District's boundary overlaps with the Smith River CSD's boundary and given the District's financial state and limited service provided, a future special district consolidation with the Smith River CSD may be warranted, although it is not currently supported by the CSD.

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

The SRCD is governed by a five-member appointed Board of Directors that meets regularly (quarterly). All meetings are noticed and held at a consistent location within the District. The District currently has no paid employees which makes it difficult to operate efficiently.

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

The key factor affecting organizational efficiency is lack of revenues described in this MSR.

6 SPHERE OF INFLUENCE STATUS

Government Code § 56430 requires LAFCo to periodically perform municipal service reviews, also known as service reviews, in order to prepare for sphere of influence review and adoption. The purpose of service reviews is to get a “big picture” of the public service needs and to identify opportunities for improved service efficiencies. A draft service review was prepared in conjunction with this sphere update. In summary, the service review found that the Smith River Cemetery District is generally efficiently providing services within its existing boundaries; however, a key factor affecting organizational efficiency is lack of revenues.

During the prior 2013 Commission approved MSR, the LAFCo Commission reviewed District boundaries and identified two potential sphere areas east of the District. Given that the District has a minimum ten year supply of vacant plots and limited revenues, a SOI expansion is not warranted at this time.

7 SPHERE OF INFLUENCE DETERMINATIONS

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

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

The SRCD largely contains resource (agriculture and timber) and rural/low density residential land. Little change in actual or designated land uses within the District is anticipated over the next 20 years.

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

Currently there is limited need for additional service capacity within the District. To provide adequate services for future growth, additional land may need to be acquired for cemetery use. Once the revenue recommendations have been addressed, the SOI should be amended to include two new subdivisions at the east edge of the district, as recommended by the commission.

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

The District provides adequate services to meet current needs. The Smith River Cemetery is estimated to have a remaining capacity of approximately 0.53 acres, excluding cremation plots.

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 Tolowa Dee-ni' Nation is located within District boundaries and maintains Howonquet Cemetery for tribal members.

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 provides cemetery services. A portion of the district has been identified as a disadvantaged incorporated community; this area is provided water, sewer and fire services by other service providers.