

**Local Agency Formation Commission
of Santa Cruz County**



Countywide Park & Recreation Service and Sphere Review:

- ALBA RECREATION AND PARK DISTRICT
- BOULDER CREEK RECREATION AND PARK DISTRICT
- LA SELVA BEACH RECREATION DISTRICT
- OPAL CLIFFS RECREATION DISTRICT

Adopted Version – August 4, 2021

Table of Contents

EXECUTIVE SUMMARY	3
Introduction.....	3
Structure of Report	3
Park & Recreation District.....	3
Spheres of Influence.....	7
Key Findings.....	9
Recommended Actions.....	11
ALBA RECREATION AND PARK DISTRICT	12
District Overview.....	12
Finances	17
Governance	21
Opportunities & Challenges	22
Sphere of Influence.....	22
District Summary	23
Service and Sphere Review Determinations	25
BOULDER CREEK RECREATION AND PARK DISTRICT	27
District Overview.....	27
Finances	31
Governance	36
Opportunities & Challenges	37
Sphere of Influence.....	38
District Summary	40
Service and Sphere Review Determinations	41
LA SELVA BEACH RECREATION DISTRICT.....	43
District Overview.....	43
Finances	47
Governance	52
Opportunities & Challenges	53
Sphere of Influence.....	54
District Summary	56
Service and Sphere Review Determinations	57

OPAL CLIFFS RECREATION DISTRICT.....	59
District Overview.....	59
Finances	65
Governance	69
Opportunities & Challenges	69
Sphere of Influence.....	70
District Summary	71
Service and Sphere Review Determinations	73
APPENDICES.....	75
Appendix A: ARPD’s Original Sphere Adoption (October 1988).....	75
Appendix B: BCRPD’s Original Sphere Adoption (October 1988)	75
Appendix C: LSBRD’s Original Sphere Adoption (March 1990)	75
Appendix D: OCRD’s MOU with Santa Cruz County (December 2019)	75
Appendix E: OCRD’s Original Sphere Adoption (October 1988)	75

EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries involving the four park and recreation districts in Santa Cruz County. The report will be used by the Local Agency Formation Commission (LAFCO) to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that LAFCO conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The last service review for the park and recreation districts was adopted on April 6, 2016.

The service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the Districts' existing spheres of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

Structure of Report

This **Executive Summary** presents a brief overview of the service review, key findings, and recommended actions. The **District Profile** chapters contain individual evaluations for each of the four park and recreation districts - highlighting specific characteristics, ongoing operations, current fiscal health, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The profiles conclude with statutory determinations required for all service and sphere of influence reviews pursuant to the Cortese-Knox-Hertzberg Act. These chapters are followed by **Appendices** with sources used to conduct the service review.

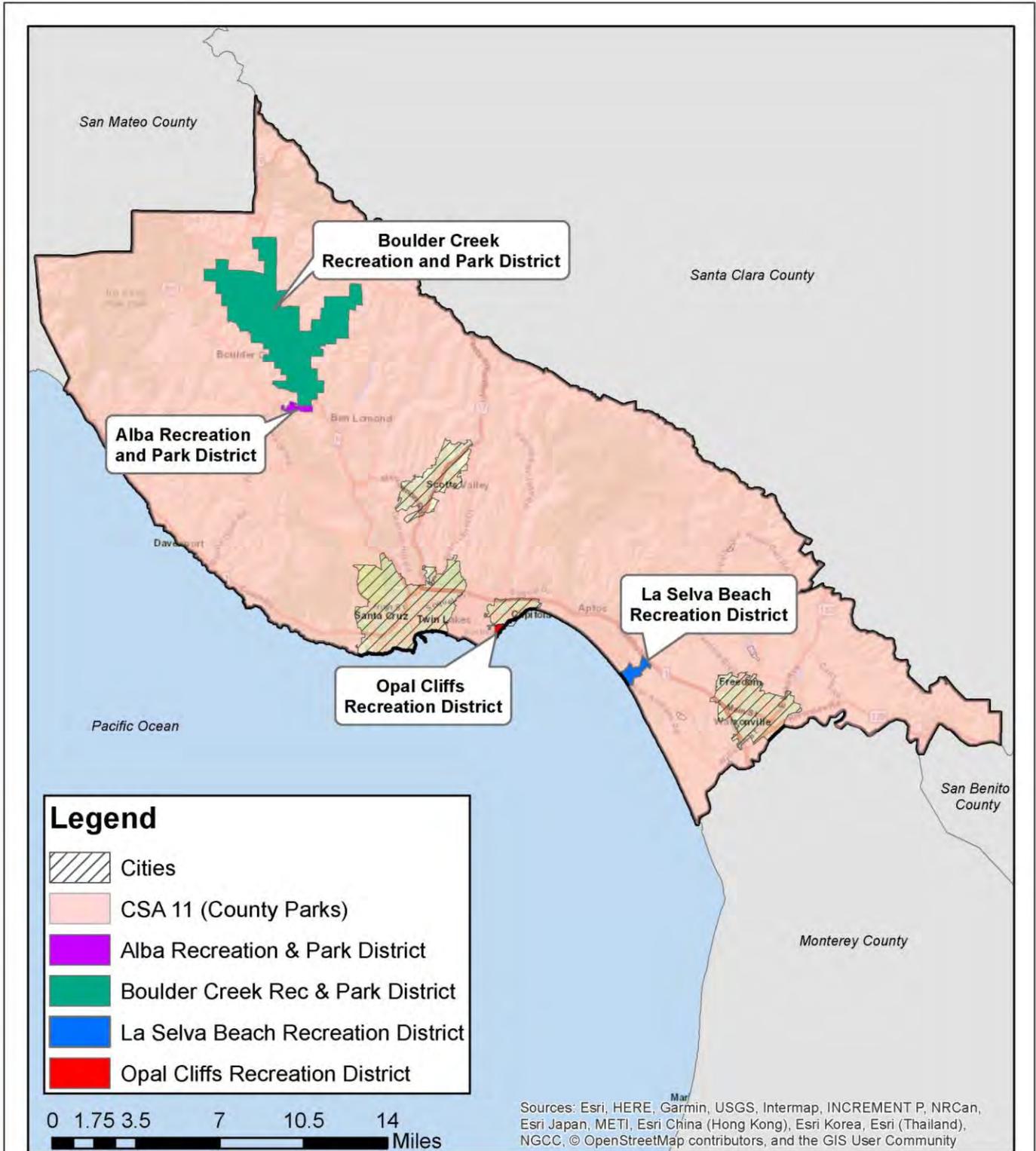
Park & Recreation District

Recreational and park-related services are provided by four independent special districts in Santa Cruz County, as shown below. In accordance with the Commission's Multi-Year Work Program, these four districts will be analyzed in this report. **Figure 1** on page 4 provides an overview map depicting the four subject agencies.

List of Subject Agencies:

1. Alba Recreation and Park District (referred thereafter as "ARPD")
2. Boulder Creek Recreation and Park District (referred thereafter as "BCRPD")
3. La Selva Beach Recreation and Park District (referred thereafter as "LSBRD")
4. Opal Cliffs Recreation District (referred thereafter as "OCD")

Figure 1: Countywide Vicinity Map



Countywide Park and Recreation Service and Sphere Review

Vicinity Map created June 4, 2021

Other Park & Recreation District

County Service Area 11 (CSA 11) is a dependent special district governed by the County which also provides recreational services to areas outside the 4 districts and the 4 cities. CSA 11 will be discussed in this report but will not be subject to an in-depth analysis since its service and sphere review was adopted in June 2018. All past service and sphere reviews can be accessed on LAFCO's website: <https://www.santacruzlafco.org/reviews/>.

Recreation and Park District Law

Government Code Section 5780 outlines the statutory requirements and guidelines for all park and recreation districts in California. The Legislature finds and declares that recreation, park, and open-space facilities and services are important to improving and protecting the quality of life for all Californians. The Legislature further finds and declares that the provision of recreation, park, and open-space facilities and services are essential services which are important to the public peace, health, and welfare of California residents. Among the ways in which local communities have provided these facilities and services has been the creation and operation of recreation and park districts.

For at least seven decades, state laws have authorized park and recreation districts to provide recreation programs, local parks, and open spaces. Local officials have used this statutory authority to serve the diversity of California's communities and residents. It is the intent of the Legislature to create and continue a broad statutory authority for a class of special districts that provides community recreation, park, and open-space facilities and recreation services within specified boundaries and under local control. It is also the intent of the Legislature that park and recreation districts cooperate with other public agencies and private organizations to deliver those facilities and services. Further, the Legislature encourages local communities and local officials to adapt the powers and procedures provided by this chapter to meet the diversity of their own local circumstances and responsibilities.

Growth and Population

The Association of Monterey Bay Area Governments (AMBAG) indicates that the unincorporated areas within Santa Cruz County will experience a slow growth over the next fifteen years. The 2018 AMBAG Regional Growth Forecast Report states that the population in unincorporated territory will grow at a rate of less than 1% every five years. Based on this anticipated growth rate, LAFCO staff calculated the estimated population for each subject agency from 2020 to 2040, as shown in **Table 1**:

Table 1: Population Estimates

Park & Recreation Districts	2020	2025	2030	2035	2040
Alba (Size: 205.55 acres)	224	226	228	230	232
Boulder Creek (Size: 84,874 acres)	7,881	7,949	8,017	8,086	8,155
La Selva Beach (Size: 500 acres)	1,641	1,655	1,669	1,683	1,698
Opal Cliffs (Size: 66.54 acres)	702	708	714	720	726
Total	10,448	10,538	10,628	10,719	10,811

Footnote: Population projections are based on an annual growth of 0.86%

Funding Source

Recreational services are primarily funded through property taxes and service charges. **Table 2** and **Figure 2** depict these two revenue streams for each district as of June 30, 2020. **Table 3** also highlights whether each district had enough revenue to cover annual expenses during FY 2019-20. A full review of all revenue funds for each district for the past six years is discussed in the **District Profile Chapters** within this report.

Table 2: Primary Revenue Sources (FY 2019-2020)

Park & Rec Districts	Service Charges	Property Taxes
Alba	\$0	\$0
Boulder Creek	\$53,638	\$230,666
La Selva Beach	\$51,385	\$186,272
Opal Cliffs	\$0	\$8,316

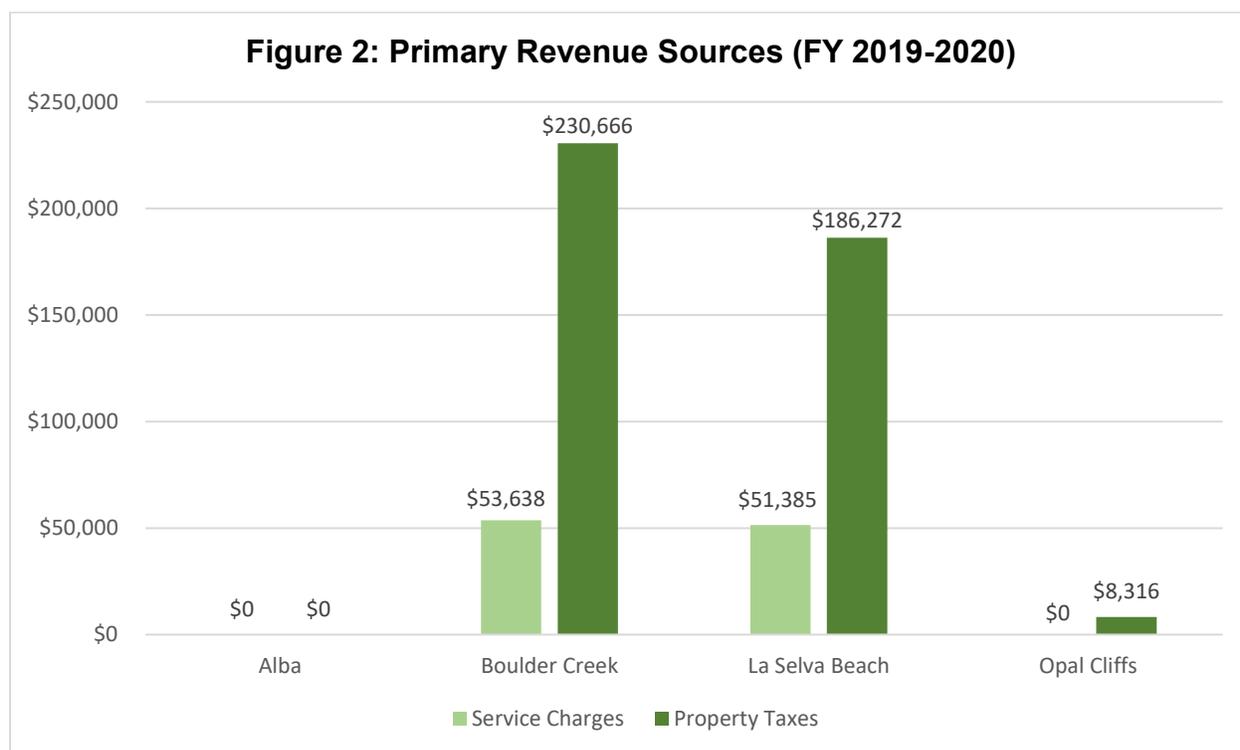


Table 3: Total Revenue vs. Total Expense (FY 2019-2020)

Park & Rec Districts	Total Revenue	Total Expense	Surplus/(Deficit)
Alba	\$366.11	\$1,694.90	\$(1,328.79)
Boulder Creek	\$500,135.70	\$516,718.42	\$(16,582.72)
La Selva Beach	\$245,748.05	\$167,349.12	\$78,398.93
Opal Cliffs	\$10,215.65	\$33,679.99	\$(23,464.34)

Footnote: ARPD's current source of revenue is interest from its depleting reserve fund.

