

Municipal Service Review & Sphere of Influence Update



Commission Approved
July 28, 2025



DEL NORTE LOCAL AGENCY FORMATION COMMISSION

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Staff

George Williamson, AICP, Executive Officer
Amber Chung, Services Analyst/Administrator
Jacqueline Roberts, Legal Counsel
Louis Choy, GIS & Spatial Data Analyst

Acknowledgements

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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 LAFCo goals, 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: responses to LAFCo Information requests, personal communications with District Finance Committee and Administrator.
- Five Year Capital Improvement Plan (CIP) prepared jointly by District and 41st DAA Fair Boards;
- Budget Information provided by County Auditor's Office;
- Updated facility improvement descriptions provided by the District;
- 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 District is governed by a five-member Board of Directors who are elected to serve four year terms. Pursuant to the Public Resources Code, recreation and park districts are authorized to: (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; and (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. The District accomplishes these purposes by contracting with the 41st District Agricultural Association to provide and maintain facilities and programs at the Del Norte County Fairgrounds.

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.

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 Contacts	Donna Hopkins Board & Finance Committee member Patti Vernelson, Part-time Administrator
E-mail	Donna Hopkins Smithriverequipment@gmail.com Patricia Vernelson plvernelson@gmail.com
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	2 nd Tuesday of the month
Staffing	Part-time Administrator

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.

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

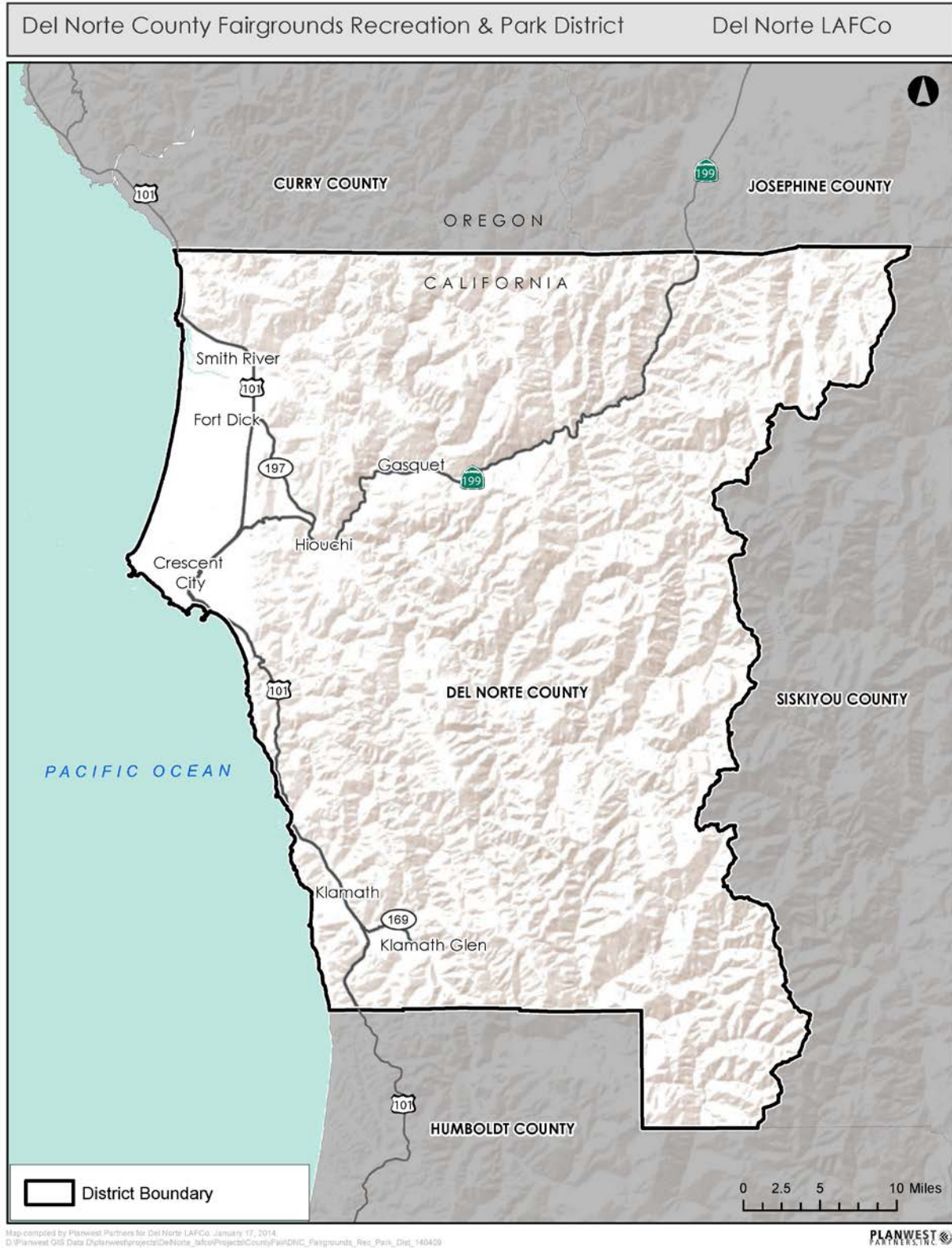
In 2011, the state eliminated about \$200,000 in funding to the 41st DAA which jeopardized the continued operation of the Fairgrounds and the County Fair. Facing a potential closure of the Fairgrounds and loss of the County Fair, various funding avenues were explored and the Board of Supervisors reached 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**.