Internal Operations

Pursuant to State law, these four public agencies are independent special districts. Independent special districts obtain their authority directly from the community they serve through a governing body that serves independent from other government agencies, providing the board members with a high degree of autonomy to fulfill the mission of the district. These four districts are directly accountable to the community they serve. The vast majority of independent special districts are governed by a constituent-elected board of directors and operated under the guidance of a general manager and their supporting staff. As independent special districts, they are subject to State laws that apply to local governments as well as financial audits and regulatory compliance of its operations¹.

Table 4 provides an overview of each districts' internal operations. A full review of their operations is discussed in the ***District Profile Chapters*** within this report.

Table 4: Internal Operations Overview

	Number of Full-Time Employees	Does the District have a website?	Does the District have an office?	Number of Board Meetings in 2020
Alba	0	No	No	0
Boulder Creek	1	Yes	Yes	12
La Selva Beach	1	Yes	Yes	15
Opal Cliffs	0	No	No	3

Spheres of Influence

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years, either concurrently or subsequently to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- ❖ The present and planned uses in the area, including agricultural and open-space lands;
- ❖ The present and probable need for public facilities and services in the area;
- ❖ The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- ❖ The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- ❖ An update on a sphere of influence for a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

¹ Information derived from the California Special Districts Association website: www.cstda.net

Sphere Determinations

The spheres of influence for each park and recreation district were originally adopted between 1988 to 1990. Since then, the sphere boundaries have been evaluated twice during the last two rounds of service reviews back in 2008 and 2016. **Table 5** shows the past and proposed sphere determinations for each district.

Table 5: Sphere Determinations (1988 to 2021)

Park & Rec Districts	Original Adoption (1988 - 1990)	First Sphere Review (2008)	Second Sphere Review (2016)	Latest Sphere Review (2021)
Alba	Larger than District Boundary	Same as District Boundary	Same as District Boundary	Adopt Zero Sphere (Condition: Dissolution Within a Year)
Boulder Creek	Larger than District Boundary	Same as District Boundary	Same as District Boundary	Reaffirm Current Sphere Boundary
La Selva Beach	Same as District Boundary	Same as District Boundary	Same as District Boundary	Reaffirm Current Sphere Boundary
Opal Cliffs	Zero Sphere	Zero Sphere	Zero Sphere	Reaffirm Zero Sphere (Condition: Dissolution Within a Year)

Our analysis determines that the spheres for BCRPD and LSBRD should be reaffirmed based on their ability to provide services now and in the foreseeable future. However, LAFCO staff is recommending a zero sphere for ARPD and OCRD as a precursor to dissolution. This determination is primarily due to their ongoing deficiencies, such as financial constraints, lack of staffing and facilities, and compliance with statutory requirements. A “zero” sphere of influence indicates that the affected district should be dissolved, and service responsibilities should be transferred to another local agency. Based on staff’s analysis, County Service Area 11 (County Parks) is the most logical service provider of park and recreation services to the Ben Lomond and Opal Cliffs communities. Our analysis further shows that CSA 11 has already been providing services, such as operations, administration and other staffing on behalf of OCRD. It is important to note that residents will continue to receive the same level of service or better as a result of the proposed dissolutions to ARPD and OCRD.

Dissolution Timeline

If the Commission adopts a zero sphere for both ARPD and OCRD, dissolution should be completed within a year. Either the District Boards or the County should initiate the dissolution and subsequent annexation into CSA 11 by December 2021. The Districts and the County may consider a joint application to streamline the process. If no application is submitted by the December deadline, the Commission should consider initiating dissolution in accordance with Government Code Section 56375(a)(2)(B).

Key Findings

The following are key findings of the 2021 Countywide Park and Recreation Service and Sphere of Influence Review:

Alba Recreation and Park District

1. The District is the second smallest recreational district in Santa Cruz County.

Alba Recreation and Park District was formed in 1954 and serves the unincorporated community of Ben Lomond. ARPD encompasses 48 parcels totaling approximately 206 acres (0.32 square miles). The primary purpose of the District was to maintain the former Alba School as a library and community center. The facility was in operations for over six decades before it was tragically burned down as a result of the CZU Lightning Complex Fire in August 2020.

2. The District is facing financial constraints.

Alba Recreation and Park District has experienced an annual deficit in three of the last six years. Audited financial statements are not readily available for the public even though it is required by law. As of June 30, 2020, the District is operating with a net position of approximately \$18,000 with no current assets. LAFCO staff projects that this negative trend will continue unless a more stable public agency assumes the service responsibilities for the community.

3. The District requires a new sphere designation.

Due to the ongoing deficiencies and financial constraints, in conjunction with the joint interest in transferring service responsibilities by the District and County, LAFCO staff recommends adopting a zero sphere. LAFCO may adopt a “zero” sphere (encompassing no territory) for a public agency when the Commission has determined that the service functions of the affected agency are either: nonexistent, no longer needed, or should be reallocated to some other local government. Adoption of a zero sphere indicates ARPD should ultimately be dissolved and service responsibilities be transferred to another local agency, specifically County Service Area 11 (County Parks), through annexation.

Boulder Creek Recreation and Park District

1. The District is the largest recreational district in Santa Cruz County.

Boulder Creek Recreation and Park District was formed in 1959 and serves the unincorporated communities of Boulder Creek and Brookdale through 5 recreational facilities (3 parks and 2 community centers). The District encompasses 6,643 parcels which totals approximately 85,000 acres (133 square miles).

2. The District is facing financial constraints.

Boulder Creek Recreation and Park District has experienced an annual deficit in four of the last six years. As of June 30, 2020, the District is operating with a net position of approximately \$93,000 with a fund balance drastically declining over the years. LAFCO believes that this negative trend will continue unless the District increases its revenue or decreases its overall costs to ensure the District has enough funds to cover annual costs.

3. The District's current sphere is coterminous with its jurisdictional boundary.

LAFCO originally adopted a larger-than-district boundary sphere of influence for BCRPD in 1988. During that time, the District expressed interest in expansion. Those efforts never came to fruition so the Commission updated the District's sphere to be coterminous in 2008. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. Since then, the sphere boundary has remained unchanged. LAFCO staff recommends reaffirming the existing sphere boundary.

La Selva Beach Recreation District

1. The District is the second largest recreational district in Santa Cruz County.

La Selva Beach Recreation District was formed in 1959 and serves the unincorporated community of La Selva Beach through 3 recreational facilities (Triangle Park, Robin's Park, and the La Selva Beach Clubhouse). The District also maintains an open space at the entrance of the community near the corner of San Andreas Road and Playa Boulevard as well as a strip of land between Vista Drive and the coastal bluff. LSBRD encompasses 816 parcels which totals approximately 500 acres (0.80 square miles).

2. The District is financially stable.

La Selva Beach Recreation District's financial ability to provide services is well-established. Audited financial statements from Fiscal Years 2014 to 2020 indicate that total revenue for the District exceeded total expenditures on an annual basis, excluding FY 2017-18. As of June 30, 2020, the District is operating with a net position of approximately \$382,000.

3. The District's current sphere is coterminous with its jurisdictional boundary.

LAFCO originally adopted a coterminous sphere of influence for LSBRD in 1990. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For the past 30 years, the sphere boundary has remained unchanged. LAFCO staff recommends reaffirming the existing sphere boundary.

Opal Cliffs Recreation District

1. The District is the smallest recreational district in Santa Cruz County.

Opal Cliffs Recreation District was formed in 1949 and serves the unincorporated community of Opal Cliffs. OCRD encompasses 440 parcels totaling approximately 67 acres (0.10 square miles). The primary purpose of the District is to operate and maintain one park which contains parking spots, an entrance gate, a coastal viewing area, and a walkway down the cliff to the beach.

2. The District is facing significant internal deficiencies.

Opal Cliffs Recreation District currently does not have a general manager, any staff members, a physical office location, or a legally-required website. LAFCO staff has also identified several statutory violations. In addition, the District has ended with a deficit in three of the last six years. What is more significant is the fact that total revenue has been dramatically decreasing over the years since 2015. LAFCO believes that this negative trend will continue unless a more stable public agency assumes the service responsibilities.

3. The District's current sphere of influence is designated as a zero sphere.

LAFCO originally adopted a zero sphere of influence for OCRD in 1988. A "zero" sphere of influence (encompassing no territory) is adopted by LAFCO when the Commission has determined that the service functions of the affected agency are either: nonexistent, no longer needed, or should be reallocated to some other local government. For over 30 years, the zero sphere designation has indicated that OCRD should be dissolved and service responsibilities be transferred to another local agency, such as the County, through annexation. Therefore, staff is recommending that the Commission reaffirm the zero sphere designation with the condition that the District be dissolved by August 2022.

Recommended Actions

Based on the analysis and findings in the 2021 Countywide Park and Recreation Service and Sphere of Influence Review, the Executive Officer recommends that the Commission:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the four (4) districts, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt a Resolution (LAFCO No. 2021-16) approving the 2021 Countywide Park and Recreation Service and Sphere Review with the following terms and conditions:
 - a. Reaffirm the spheres of influence for the Boulder Creek Recreation and Park District and the La Selva Beach Recreation District;
 - b. Adopt a zero sphere of influence for the Alba Recreation and Park District and the Opal Cliffs Recreation District for dissolution by August 2022;
 - c. Require the affected District Board and/or the County to initiate the dissolution of Alba Recreation and Park District and Opal Cliffs Recreation District with a concurrent annexation into County Service Area 11 by December 2021. If neither affected party initiates, then the Commission should consider initiating dissolution in accordance with Government Code Section 56375(a)(2)(B); and
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the four park and recreation districts and any other interested or affected parties, including but not limited to the County of Santa Cruz.

ALBA RECREATION AND PARK DISTRICT

District Overview

Alba Recreation and Park District (ARPD) was formed in 1954. As one of the smallest park and recreation districts in California, ARPD encompasses 48 parcels totaling approximately 206 acres (0.32 square miles). The District serves the unincorporated community of Ben Lomond. The County's General Plan designates the vast majority of this area as Mountain Residential with a small portion zoned as Existing Parks & Recreation. The primary purpose of the District was to maintain the former Alba School as a library and community center. The facility, known as the "Little Red Schoolhouse," was in operations for over six decades before it was tragically burned down as a result of the CZU Lightning Complex Fire (CZU Fire) in August 2020. **Figure 3**, on page 13, is a vicinity map depicting ARPD's current jurisdictional and sphere boundaries. **Figure 4**, on page 14, shows the land use designations within ARPD.

History & Background

In 1894, D.R. Guichard, a resident of Alba Road (known then as "Stoddard Road") made County Superintendent John W. Linscott a proposition: A chicken dinner, if he would walk from the Ben Lomond School on Newell Creek, all the way to the Guichard residence, two miles up the mountain. This was the route children (Guichard had seven) had to take to attend the nearest school. Superintendent Linscott did not end up making it on foot; he took a horse and buggy. Mr. Guichard still fed him the chicken dinner though, because the point had been made: A closer school was needed. The Alba District was formed, named after the youngest daughter of long time local resident Joseph Rossi. The structure itself was barn-raised by the community. Alba Rossi, born in 1888, was one of the first children to attend. By 1933, with more people moving into the area, it was decided to expand the Alba Schoolhouse. In March of 1934, the one-room Sequoia School on China Grade in Boulder Creek, which had been closed for ten years, was taken apart board-by-board and reassembled onto the rear of the Alba structure. A deck was later added. In 1940, the Alba School House ceased to function as a school. In 1954, the Alba Recreation and Park District was formed to maintain the facility, which also became a remote branch of the Santa Cruz Public Library System until 2007.

Little Red Alba Schoolhouse

The Little Red Alba Schoolhouse was an iconic historical structure on the flank of Ben Lomond Mountain, high in the redwoods of Santa Cruz County. Originally built in 1895, it was the last remaining one-room schoolhouse in the county still in its original location, original configuration. Prior to the CZU Fire, it was primarily used as a community center for local gatherings and learnings. **Figure 5**, on page 15, shows the Alba Schoolhouse from the late-1800s to the late-2000s.

The interior capacity of the meeting room ranged from 20 people seated at tables, to 50 people standing at a mixer. The rental rate for the hall was \$25 per hour. The schoolhouse property is owned by the San Lorenzo Valley School District. The District leased the property until May 2028. The rate of \$1 per year was prepaid when the lease was executed on May 6, 2003. There are currently efforts to rebuild the schoolhouse but it is unknown if and when that will occur.

Figure 3: Alba Recreation and Park District's Service & Sphere Boundaries

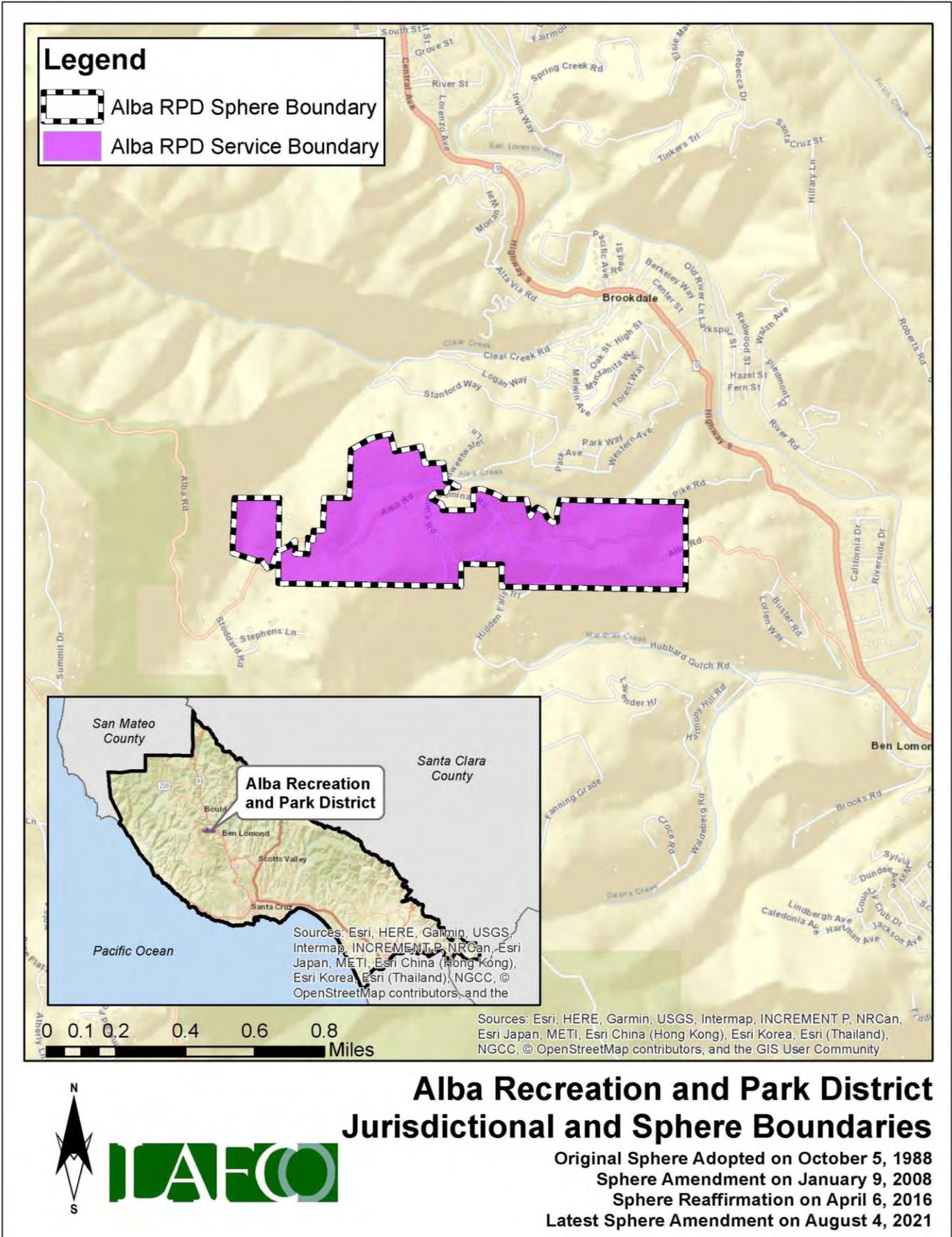


Figure 4: County General Plan's Land Use Designations

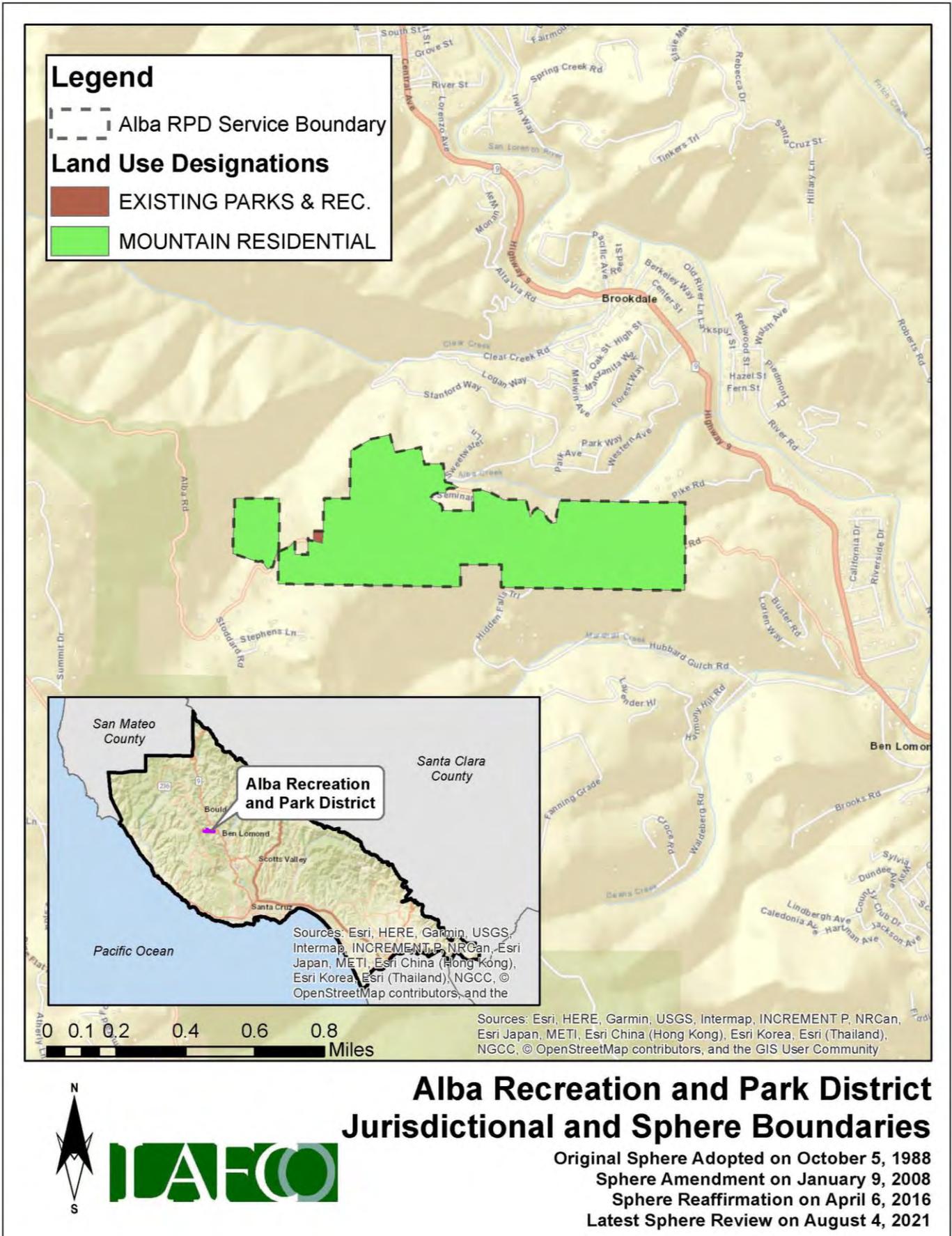


Figure 3: Little Red Alba Schoolhouse (Late-1800s to Late-2000s)



Population & Growth

Based on staff's analysis, the population of ARPD in 2020 was approximately 224. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. **Table 6** shows the anticipated population within ARPD.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for ARPD. LAFCO staff increased the District's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of ARPD will be approximately 232 by 2040.

Table 6: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
Alba Recreation and Park District	224	226	228	230	232	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Services & Operations

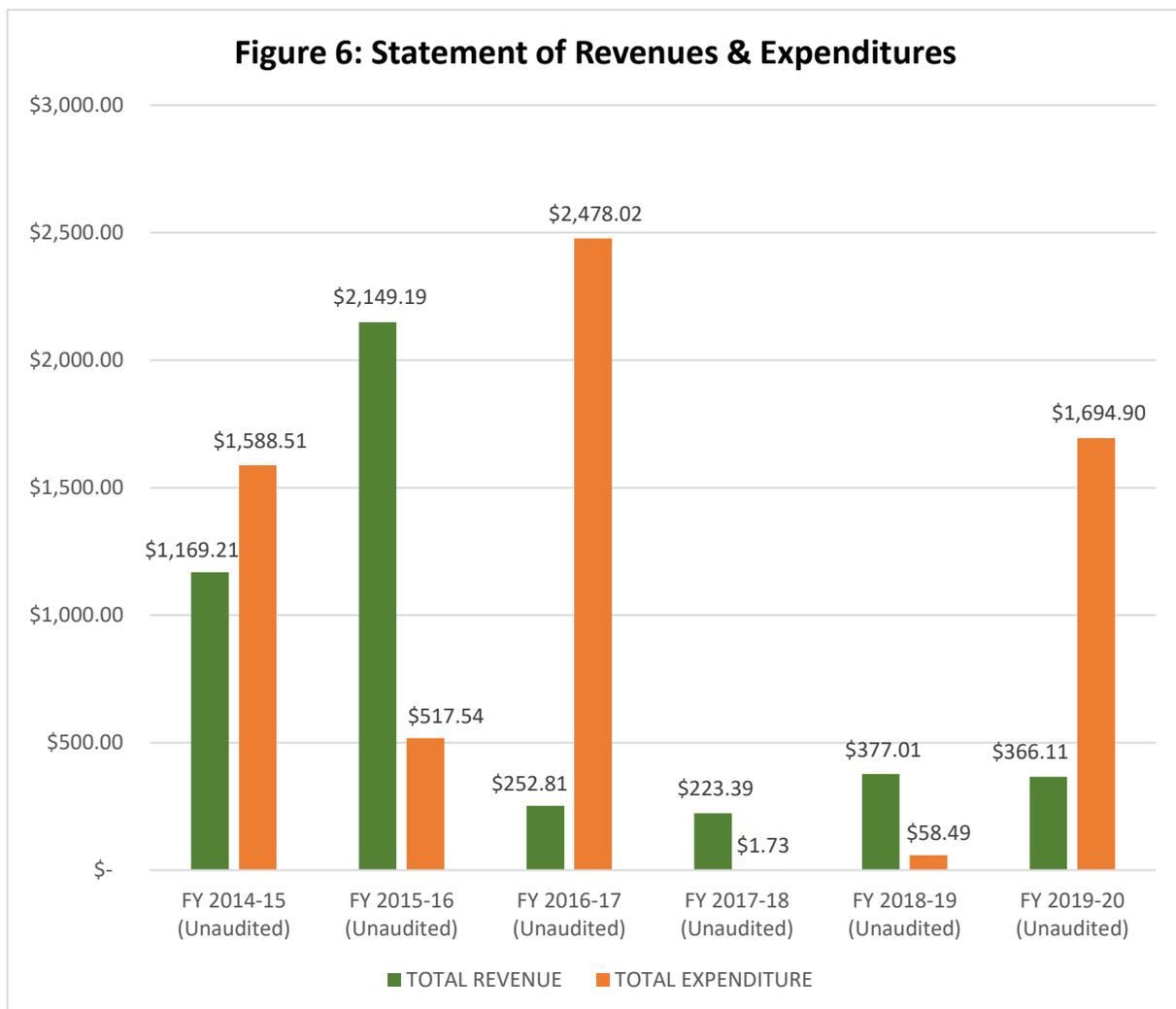
The primary purpose of ARPD was to maintain the former Alba School as a library and community center. The District had a lease on the facility until May 2028 with the property owner (San Lorenzo Valley School District). As previously mentioned, the school was destroyed due to the CZU Fire in August 2020. Since then, the District has not been providing any services or been operating as a public agency. The CZU Fire relocated many residents, including ARPD's volunteers and board members. At present, the District has no employees, no facility, and only 2 elected board members still living in the area. No business has been conducted since August 2020.



Finances

State law requires special districts to conduct an annual audit. The law also requires special districts to file a report of the completed audit to the State Controller’s Office and LAFCO (Government Code Section 56036). Based on staff’s research, LAFCO has not received a report or copy of the District’s audits in the last six years. In addition, the audits were not available on the District’s website as statutorily required (Government Code Sections 6270.6 and 53087.8). Therefore, LAFCO staff completed an internal investigation to complete this financial analysis. This section will highlight ARPD’s financial performance during the most recent fiscal years based on information retrieved. Specifically, LAFCO evaluated ARPD’s financial health from FY 2014-15 to FY 2019-20. A comprehensive analysis of the District’s financial performance during the past six years is shown on page 20.