Figure 1: District Boundary



2.2 Governance Structure and Administration

The District is governed by a five-member Board of Directors elected by District residents. Current Board Members are listed in **Table 2**. In addition, the Board has several committees, including the Finance Committee which prepares and presents budgets, and a part-time administrator. The District Board must meet regularly, monthly, in compliance with Brown Act requirements. Meetings are noticed, records are posted on the District website, and Board procedures have been developed.

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

Board Member	Title	Term Expiration
Doug Wakefield	President	2026
Donna Hopkins	Director	2028
Sabina Renner	Secretary	2026
Cory Countess	Director	2026
Michelle Camarena	Director	2028

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.

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 27,743 in 2020 and is estimated by the California Department of Finance (DOF) projections to be 26,074 in 2030, which is a population decrease. California DOF projections estimated the County population in 2020 to be 27,648, which is smaller than those projected by the US Census. DOF projections are reflected below for 2020 and 2030 (**Table 3**). It should be noted that the County population has historically fluctuated and future population increases are also likely.

Table 3: Current and Projected Population in Del Norte County

Year	Total County Population
2020	27,648
2030	26,074

Sources: U.S. Census 2020; Total Population Projections for California and Counties, Department of Finance, 2023
(<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 and Crescent City General Plans. 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.

2.4 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; while water, sewer, and fire protection services are provided by others.

According to the 2023 American Community Survey 5-Year Estimates, the California median household income (MHI) was \$96,334. Del Norte County had an estimated MHI of \$66,780 which is 69% 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 directly 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 powers activation 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 fairgrounds events as shown in **Figure 2**. The Fairgrounds accommodate a variety of non-Fair functions throughout the year, including special events.