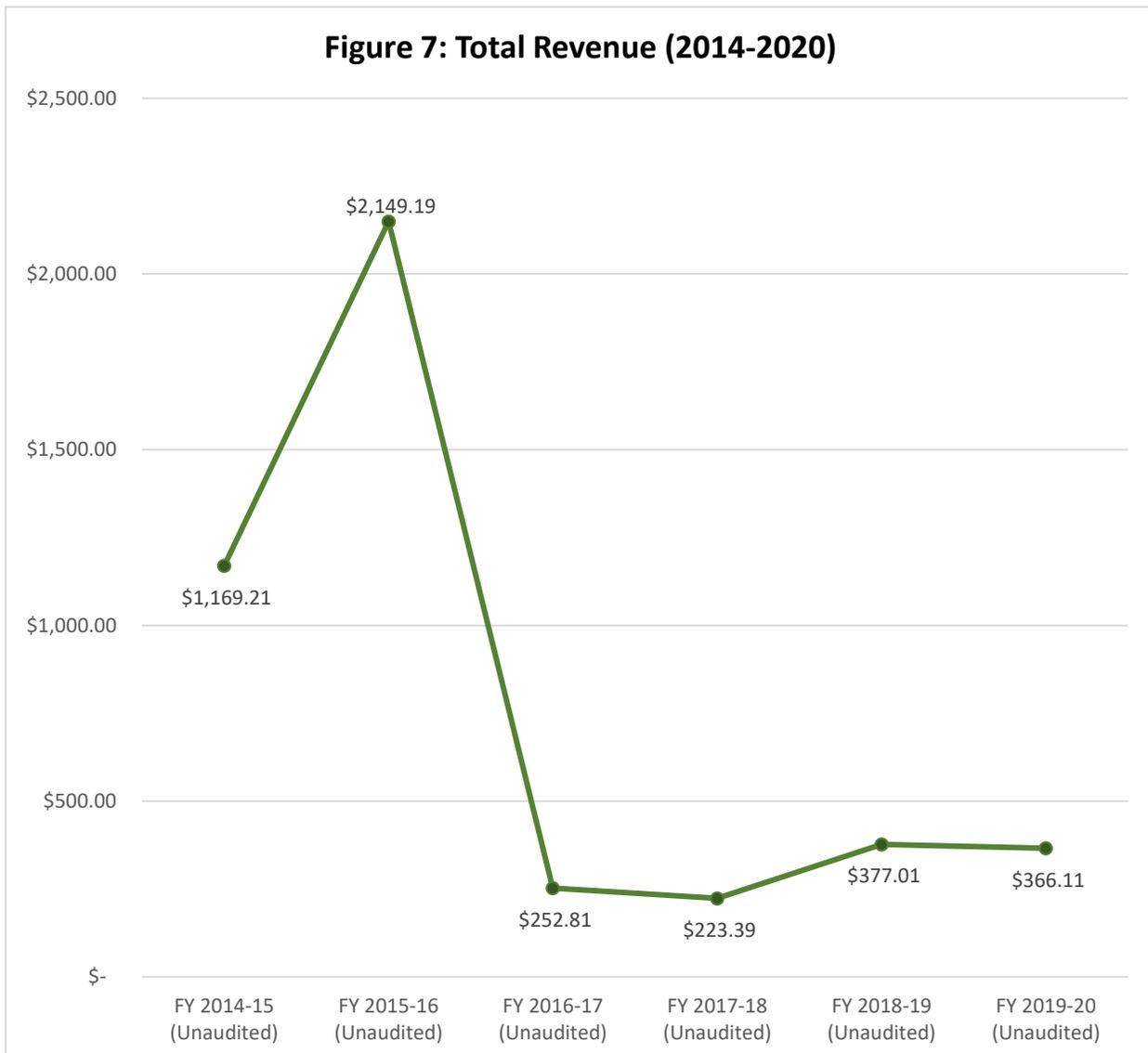
At the end of FY 2019-20, total revenue collected was approximately \$366, representing a 3% decrease from the previous year (\$377 in FY 2018-19). Total expense for FY 2019-20 was approximately \$1,700, which increased from the previous year by 3000% (\$58 in FY 2018-19). The District has ended with a deficit in three of the last six years, as shown in **Figure 6**. LAFCO believes that this negative trend will continue unless a more stable public agency assumes the service responsibilities for the community.



District Revenues

ARPD's only source of revenue since 2017 has been interest from its limited reserve fund. Historically, the District has had three revenue streams: Interest, Charges for Services, and Donations. **Figure 7** below highlights the downward trend in total revenue received during the last six years.

Based on LAFCO staff's analysis, total revenue has only averaged about \$300 since 2016. What is more significant is the fact that Charges for Services, which is typically the primary source of revenue for a special district, has been nonexistent in the last three years. FY 2016-17 was the last year in which the District received funds from Charges for Services – and those funds only totaled \$100 that year.

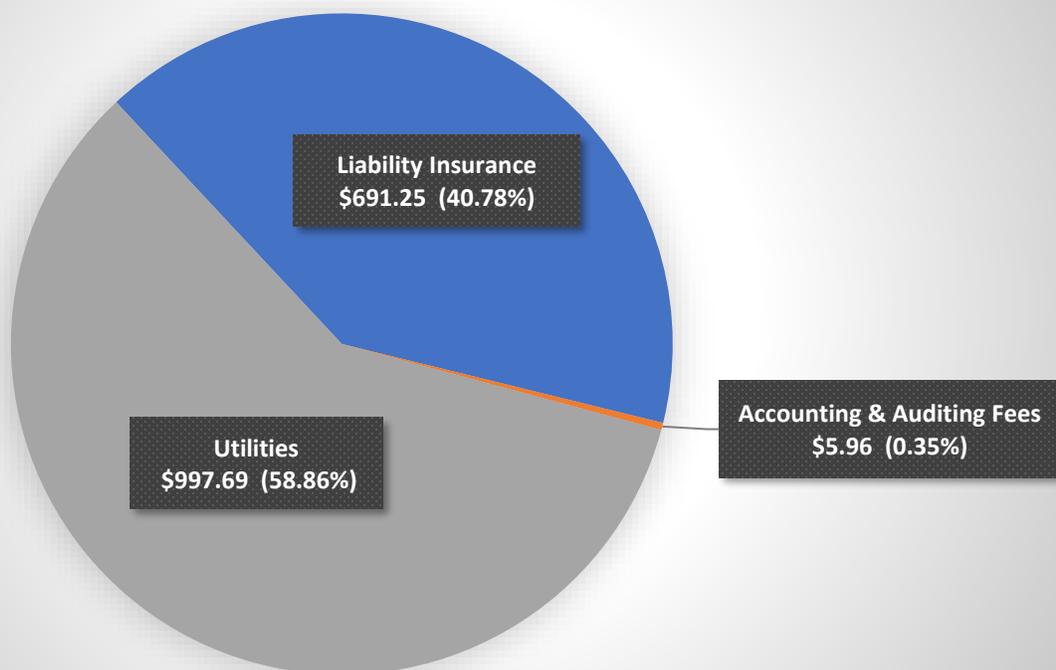


Footnote: Rent and Concessions dropped to zero after FY 2015-16.

District Expenditures

ARPD's total expenditures can be categorized into 3 budgetary groups: Utilities, Liability Insurance, and Accounting & Auditing Fees. **Figure 8** below distinguishes the cost and percentage per category. As shown below, Utility Costs are the highest expenditure during FY 2019-20.

Figure 8: Expenditure Breakdown (FY 2019-20)



Fund Balance/Net Position

As of June 30, 2020, the total fund balance is approximately \$18,000. The fund balance has been declining moderately on an annual basis since 2016, as shown in **Table 7**. The overall financial performance of ARPD during the last six years can be found in **Table 8** on page 20.

Table 7: Fund Balance/Net Position

	FY 14-15 (Unaudited)	FY 15-16 (Unaudited)	FY 16-17 (Unaudited)	FY 17-18 (Unaudited)	FY 18-19 (Unaudited)	FY 19-20 (Unaudited)
Net Position (Ending Balance)	\$18,126	\$19,757	\$18,459	\$18,681	\$18,999	\$17,670
Change in (\$) from previous year		\$1,631.65	-\$1,298	\$222	\$319	-\$1,329
Change in (%) from previous year		9%	-7%	1%	2%	-7%

Table 8: Total Revenues & Expenditures

ALBA PARK AND RECREATION DISTRICT						
	FY 2014-15 (UnAudited)	FY 2015-16 (UnAudited)	FY 2016-17 (UnAudited)	FY 2017-18 (UnAudited)	FY 2018-19 (UnAudited)	FY 2019-20 (UnAudited)
REVENUE						
Interest	\$ 86.21	\$ 126.19	\$ 152.81	\$ 223.39	\$ 377.01	\$ 366.11
Charges for Services (Rents & Concessions)	\$ 810.00	\$ 1,020.00	\$ 100.00	\$ -	\$ -	\$ -
Contribution & Donations	\$ 273.00	\$ 1,003.00	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>\$ 1,169.21</u>	<u>\$ 2,149.19</u>	<u>\$ 252.81</u>	<u>\$ 223.39</u>	<u>\$ 377.01</u>	<u>\$ 366.11</u>
EXPENDITURE						
Liability Insurance	\$ 1,146.00	\$ (20.00)	\$ 563.00	\$ -	\$ -	\$ 691.25
Maintenance - Building & Improvements	\$ -	\$ -	\$ 1,712.00	\$ -	\$ -	\$ -
Accounting & Auditing Fees	\$ 45.27	\$ 28.55	\$ 3.02	\$ -	\$ -	\$ 5.96
Special Departmental Expense	\$ -	\$ 79.03	\$ -	\$ 1.73	\$ -	\$ -
Utilities	\$ 397.24	\$ 429.96	\$ 200.00	\$ -	\$ 58.49	\$ 997.69
TOTAL EXPENDITURE	<u>\$ 1,588.51</u>	<u>\$ 517.54</u>	<u>\$ 2,478.02</u>	<u>\$ 1.73</u>	<u>\$ 58.49</u>	<u>\$ 1,694.90</u>
Surplus/(Deficit)	\$ (419.30)	\$ 1,631.65	\$ (2,225.21)	\$ 221.66	\$ 318.52	\$ (1,328.79)
NET POSITION						
Ending Balance	<u>\$ 18,125.60</u>	<u>\$ 19,757.25</u>	<u>\$ 18,459.02</u>	<u>\$18,680.68</u>	<u>\$18,999.20</u>	<u>\$ 17,670.41</u>
Change (\$)		\$ 1,631.65	\$ (1,298.23)	\$ 221.66	\$ 318.52	\$ (1,328.79)
Change (%)		9%	-7%	1%	2%	-7%

Governance

The Alba Recreation and Park District is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. **Table 9** shows the current board members for Alba Recreation and Park District.

Table 9: Board of Directors

Board Member	Title	Term of Office Expiration
<i>Margaret Greenwall</i> (Seat is Currently Vacant)	Board Member	First Appointed: September 2004 Next Election: General 2021
<i>Jeremy Schowalter</i> (Seat is Currently Vacant)	Board Member	First Appointed: November 2019 Next Election: General 2023
Michael T. Tapia	President	First Appointed: March 2017 Next Election: General 2021
Bridget Tapia	Vice-President	First Appointed: March 2017 Next Election: General 2021
<i>Danny Thorpe</i> (Seat is Currently Vacant)	Board Member	First Appointed: May 2010 Next Election: General 2023

Footnote: 3 out of 5 directors are no longer on the ARPD Board

Public Meetings

Prior to the CZU Fire, the Board of Directors would typically meet on the first Tuesday of each month at 6:30 p.m. Meetings were held at the Alba Schoolhouse at 12070 Alba Road, Ben Lomond, CA 95005. Based on LAFCO staff's analysis, ARPD did not conduct a single public hearing in 2020. In addition, it is our understanding that three board members are no longer seated on the District Board. Only Mr. and Mrs. Tapia represent the entire independent special district.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. It outlines minimum website data requirements, including contact information, financial reports, and meeting agendas/minutes. ARPD does not have an official website. There is a website dedicated to the Alba Schoolhouse but that does not provide any district information, nor does it comply with the statutory requirements for ARPD as an independent special district.

Opportunities & Challenges

Independent special districts are tasked to operate in an efficient and transparent manner on a regular basis. It is LAFCO staff's position that public agencies should always prepare and consider future opportunities and potential challenges in order to properly provide services to their constituents. The following section explores possible actions that should be considered by the District.

Governance Structure Options

District President Michael Tapia has expressed interest in transferring over service responsibilities to another public agency, such as the County of Santa Cruz, which may be able to serve the community more efficiently. LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. Representatives of County Service Area 11 (County Parks) have expressed support in assuming responsibilities within the community.

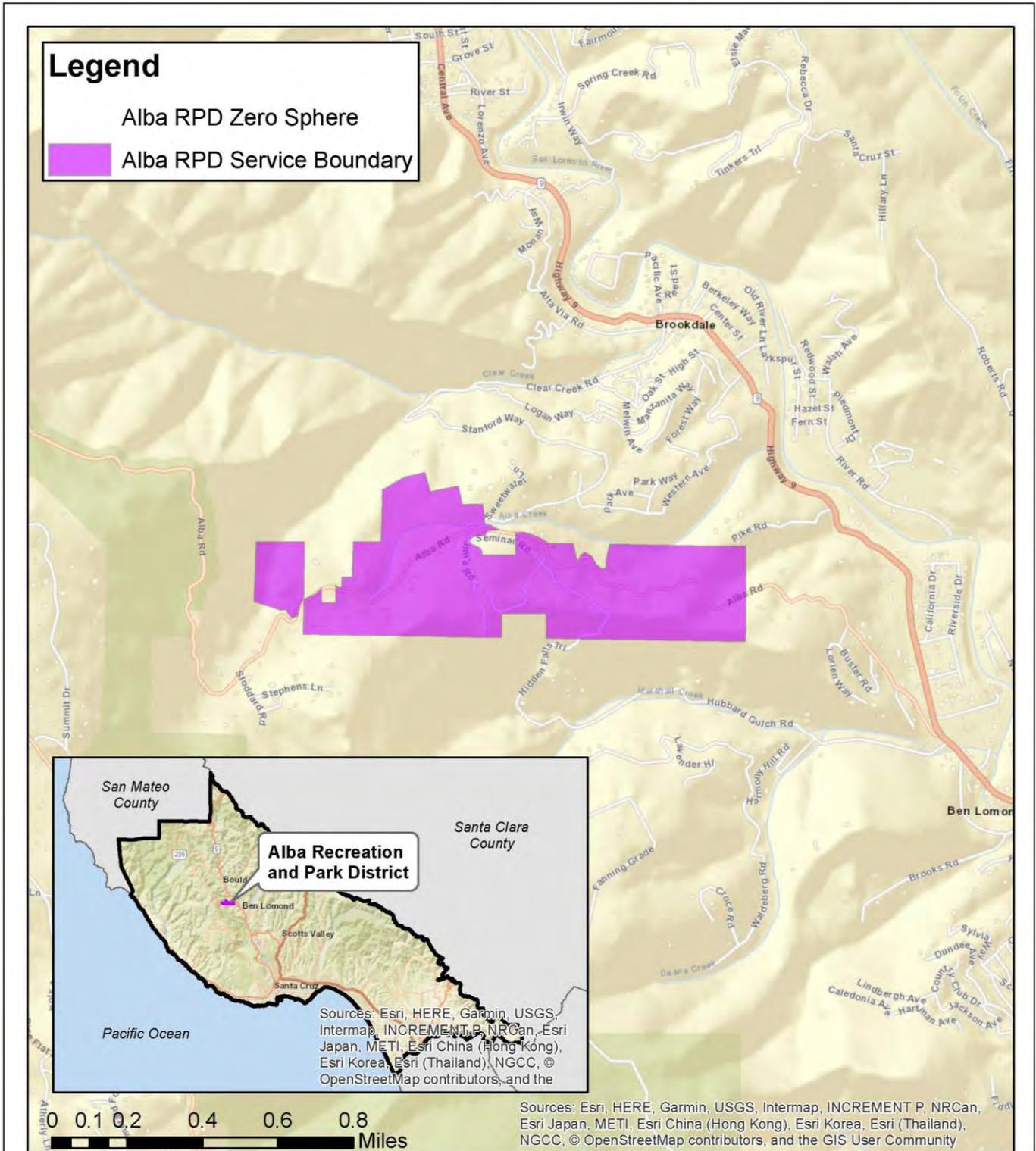
It is important to note that the State Controller's Office is now required to identify "inactive districts" in accordance with Government Code Section 56879. LAFCO staff believes that ARPD will qualify as an inactive district in the near future, which would require mandatory dissolution. Therefore, it would be beneficial for ARPD and the County to consider and initiate the dissolution of ARPD by December 2021 under their own terms rather than mandatory direction from the State. If no application is submitted by the December deadline, the Commission should consider initiating dissolution in accordance with Government Code Section 56375(a)(2)(B).

Sphere of Influence

Santa Cruz LAFCO adopted ARPD's first sphere on October 5, 1988. **Appendix A** provides a copy of the 1988 resolution that implemented the first sphere of influence for ARPD. The current sphere is coterminous with the District's jurisdictional boundary. The last sphere review occurred in April 2016 during the last service and sphere review cycle. **Figure 3** on page 13 shows the current sphere boundary.

Due to the ongoing deficiencies and financial constraints, in conjunction with the joint interest in transferring service responsibilities by the District and County, LAFCO staff recommends adopting a zero sphere for ARPD. LAFCO may adopt a "zero" sphere (encompassing no territory) for a public agency when the Commission has determined that the service functions of the affected agency are either: nonexistent, no longer needed, or should be reallocated to some other local government. The adoption of a zero sphere indicates ARPD should ultimately be dissolved and service responsibilities be transferred to another local agency. **Figure 9**, on page 23, shows the proposed sphere of influence boundary for ARPD.

Figure 9: Proposed Zero Sphere of Influence (Precursor to Dissolution)



Alba Recreation and Park District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on October 5, 1988
 Sphere Amendment on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Zero Sphere Adoption on August 4, 2021



District Summary

Alba Recreation and Park District	
Formation	Public Resources Code, Division 5 (Parks and Monuments), Chapter 4 (Recreation and Park Districts); Section 5780
Board of Directors	5 members, elected at-large to four-year terms (only 2 directors are currently seated on the District Board)
Contact Person	No General Manager
Employees	0 Full-Time Employees
Facilities	0 Facilities (Alba Schoolhouse burned down in August 2020)
District Area	206 acres (0.32 square miles)
Sphere of Influence	<p>Current sphere of influence is coterminous with the District's jurisdictional boundary.</p> <p>Proposed Designation: Zero Sphere of Influence. A zero sphere indicates that the District should be dissolved. Park and recreational services would be taken over by another public agency, such as the County.</p>
FY 2019-20 Budget	<p>Total Revenue = \$366.11</p> <p>Total Expenditure = \$1,694.90</p> <p>Projected Net Position (Beginning Balance) = \$17,670</p>
Contact Information	<p>Mailing Address: No District Mailing Address</p> <p>Phone Number: No District Phone Number</p> <p>Email Address: No District Email Address</p> <p>Website: No Official District Website</p>
Public Meetings	Meetings are typically held on the first Tuesday of each month at 6:30 p.m.
Mission Statement	None

Service and Sphere Review Determinations

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. Under this assumption, LAFCO's projections indicate that the entire population of ARPD will be approximately 232 by 2040.

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

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

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

ARPD was formed in 1954. The primary purpose of the District was to maintain the former Alba School as a library and community center. The facility was in operations for over six decades before it was burned down as a result of the CZU Fire in August 2020. It is unknown if the facility will be rebuilt.

4. Financial ability of agencies to provide services.

The District has ended with a deficit in three of the last six years. LAFCO staff believes that this negative trend will continue unless a more stable public agency assumes the service responsibilities for the community or internal improvements are established immediately.

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

Representatives from the District and County have expressed interest in dissolving ARPD and subsequently annexing the area into CSA 11. This will ensure that the Alba community continues to receive recreational services from an existing public agency.

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

Due to the devastating CZU Fire, coupled with various operational issues, the District should be dissolved, and service responsibilities should be assumed by the County.

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

No additional local LAFCO policies are specifically relevant to this service and sphere review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared 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 is located in unincorporated county territory. The County's General Plan designates the vast majority of this area as Mountain Residential.

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

Due to the District's ongoing financial constraints, in conjunction with ARPD's interest in transferring service responsibilities to another local agency, LAFCO staff recommends adopting a zero sphere as a precursor to dissolution.

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

The primary purpose of the District was to maintain the former Alba School as a library and community center. The facility was in operations for over six decades before it was burned down as a result of the CZU Fire in August 2020. It is unknown if the facility will be rebuilt.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area.

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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

BOULDER CREEK RECREATION AND PARK DISTRICT

District Overview

Boulder Creek Recreation and Park District (BCRPD) was formed in 1959. The purpose of the District is to serve the unincorporated communities of Boulder Creek and Brookdale through 5 recreational facilities (3 parks and 2 community centers). BCRPD encompasses 6,643 parcels which totals approximately 85,000 acres (133 square miles). This District is the largest park recreation district in Santa Cruz County when compared with the other three districts (Alba, La Selva Beach, and Opal Cliffs). The only larger district that provides park and recreational services in Santa Cruz County is CSA 11, which is a dependent special district operated by the County Public Works Department.

The area contains various land use designations pursuant to the County’s General Plan ranging from rural, mountain and suburban residential to open space, agriculture, and public facilities. **Figure 10**, on page 28, is a vicinity map depicting BCRPD’s current jurisdictional and sphere boundaries. **Figure 11**, on page 29, shows the land use designations within BCRPD.

Population & Growth

Based on staff’s analysis, the population of BCRPD in 2020 was approximately 7,900. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. **Table 10** shows the anticipated population within BCRPD.

Population Projection

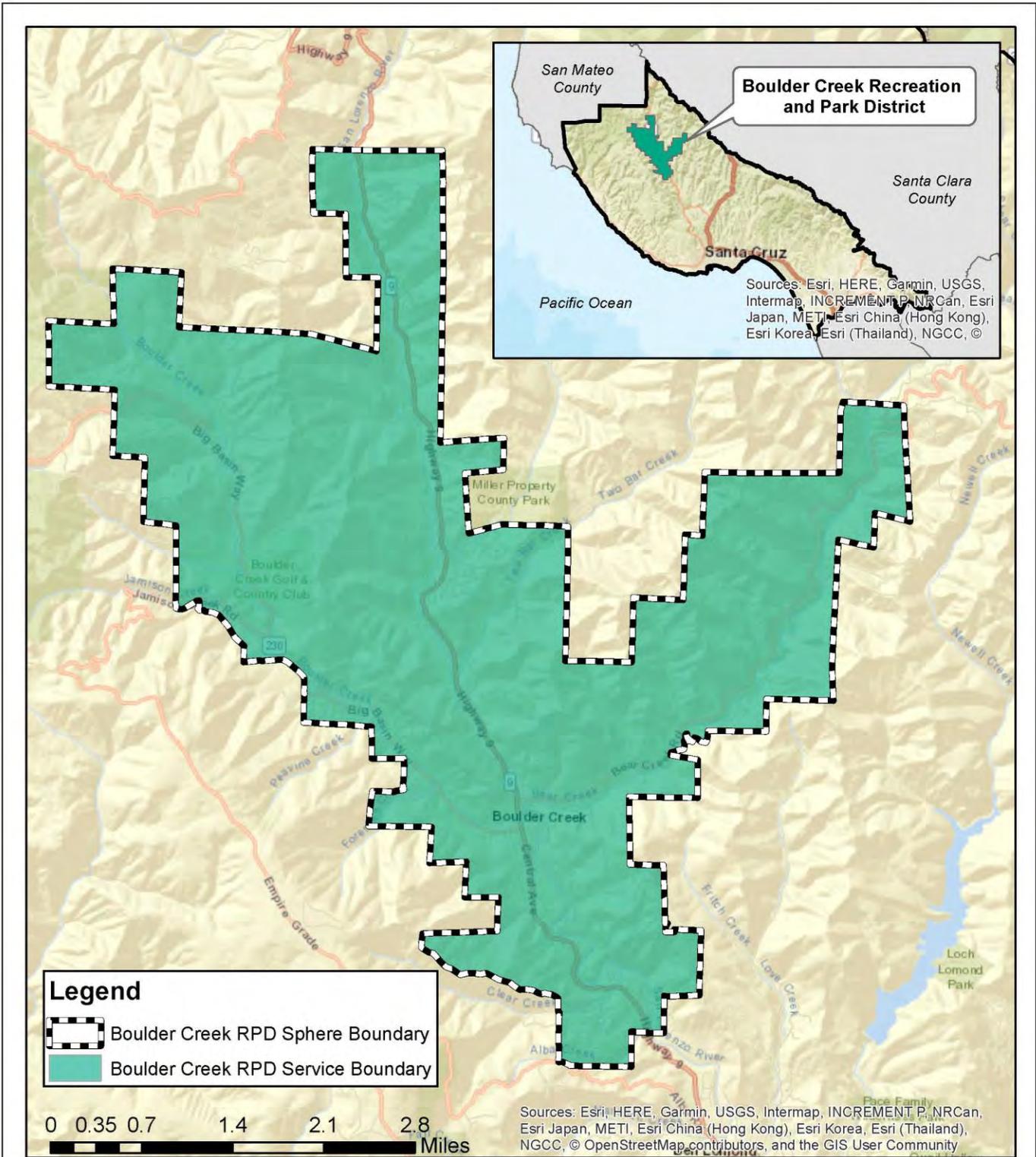
Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for BCRPD. LAFCO staff increased the District’s 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of BCRPD will be approximately 8,200 by 2040.

Table 10: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
Boulder Creek Rec and Park District	7,881	7,949	8,017	8,086	8,155	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Figure 10: Boulder Creek Rec and Park District's Service & Sphere Boundaries

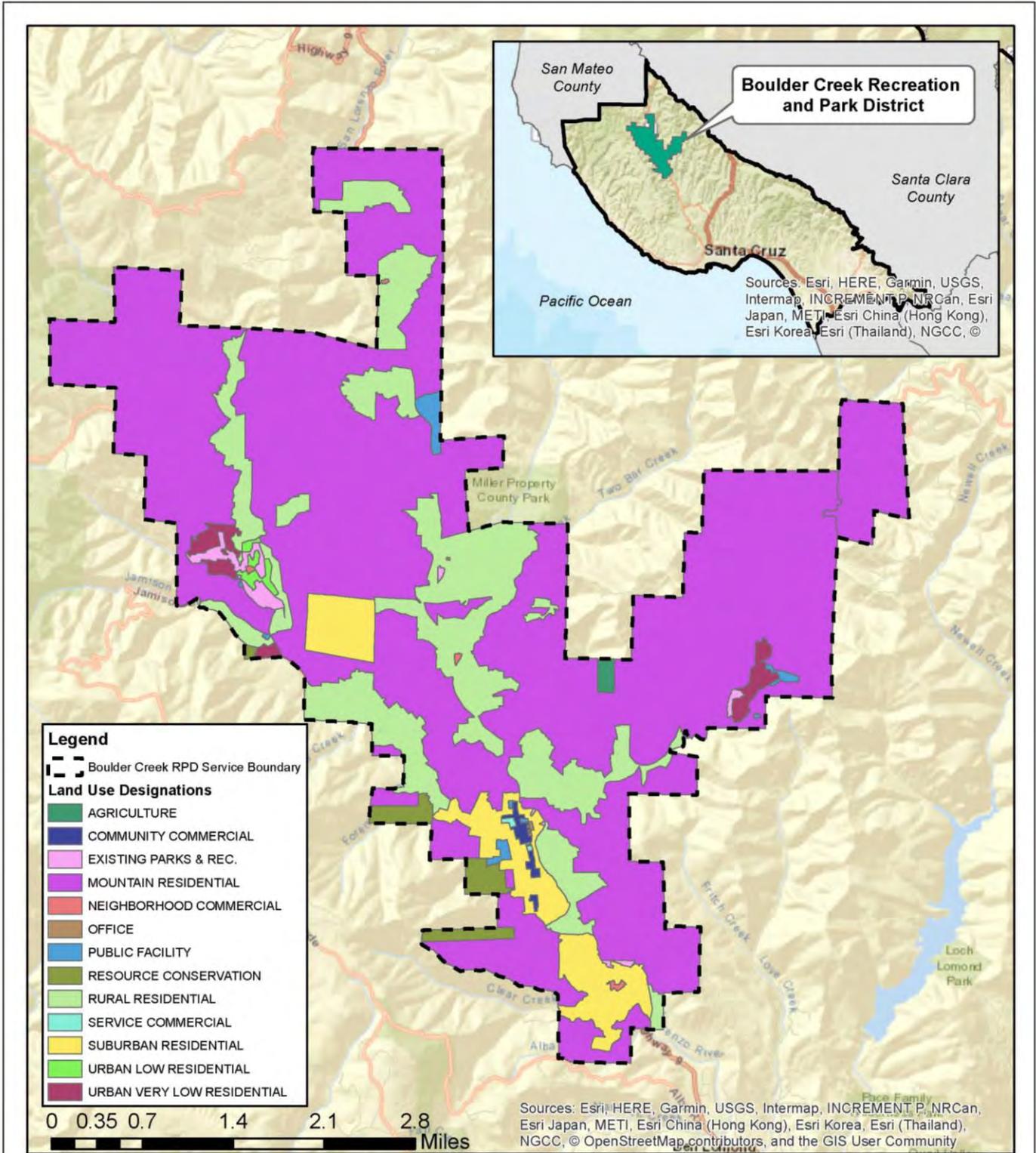


Boulder Creek Recreation and Park District Jurisdictional and Sphere Boundaries



Original Sphere Adopted on October 5, 1988
 Sphere Amendment on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Review on August 4, 2021

Figure 11: County General Plan's Land Use Designations



Boulder Creek Recreation and Park District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on October 5, 1988
 Sphere Amendment on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Review on August 4, 2021



Services & Operations

BCRPD offers a variety of classes and events that require a varied level of fees and costs. This allows the District to make their programs accessible to more community members to participate. Classes are set up as fee-based or District-sponsored. Fall and winter months see a larger number of visitors at the Recreation Center. On average, there is about 2,500 that visit each month to participate in one of their programs and events. In the summer months, there is an increase in park usage and park rentals. In total, BCRPD operates 5 facilities within its jurisdictional boundary. **Table 11** provides an overview of each facility.