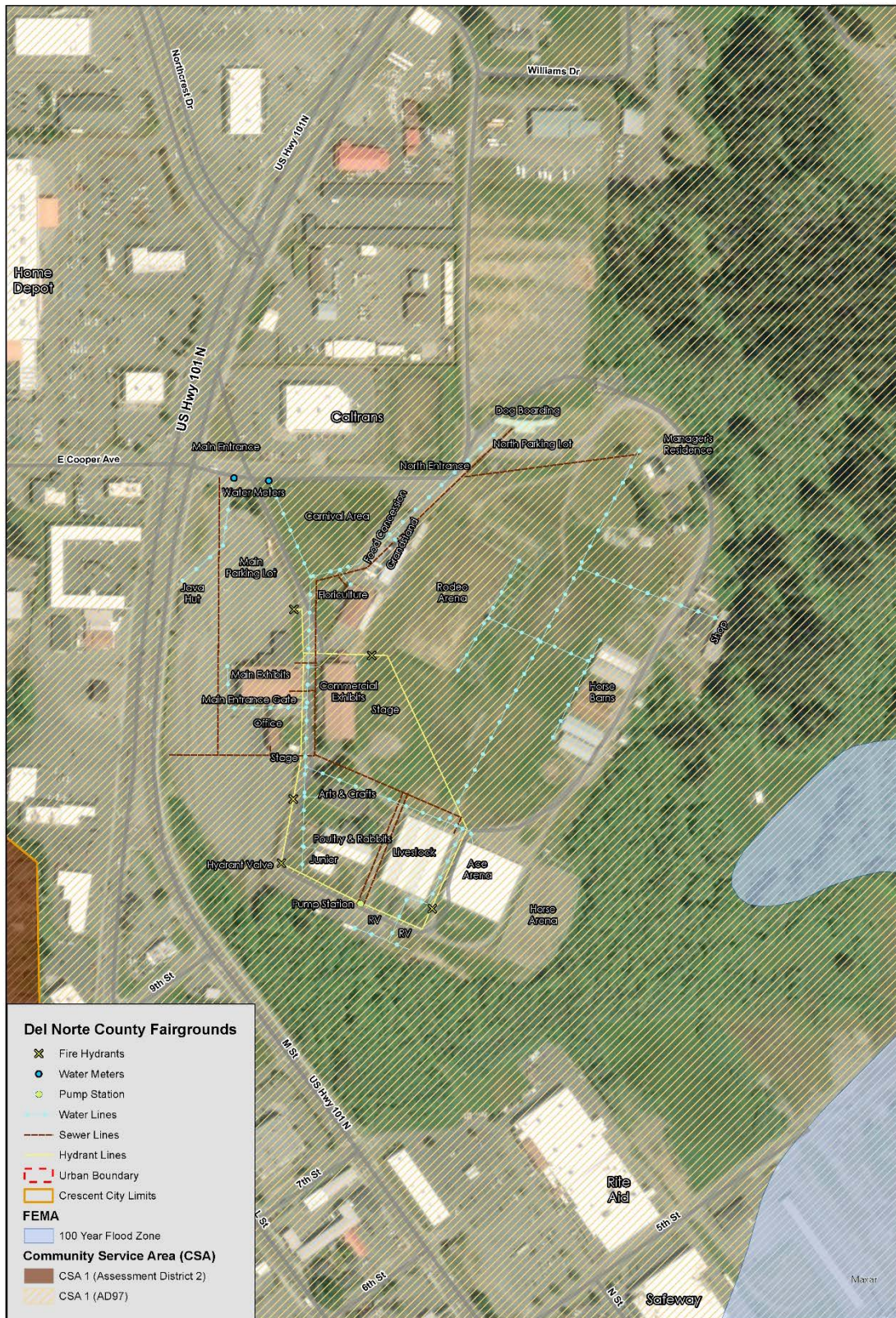
The Fairgrounds are located in the City Limits of the City of Crescent City. The city boundary is also shown in **Figure 2**. The Fairgrounds are adjacent to commercial uses bordering Highway 101.

The Fairgrounds are served by public facilities including water, sewer, and power as shown in **Figure 3**. Water and sewer lines are throughout the Fairgrounds, including covering the rodeo arena area. Fire hydrants and hydrant lines are largely concentrated in the southwest portion of the Fairgrounds.

Figure 2: Del Norte County Fairgrounds Facilities and Surrounding Area



Figure 3: Public Facilities Serving the Fairgrounds



0 0.05 0.1 Miles



For Del Norte LAFCo

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 annual attendance of Fairgrounds activities and events was approximately 150,000 in 2024.

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 Planned Improvements and Investments

The District Board, in conjunction with the 41st DAA Fair Board, has prepared a Five Year Capital Improvement plan, as shown in **Figure 4**. This also included revenue projections accruing to the Fair and is part of a Post Sales Tax Fairgrounds Use Funding Program, prepared by the DNCFRPD & 41st DAA Board. The funding program is to upgrade the Del Norte County Fairgrounds Facility.

The following is an excerpt from a recent Board Report:

Funding Program Objectives and Implementation

According to the Board Report, The 41st District Agricultural Association and The Del Norte County Fairgrounds Recreation and Park District jointly evaluated the upcoming maintenance and operational priorities. The following is the agreed upon 5-year Capital improvement plan. A two District committee made recommendations based on need for Energy Efficiency, Safety, ADA Compliant Bathrooms and Facilities, Revenue generating projects and completion of Deferred Building Maintenance. These items are listed below, with the consideration of the possibilities of emergency repairs that could take precedence. The following are scheduled upgrades:

- Electronic Reader Board: New board to be installed for increased advertising revenue.
- Electrical Transformers: Upgrades
- RV Parking and Mini Storage - Convert two Horse barns for mini storage and indoor RV storage, with repurposing Ace Pavilion to accommodate off season RV and Boat storage.
- South RV Spaces - Upgrade by extending fence to property border, add picnic tables and install sewer. Generate guidelines for use. \$10,000
- Arts & Craft Building Upgrade: to make it a marketable venue for events including weddings, family reunions, fundraisers, funerals, birthday parties, and community events. Phase One: Replace 50 yr old heating unit, no longer functioning. Will be replaced with energy efficient unit, Upgrade Kitchen Appliances to either high end household or commercial appliances. The refrigerator will need visible thermometer monitoring for commercial. Redo flooring, Paint and freshen up bathrooms. Goal is completion for Phase One 2025/2026 Fiscal Year. Phase Two: Upgrade electrical, siding and bathrooms to ADA compliant standards and add ADA shower for emergency use.
- Grandstands: .ADA stairs and handrails for Safety and access

- Red Rover Roof replacement to maintain building use.
- Amphitheater Upgrade: Upgrade shell, provide seating for fair concerts and summer concerts/movies
- Main Hall Renovation: This is main fairgrounds building. Looking for possible grants. This building is an integral part of the emergency use plan for community emergencies.

District Board adopted Revenue Generating Objectives and implementation

Currently Funds are being invested with the County of Del Norte Treasurer. We are gaining approximately 4% on the investment of the total funds which generates approximately per year. The 41st District and the DNCFRPD met for a strategic planning session for ways to generate revenue. As the funds available are used there will be a great reduction in our interest income. It is imperative that all possible revenue generating options be considered including:

- Implement Friends of Del Norte Fairgrounds program.
- Advertising revenues from new Electronic Sign
- Market building rentals for community use and events
- Indoor RV Storage in the Ace Pavillion
- Consider another 'Measure F' in the future
- Reduce expenses with energy efficient projects
- Keep funds in current county investment program to generate interest i
- Research & Apply for Grants that can fund the infrastructure to make the fairgrounds adequate for an emergency shelter.

Improvements for Community Service Center and Emergency Shelter

The Del Norte County Fairgrounds is a designated emergency location during natural disasters. There is a need for on site kitchens to be upgraded to commercial standards. Bathrooms and shower upgrades also needed to accommodate handicap accessibility standards.

As the buildings are upgraded and offer functional kitchens and bathrooms they can be marketed as venues to accommodate events of all sizes. A marketing plan will be developed to promote the use of the fairgrounds as a desirable venue for events, offer meeting space for groups and be rented on a regular basis to generate revenue. The Fairgrounds is a ideal location for various fitness programs. There are rental spaces for a community member to offer yoga, aerobics or other group & youth fitness programs.

Del Norte Fairgrounds Park & Recreation District - 5 year CIP - Expenses- Revenues Updated 7-25-25

Projects	Revenue FY2024-25	Estimated Expense (Fiscal Year)				5 Year Estimated Expense
		2024-25	2025-26	2026-27	2027-28	2028-29
Electronic Reader Board	\$35,000	\$105,000				\$105,000
ADA Phase for Grandstands		\$75,000				\$75,000
Red Rover Roof		\$40,000				\$40,000
Transformer Two			\$75,000			\$75,000
Wattsmart Phase 1 - Indoor Lights†*		\$5,000	\$10,000			\$15,000
Wattsmart Phase 2 - Outdoor Lights*		\$10,000	\$15,000			\$25,000
Red Rover Convert to Storage	\$25,000					\$0
Ampetheater Upgrade	\$10,000		\$50,000			\$50,000
South RV Spaces	\$4,000		\$10,000			\$10,000
41st District			\$70,000	\$275,000	\$300,000	\$970,000
Grant Writing Exp/Matching Funds			\$20,000	\$20,000	\$20,000	\$80,000
Total estimated annual revenues **	\$74,000	\$235,000	\$250,000	\$295,000	\$320,000	\$1,445,000