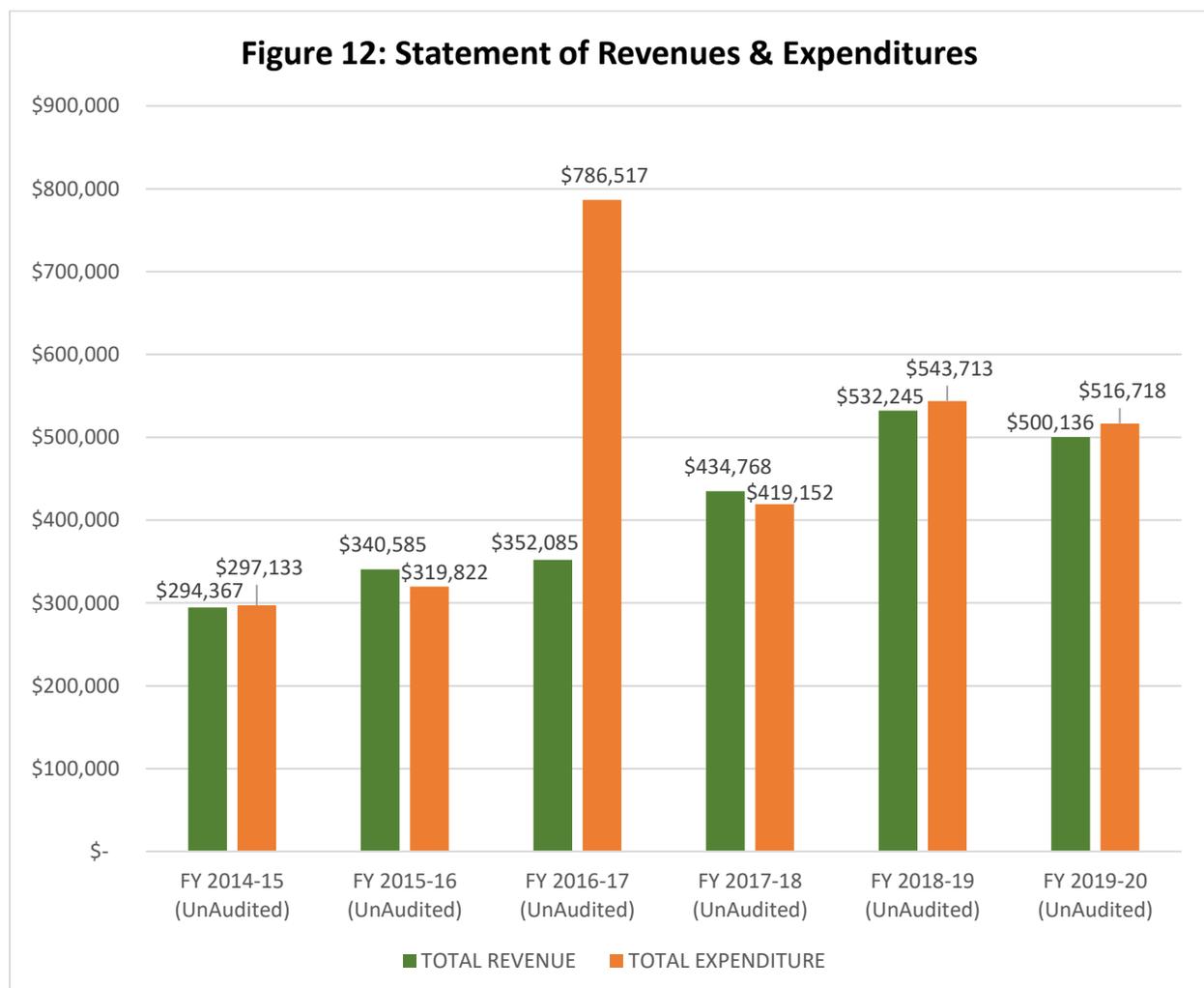
Table 11: BCRPD Facilities

Facility	Location	Services	Costs
Barbara Day Park	15520 CA-9, Boulder Creek, CA 95006	Includes picnic facilities and walking trails. Currently undergoing some renovations.	N/A
Boulder Creek Community Center (Downtown Office)	13333 Middleton Avenue, Boulder Creek, CA 95006	Includes recreational hall, kitchen, gym, and playground.	<p>Entire Rec Center Facility (\$55 per hour, plus \$55 Cleaning Fee)</p> <p>Rec Gym Only (\$38 per hour, plus \$40 Cleaning Fee)</p> <p>Rec Center Classroom/Kitchen (\$23 per hour, plus \$30 Cleaning Fee)</p> <p>Rec Center Stage Only (\$23 per hour, plus \$30 Cleaning Fee)</p>
Garrahan Park	15520 CA-9, Boulder Creek, CA 95006	Includes walking track, soccer field, play structures, gazebo area, benches, and BBQ. Park rentals are required for parties and events.	<p>BBQ Only (\$10 per hour)</p> <p>1 Gazebo 2 Picnic Tables (\$15/\$18 per hour)</p> <p>Gazebo A&B 4 Picnic Tables (\$25/\$28 per hour)</p>
Junction Park	13264 Middleton Ave #9463, Boulder Creek, CA 95006	Includes a beach, convenient access to the river, a grassy area for games and/or relaxing, and picnic facilities	<p>BBQ Only (\$15/\$18 per hour)</p> <p>Pavillion Rental (\$15/\$18 per hour)</p>
Bear Creek Community Center (Bear Creek Office)	15685 Forest Hill Drive, Boulder Creek, CA 95006	Includes community pool, swimming lessons and water fitness also available. Pool party rentals are available – fees vary. \$300 party rental, cleaning fee (\$50), and alcohol permits ranging from \$50-125 based on guest amount.	<p>Summer Pass (June-September: \$90 Single Pass with \$15 Registration Fee)</p> <p>Adults (\$10 for Drop In; \$5/hour swim)</p> <p>Kids 2 Years Old and Under (Free)</p>

Finances

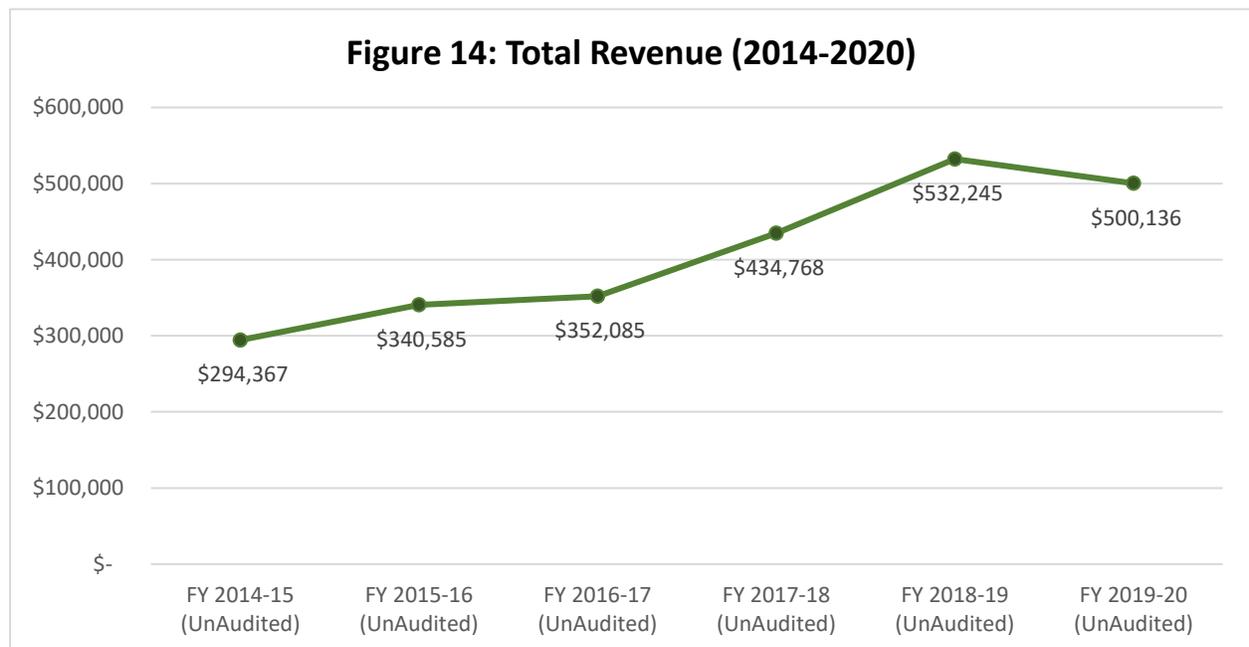
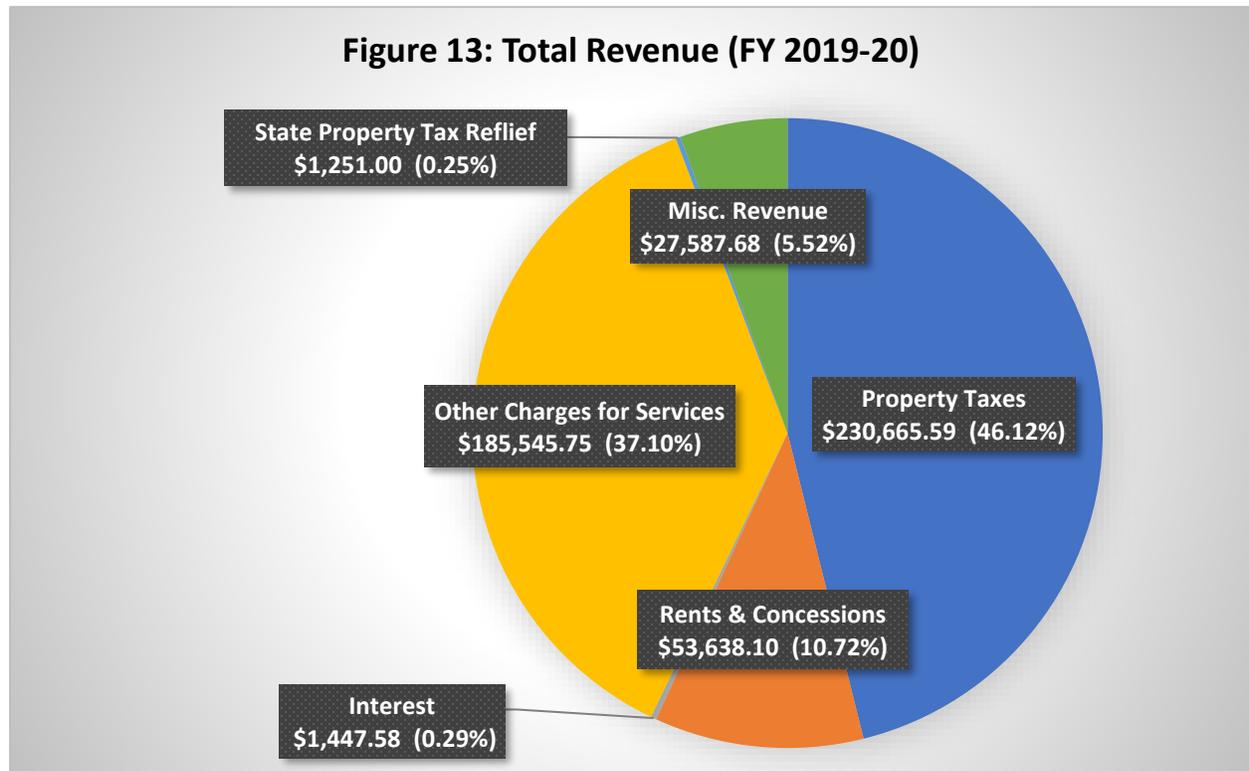
State law requires special districts to conduct an annual audit. The law also requires special districts to file a report of the completed audit to the State Controller’s Office and LAFCO (Government Code Section 56036). Based on staff’s research, LAFCO has not received a report or copy of the District’s audits in the last six years. In addition, the audits were not available on the District’s website as statutorily required (Government Code Sections 6270.6 and 53087.8). Therefore, LAFCO staff completed an internal investigation to complete this financial analysis. This section will highlight BCRPD’s financial performance during the most recent fiscal years based on information retrieved. Specifically, LAFCO evaluated BCRPD’s financial health from FY 2014-15 to FY 2019-20. A comprehensive analysis of the District’s financial performance during the past six years is shown on page 35.

At the end of FY 2019-20, total revenue collected was approximately \$500,000, representing a 6% decrease from the previous year (\$532,245 in FY 2018-19). Total expense for FY 2019-20 was approximately \$517,000, which decreased from the previous year by 5% (\$543,700 in FY 2018-19). The District has ended with a deficit in four of the last six years, as shown in **Figure 12**. LAFCO believes that this negative trend will continue unless the District increases its revenue or decrease its overall costs to ensure the District has enough funds to cover annual expenses.



District Revenues

BCRPD's primary source of revenue is from Property Taxes. In FY 2019-20, Property Taxes (approximately \$231,000) represented approximately 46% of the District's entire revenue stream. Other revenue sources include Other Charges for Services (37%), Rents & Concessions (11%), Miscellaneous Revenue (5.5%), Interest (less than 1%), and State Homeowners' Property Tax Relief (less than 1%). **Figure 13** shows a breakdown of each revenue source received in FY 2019-20. **Figure 14** shows the total revenue received during the last six years. As the figure shows, total revenue has increased over the years. Total revenue has more than doubled when comparing 2014 and 2020 data.



District Expenditures

BCRPD's total expenditures can be categorized into 3 budgetary groups: Salaries & Benefits, Services & Supplies, and Fixed Assets. **Figure 15** below distinguishes the cost and percentage per category. As shown below, Salaries & Benefits is the primary budgetary expense for the District, which is common for public agencies. **Figure 16** shows the total expenditure fluctuation over the last six years. It is important to note that the District has seen a decline in total expenses since FY 2016-17.

Figure 15: Expenditure Breakdown (FY 2019-20)

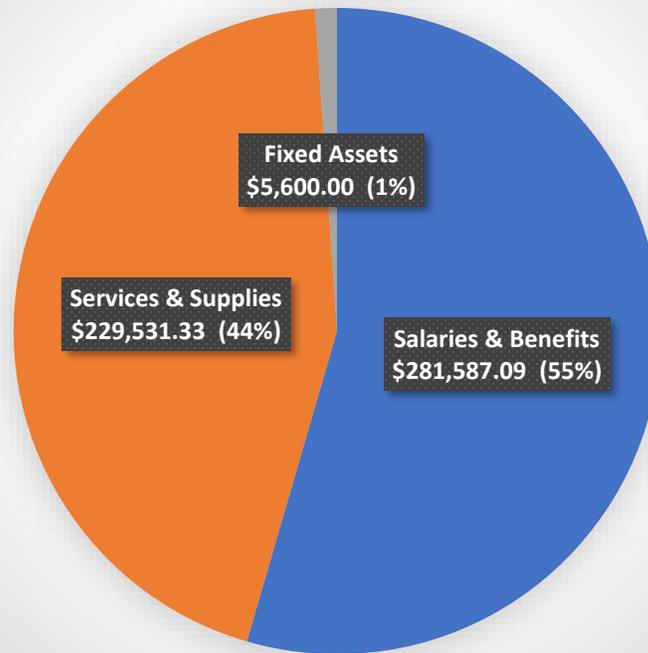


Figure 16: Total Expenditure (2014-2020)



Fund Balance/Net Position

As of June 30, 2020, the total fund balance is approximately \$93,000. The fund balance drastically declined after FY 2016-17, as shown in **Table 12**. Based on staff's research, it was determined that the District purchased land for \$423,000 in FY 2016-17. This land purchase resulted in the reduction of the overall fund balance. As previously stated, the overall financial performance of BCRPD during the last six years can be found on **Table 13** on page 35.

Table 12: Fund Balance/Net Position

	FY 14-15 (Unaudited)	FY 15-16 (Unaudited)	FY 16-17 (Unaudited)	FY 17-18 (Unaudited)	FY 18-19 (Unaudited)	FY 19-20 (Unaudited)
Net Position (Ending Balance)	\$523,265	\$538,351	\$103,919	\$119,535	\$108,067	\$92,899
Change in (\$) from previous year		\$15,086	-\$434,432	\$15,616	-\$11,468	-\$15,168
Change in (%) from previous year		3%	-81%	15%	-10%	-14%



BCRPD - Bear Creek Community Center

Table 13: Total Revenues & Expenditures

BOULDER CREEK RECREATION AND PARK DISTRICT						
	FY 2014-15 (UnAudited)	FY 2015-16 (UnAudited)	FY 2016-17 (UnAudited)	FY 2017-18 (UnAudited)	FY 2018-19 (UnAudited)	FY 2019-20 (UnAudited)
REVENUE						
Property Taxes	\$ 164,885.57	\$ 183,116.46	\$ 197,180.18	\$ 207,341.06	\$ 222,009.90	\$ 230,665.59
Charges for Services (Rents & Concessions)	\$ 24,686.50	\$ 23,503.50	\$ 20,085.00	\$ 35,098.90	\$ 22,111.40	\$ 53,638.10
Interest	\$ 2,318.60	\$ 3,299.50	\$ 2,207.92	\$ 1,198.97	\$ 2,001.32	\$ 1,447.58
Other Charges for Services	\$ 95,868.44	\$ 88,886.11	\$ 116,508.10	\$ 165,728.06	\$ 252,712.06	\$ 185,545.75
State Homeowners' Property Tax Relief	\$ 1,226.00	\$ 16,867.27	\$ 1,274.24	\$ 1,247.14	\$ 1,250.00	\$ 1,251.00
Miscellaneous Revenue	\$ 5,382.15	\$ 24,912.39	\$ 14,829.36	\$ 24,153.71	\$ 32,160.62	\$ 27,587.68
TOTAL REVENUE	\$ 294,367.26	\$ 340,585.23	\$ 352,084.80	\$ 434,767.84	\$ 532,245.30	\$ 500,135.70
EXPENDITURE						
Salaries & Benefits						
Salaries (Regular Pay)	\$ 112,961.13	\$ 117,831.91	\$ 124,303.80	\$ 127,834.35	\$ 135,185.60	\$ 135,487.34
Extra Help	\$ 54,135.51	\$ 64,445.93	\$ 84,114.50	\$ 129,330.04	\$ 159,328.42	\$ 117,357.78
Retirement (Social Security)	\$ 12,782.90	\$ 13,944.19	\$ 15,944.10	\$ 19,673.08	\$ 22,530.26	\$ 19,342.71
Unemployment Insurance	\$ 1,783.15	\$ 1,728.49	\$ 1,905.14	\$ 3,220.90	\$ 3,352.92	\$ 2,312.26
Workers Compensation	\$ 4,041.00	\$ 4,634.00	\$ 3,656.00	\$ 3,847.75	\$ 5,546.00	\$ 7,087.00
Total Salaries & Benefits	\$ 185,703.69	\$ 202,584.52	\$ 229,923.54	\$ 283,906.12	\$ 325,943.20	\$ 281,587.09
Services & Supplies						
Telephone	\$ 916.76	\$ 1,225.26	\$ -	\$ 53.12	\$ -	\$ -
Food	\$ 597.65	\$ 2,075.18	\$ 1,148.42	\$ 1,190.76	\$ 1,823.25	\$ 717.44
Other Insurance	\$ 5,177.00	\$ 5,521.00	\$ 5,727.00	\$ 11,268.00	\$ 7,548.00	\$ 11,224.00
Maintenance - Mobile Equipment	\$ 665.20	\$ 414.17	\$ 16.23	\$ 520.52	\$ 1,168.36	\$ 724.43
Maintenance - Office Equipment	\$ 2,988.67	\$ 3,418.46	\$ 2,651.73	\$ 2,335.90	\$ 3,895.53	\$ 1,259.41
Maintenance - Other Equipment	\$ 1,088.46	\$ 633.81	\$ 1,076.49	\$ 890.20	\$ 221.84	\$ 978.21
Maintenance - Building & Improvements	\$ 14,746.66	\$ 14,587.40	\$ 8,201.31	\$ 10,239.85	\$ 13,623.47	\$ 7,826.16
Memberships	\$ 2,284.00	\$ 2,369.00	\$ 2,637.00	\$ 2,687.00	\$ 2,250.00	\$ 2,230.00
Supplies	\$ -	\$ 691.10	\$ 8,311.63	\$ 13,457.62	\$ 17,123.19	\$ 24,339.89
Accounting & Auditing Fees	\$ 4,168.74	\$ 5,321.06	\$ 12,665.21	\$ 2,270.33	\$ 17,527.98	\$ 6,595.59
Attorney	\$ -	\$ 234.00	\$ 4,106.67	\$ 1,670.00	\$ 180.00	\$ 449.80
Professional Services	\$ 11,453.92	\$ 14,396.25	\$ 25,296.47	\$ 17,973.70	\$ 41,578.75	\$ 40,951.91
Publication Printing Costs	\$ 5,513.83	\$ 6,765.75	\$ 5,094.97	\$ 5,279.78	\$ 7,559.26	\$ 5,102.28
Legal Notices	\$ 283.52	\$ 562.26	\$ 187.88	\$ 45.95	\$ 86.40	\$ -
Special Departmental Expense	\$ 19,435.79	\$ 23,580.80	\$ 28,459.92	\$ 28,130.24	\$ 46,607.34	\$ 58,047.02
Education & Training	\$ 45.00	\$ -	\$ 525.00	\$ -	\$ -	\$ 1,415.20
Gas, Oil, Fuel	\$ 1,662.68	\$ 1,227.15	\$ 1,244.78	\$ 1,141.25	\$ 1,219.82	\$ 1,415.20
Utilities	\$ 20,054.79	\$ 18,889.97	\$ 26,260.00	\$ 36,091.38	\$ 55,356.99	\$ 66,254.79
Total Services & Supplies	\$ 91,082.67	\$ 101,912.62	\$ 133,610.71	\$ 135,245.60	\$ 217,770.18	\$ 229,531.33
Fixed Assets						
Land Purchase	\$ -	\$ -	\$ 422,983.00	\$ -	\$ -	\$ -
Buildings & Improvements	\$ 20,347.12	\$ 15,325.00	\$ -	\$ -	\$ -	\$ 5,600.00
Total Fixed Assets	\$ 20,347.12	\$ 15,325.00	\$ 422,983.00	\$ -	\$ -	\$ 5,600.00
TOTAL EXPENDITURE	\$ 297,133.48	\$ 319,822.14	\$ 786,517.25	\$ 419,151.72	\$ 543,713.38	\$ 516,718.42
Surplus/(Deficit)	\$ (2,766.22)	\$ 20,763.09	\$ (434,432.45)	\$ 15,616.12	\$ (11,468.08)	\$ (16,582.72)
NET POSITION						
Ending Balance	\$ 523,264.72	\$ 538,351.12	\$ 103,918.67	\$ 119,534.79	\$ 108,066.71	\$ 92,899.19
Change (\$)		\$ 15,086.40	\$ (434,432.45)	\$ 15,616.12	\$ (11,468.08)	\$ (15,167.52)
Change (%)		3%	-81%	15%	-10%	-14%

Governance

The Boulder Creek Recreation and Park District is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. **Table 14** shows the current board members for Boulder Creek Recreation and Park District.

Table 14: Board of Directors

Board Member	Title	Term of Office Expiration
George Galt	Board Member	First Elected: November 2002 Next Election: General 2022
Diane Hamilton	Board Member	First Elected: November 2010 Next Election: General 2022
Micah Mucklow <i>(Seat is Currently Vacant)</i>	Board Member	First Elected: October 2020 Next Election: General 2024
Melissa Temmes	Board Member	First Appointed: September 2019 Next Election: General 2024
Brian Valdivia	Board Member	First Elected: November 2008 Next Election: General 2024

Footnote: 1 director is no longer on the BCRPD Board; Replacement process is underway

Public Meetings

Prior to the COVID-19 pandemic, the Board of Directors would typically meet on the second Wednesday of each month at 7:00 p.m. Meetings were held at the Downtown Office (13333 Middleton Avenue) or the Bear Creek Office (15685 Forest Hill Drive). The BCRPD Board held 12 public meetings in 2020.

Opportunities & Challenges

Independent special districts are tasked to operate in an efficient and transparent manner on a regular basis. It is LAFCO staff's position that public agencies should always prepare and consider future opportunities and potential challenges in order to properly provide services to their constituents. The following section explores possible actions that should be considered by the District.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SB 929 states that the Internet Web Site, maintained by the independent special district, shall conform with various laws in Government Code Sections 6270.5, 53893, 53908, 54954.2, and Section 32139 of the Health and Safety Code. In summary, the District's Internet Website is required to have the following:

- Access to past and current, agendas, staff reports, and minutes
- Adopted budgets;
- Contact information;
- List of current board members;
- Information regarding public meetings (Brown Act);
- Service Reviews adopted by LAFCO;
- Recipients of grant funding or assistance provided by the district, if any;
- Audits (pursuant to GCS 26909);
- Adopted annual policies; and
- Any other information the board deems relevant

BCRPD currently has an operating website and fulfills some of the requirements listed above. However, there are still opportunities to include more information that would better explain the purpose and governance of this special district, specifically the availability of financial documentations (ex. budgets and audits) and board meeting documentations (ex. past and current reports and minutes). BCRPD should also consider including the adopted version of this service review on their website as another valuable resource.

LAFCO Staff Recommendation: *The District should continue updating its website to fulfill the legal requirements under SB 929.*

Capital Improvement Plan

The purpose of a Capital Improvement Plan (CIP) is to identify and prioritize needs and project costs for planned improvements to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner over the next five-plus years of growth and change. At present, the District does not have a CIP in place. The adoption of a long-term maintenance plan, such as a CIP, would help budget for future improvements and provide more transparency to its constituents.

LAFCO Staff Recommendation: *The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.*

CSDA Membership

The California Special Districts Association (CSDA) is a not-for-profit association that was formed in 1969 to promote good governance for all types of independent special districts. CSDA provides an array of resources to all independent special district members including education and training, insurance programs, legal advice, industry-wide litigation and public relations support, legislative advocacy, capital improvement and equipment funding, collateral design services, and current information that is crucial to a special district's management and operational effectiveness.