Fund Balance (restricted & unrestricted funds)	\$3,208,239	\$3,050,969	\$2,873,007	\$2,642,928	\$2,378,645
Estimated Annual Expense - CIP	\$235,000	\$250,000	\$295,000	\$320,000	\$345,000
Estimated Annual Expense -Administration ***	\$50,600	\$50,000	\$50,000	\$50,000	\$50,000
Estimated Interest Revenue****	\$128,330	\$122,039	\$114,920	\$105,717	\$95,146
Ending Fund Balance	\$3,050,969	\$2,873,007	\$2,642,928	\$2,378,645	\$2,078,790

Notes

Using current funds to pursue grants and have funds for matching grants. The major projects needed at the fair grounds such as the main building renovations and ADA bathrooms have a very high cost to complete and the funds we currently have will be depleted in 5 years if they are used for projects. The board is committed to making the funds work for us and we are in the process of hiring a grant writer.

† Indoor lights estimated to use approximately 30,300 kWh of energy annually

* Lighting expense will Upgrade all indoor lighting in the main bldg and outdoor lighting including the Grandstands. Complete by July 2025

** Annual operations revenues projected to increase 5% annually after FY2024-25 due to upgrades & increased use. These revenues will go to the Fairgrounds budget to increase revenue streams for operating expenses, for the Fairgrounds to become more self supporting.

*** Administrative Cost are from the current annual district budget, deducted from the CIP as an operating expense.

**** District funds invested with County LAIF program, conservatively estimated at 4% interest annually.

The District still 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.

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 was a short term (7 years) revenue source ending in 2022. Additional long-term revenue sources need to be pursued. 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.. A District budget overview is shown in **Table 4**. Over those three years, District contributions to Fair Operating expenses (94500) were \$ 887,000.

Table 4 Multi Year Budget

Del Norte Co. Fair Rec. & Park District Multi-Year Budgets				
Line	Reserves	FY 2022-23	FY 2023-24	FY 2024-25
	Current Reserve Funding - 30% of revenue	\$1,494,342.67	\$1,357,013.51	\$1,638,495.39
	Prior Year Reserves	\$1,625,589.85	\$1,629,495.39	\$1,578,744.59
	Total Designated Reserves	\$1,625,590.00	\$2,986,508.90	\$3,217,239.98
Line	Revenues	FY 2022-23	FY 2023-24	FY 2024-25
90010	Property Tax-Secured	\$0.00	\$0.00	\$0.00
90011	Property Tax-Supplemental	\$0.00	\$0.00	\$0.00
90020	Property Tax-Unsecured	\$0.00	\$0.00	\$0.00
90091	Yield Tax	\$0.00	\$0.00	\$0.00
90140	Special Assessment Fees	\$0.00	\$0.00	\$0.00
90300	Interest	\$77,934.00	\$116,576.00	\$105,768.00
	Total Revenue	\$77,934.00	\$116,576.00	\$105,768.00
Expenditures				
60000	Liability Insurance and WC	\$2,800.00	\$3,000.00	\$3,000.00
65000	Other Expenses Park & Rec (supplies, computer)	\$10,000.00	\$0.00	\$0.00
69000	Legal Expenses	\$10,000.00	\$1,500.00	\$0.00
69010	Professional Services, Admin	\$7,500.00	\$8,500.00	\$6,500.00
69020	Professional Services, Misc (LAFCo, Grants, Tech)	\$0.00	\$6,000.00	\$0.00
69030	Professional Services, Accounting (CSFA)	\$10,500.00	\$3,000.00	\$4,000.00
94500	Other Operating Expenditures (41st DAA)	\$224,000.00	\$300,000.00	\$363,000.00
	Total Expenditures	\$264,800.00	\$322,000.00	\$376,500.00
Cash				
	Beginning Cash	\$3,541,998.59	\$3,119,932.61	\$2,986,508.90
	Ending Cash	\$3,119,932.61	\$2,986,508.90	\$2,903,217.89
	Ending Liabilities & Fund Equity			2,986,508.90

The MOU between the District and 41st DAA outlines a process for requesting and using District funds; The request should specifically list events, available recreational programs and opportunities, and scheduled uses of facilities anticipated during the funding request period. Upon receipt of request, the District determines 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 District conditions. 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.

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 after tax revenues were accruing. Thirty percent of annual revenue, placed in

the District's reserve fund as Condition 3 of the Del Norte LAFCo formation resolution, is now being considered for release.

The District's current and reserve fund balances are \$ 3,208,239. For Condition 3 removal, the District was requested to prepare a five-year Capital Improvement Plan (CIP) demonstrating how those funds would be administered to fund applicable County Fair facility improvements, retrofits and renovations. The Five Year CIP was prepared jointly by the District and 41st District Agricultural Association Boards.

In addition to projecting five year CIP expenditures, the District was requested to project annual revenues from those investments which, based on the 5 Year CIP, come from interest from funds on account and projected revenues due to improved facilities. While the interest is included, the estimated annual revenues would go to the Fair Association and are not included in the spreadsheet, which shows a deficit for FY 2028-29. District administrative costs from current budget, is also included as an annual expense.

The District's 5 Year CIP with revenues and expenses added by LAFCo staff, shows an FY 2028-29 shortfall of projected to be \$ 754,000. To balance the CIP, Parking Lot Overlay expenses that year would be reduced, the District must find new revenue sources, or, the Fair Association must allocate funds.

The District is committed to attaining grants to fund infrastructure upgrades. The Fairgrounds is the designated Emergency Shelter for the Del Norte County area, however adequate Main Building commercial kitchen and overall updates are needed so it can accommodate community needs in times of disaster and meet agency standards.

The current District Municipal Services Review (MSR) was approved in 2020. A 2025 Update has been prepared, in conjunction with this application. This will include a consideration as to whether the 5-year CIP supports a revised determination (Determination # 4) that it serves as a Post Sales Tax Fairgrounds Use Funding Program, to support the proposed reserve fund release.

LAFCo must consider longer term District viability. To demonstrate that viability, the District must identify other revenue sources and/or expanded services that can be offered by Recreation and Park Districts. It seems evident that the District would likely be out of funds by the end of FY 2028-29, even if the shortfall is remedied with one of the options described above. While there is a good basis for Amending Formation Resolution 14-12, by Resolution 25-12, to Remove Condition # 3: Reserve Restriction, it should be noted that the District may likely be unviable after the current CIP is completed without additional services and/or revenues.

California Recreation and Park District Law defines a range of services Recreation and Park Districts are authorized to offer. The District is strongly encouraged to consider expanded services, if they can be supported by increased revenues.

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 27,743 in 2020 and projected by the California Department of Finance to be at 26,074 in 2030. This is an approximate projected rate of decline of 0.62%.

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

According to the 2023 American Community Survey 5-Year Estimates, the California median household income (MHI) was \$96,334. Del Norte County had an estimated MHI of \$66,780 which is 69% 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 Fairgrounds capacity accommodates the annual County Fair and other regular and special events throughout the year, with annual attendance of approximately 150,000. The 41st DAA's proposed maintenance/ improvement projects improve the Fairgrounds facilities and services capacity. 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 was financed primarily through a countywide applied special sales tax (0.25%). This special sales tax was approved by Del Norte County voters in the November 2014. The sales tax was a short-term revenue source (7 years) and additional long-term revenue sources needs to be pursued and implemented by the District for continued operations. A reserve fund was established to make it sustainable past the initial seven-year period when sales tax revenues were accruing.

Thirty percent of annual revenue was placed in a District reserve fund, which as of the FY 2024-25 Budget was \$1,638,495.39. The Reserve Fund Restriction was removed in 2025. The current District budget also shows \$2,986,508.90 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 joint 41st DAA and District MOU. The 5 Year CIP included in this MSR, the District's ongoing efforts to pursue other funding sources and commitment to improving Fairgrounds for emergency response and other revenue generation community events represents 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, 2023. Total Population Projections for California and Counties, <http://www.dof.ca.gov/Forecasting/Demographics/Projections/>

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