Based on LAFCO's analysis of the four park and recreation districts, it is evident that the majority are facing serious internal issues, such as lack of staffing, financial constraints, board member vacancies, inefficient transparency, website requirements, and/or legislative awareness. Our research and findings have shown that BCRPD is currently having issues in two key areas: financial distress and lack of transparency. Our financial section of this report highlighted the fact that the District has experienced a deficit in four of the last six fiscal years – with consecutive deficits in FY 2018-19 and FY 2019-20. Additionally, our research determined that the District is having difficulties complying with the Brown Act during public meetings and lacks the required documentations on their website. LAFCO staff believes that the District will see internal improvements if it utilizes the resources offered by CSDA.

Pay-What-You-Can Membership

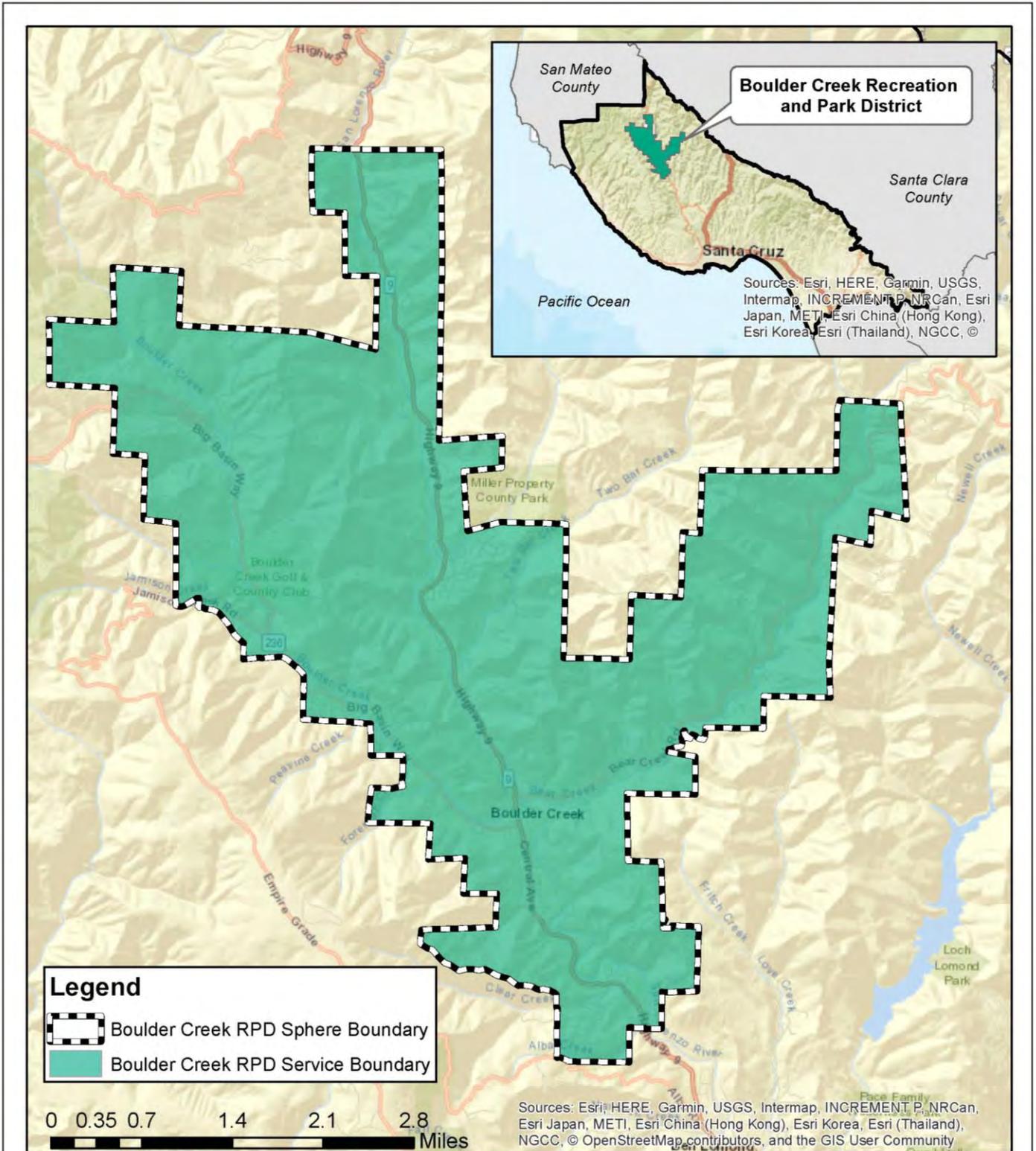
Since the District is facing financial distress, payment towards a statewide membership may be difficult. However, CSDA is now offering a new program known as "Pay-What-You-Can." Independent special districts can choose the amount they can afford to become a member of CSDA – allowing them access to CSDA's member benefits and value-added programs. LAFCO has determined that BCRPD may qualify for this membership plan.

LAFCO Staff Recommendation: *The District should consider becoming a member of CSDA to utilize the services and resources available that can help address their ongoing internal deficiencies and become a more efficient special district.*

Sphere of Influence

Santa Cruz LAFCO adopted BCRPD's first sphere of influence on October 5, 1988. **Appendix B** provides a copy of the 1988 resolution that implemented the first sphere of influence for BCRPD. The original sphere was larger than the existing service area. During the 2008 sphere review, the Commission updated the sphere to be coterminous. The current sphere continues to be coterminous with the District's jurisdictional boundary. The last sphere review occurred in April 2016 during the last service and sphere review cycle. Based on our analysis and findings, staff is not recommending any changes to the current sphere. **Figure 17** on page 39 shows the proposed sphere reaffirmation for Boulder Creek Recreation and Park District.

Figure 17: Proposed Sphere Reaffirmation (Coterminous With District Boundary)



Boulder Creek Recreation and Park District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on October 5, 1988
 Sphere Amendment on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Reaffirmation on August 4, 2021



District Summary

Boulder Creek Recreation and Park District	
Formation	Public Resources Code, Division 5 (Parks and Monuments), Chapter 4 (Recreation and Park Districts); Section 5780
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Hallie Greene, General Manager
Employees	1 Full-Time Employee
Facilities	5 Facilities (Garrahan Park, Junction Park, Barbara Day Park, Recreation Hall and Office, and Boulder Creek Community Information and Visitor Center)
District Area	85,000 acres (133 square miles)
Sphere of Influence	Current sphere of influence is coterminous with the District's jurisdictional boundary. <i>Proposed Designation:</i> Reaffirm Existing Sphere Boundary
FY 2019-20 Budget	Total Revenue = \$500,136 Total Expenditure = \$516,718 Projected Net Position (Beginning Balance) = \$92,899
Contact Information	Mailing Address: PO Box 325 Boulder Creek, CA 95006 Phone Number: (831) 338-4144 Email Address: BCRPD2@gmail.com Website: https://www.bcrpd.org
Public Meetings	Meetings are typically held on the second Wednesday of each month at 7:00 p.m.
Mission Statement	To provide quality programs and services through the provision of facilities, parks, and activities that enriches and improves the quality of lives of people living in our community.

Service and Sphere Review Determinations

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. Under this assumption, LAFCO's projections indicate that the entire population of BCRPD will be approximately 8,200 by 2040.

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

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

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

BCRPD was formed in 1959. The purpose of the District is to serve the unincorporated communities of Boulder Creek and Brookdale through 5 recreational facilities (3 parks and 2 community centers).

4. Financial ability of agencies to provide services.

The District has ended with a deficit in four of the last six years. LAFCO staff believes that this negative trend will continue unless the District increases its revenue or decrease its overall costs to ensure the District has enough funds to cover annual expenses.

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

The District should consider collaborating with the County and the California Special Districts Association to ensure that they are up-to-date with all statutory requirements.

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

BCRPD offers a variety of classes and events that require a varied level of fees and costs. This allows the District to make their programs accessible to more community members to participate.

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

No additional local LAFCO policies are specifically relevant to this service and sphere review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared 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 is located in unincorporated county territory. The area contains various land use designations pursuant to the County's General Plan ranging from rural, mountain and suburban residential to open space, agriculture, and public facilities.

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

The District currently operates 5 recreational facilities to serve the entire area. Implementing a capital improvement plan would help ensure adequate funds are earmarked to maintain and repair the existing facilities.

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

BCRPD is the largest park recreation district in Santa Cruz County when compared with the other three districts (Alba, La Selva Beach, and Opal Cliffs). Implementing a capital improvement plan would help ensure adequate funds are earmarked to address projects within the three parks and two community centers.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area.

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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

LA SELVA BEACH RECREATION DISTRICT

District Overview

La Selva Beach Recreation District (LSBRD) was formed in 1959. The purpose of the District is to serve the unincorporated communities of La Selva Beach through 3 recreational facilities (Triangle Park, Robin’s Park, and the La Selva Beach Clubhouse). The District also maintains an open space at the entrance of the community near the corner of San Andreas Road and Playa Boulevard as well as a strip of land between Vista Drive and the coastal bluff. LSBRD encompasses 816 parcels which totals approximately 500 acres (0.80 square miles). The County’s General Plan designates the vast majority of this area as Urban Low Residential with other various zones including but not limited to Existing Parks & Recreation and Urban Open Space. **Figure 18**, on page 44, is a vicinity map depicting LSBRD’s current jurisdictional and sphere boundaries. **Figure 19**, on page 45, shows the land use designations within LSBRD.

Population & Growth

Based on staff’s analysis, the population of LSBRD in 2020 was approximately 1,600. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. **Table 15** shows the anticipated population within LSBRD.

Population Projection

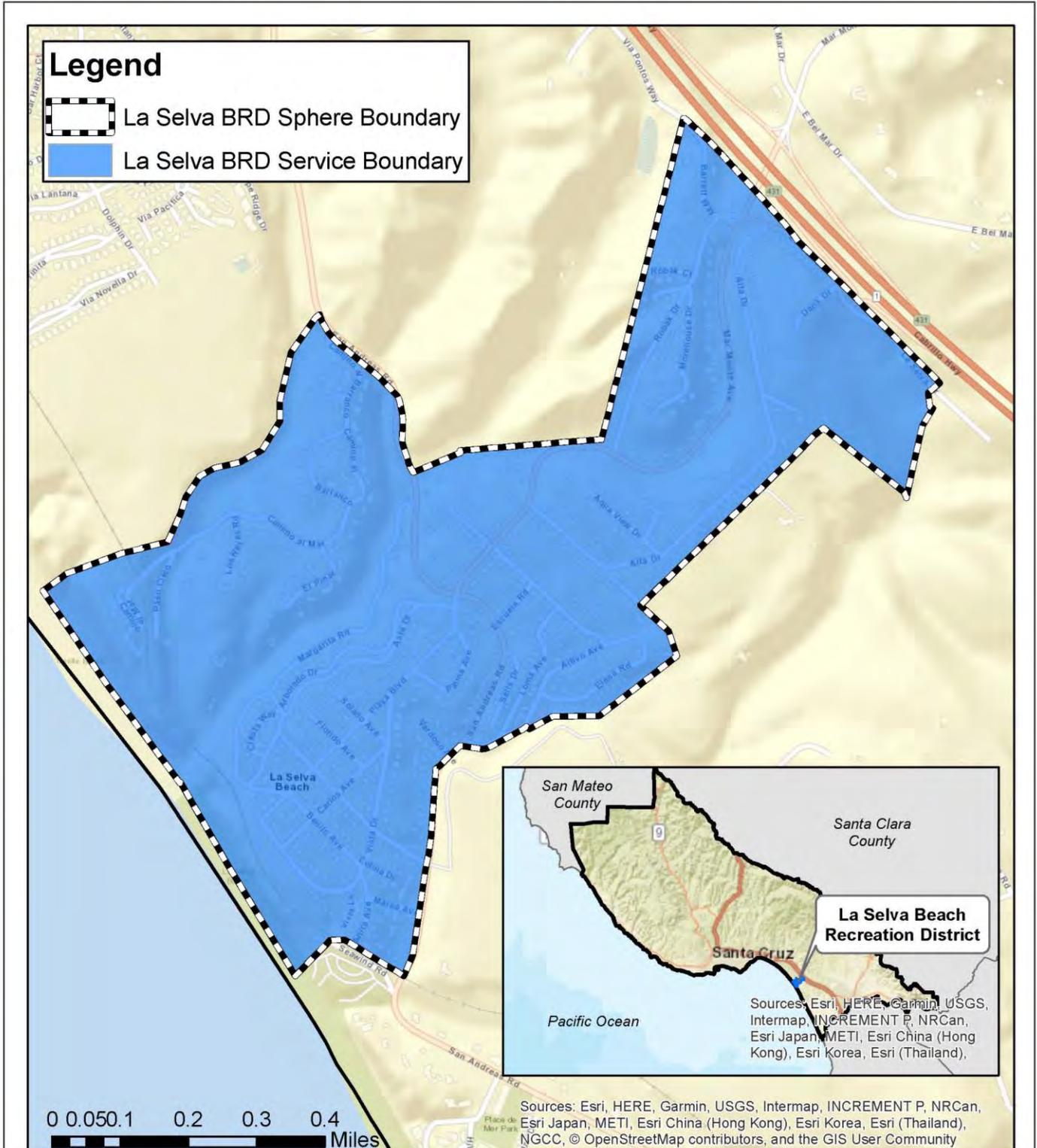
Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for LSBRD. LAFCO staff increased the District’s 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of LSBRD will be approximately 1,700 by 2040.

Table 15: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
La Selva Beach Recreation District	1,641	1,655	1,669	1,683	1,698	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Figure 18: La Selva Beach Recreation District's Service & Sphere Boundaries

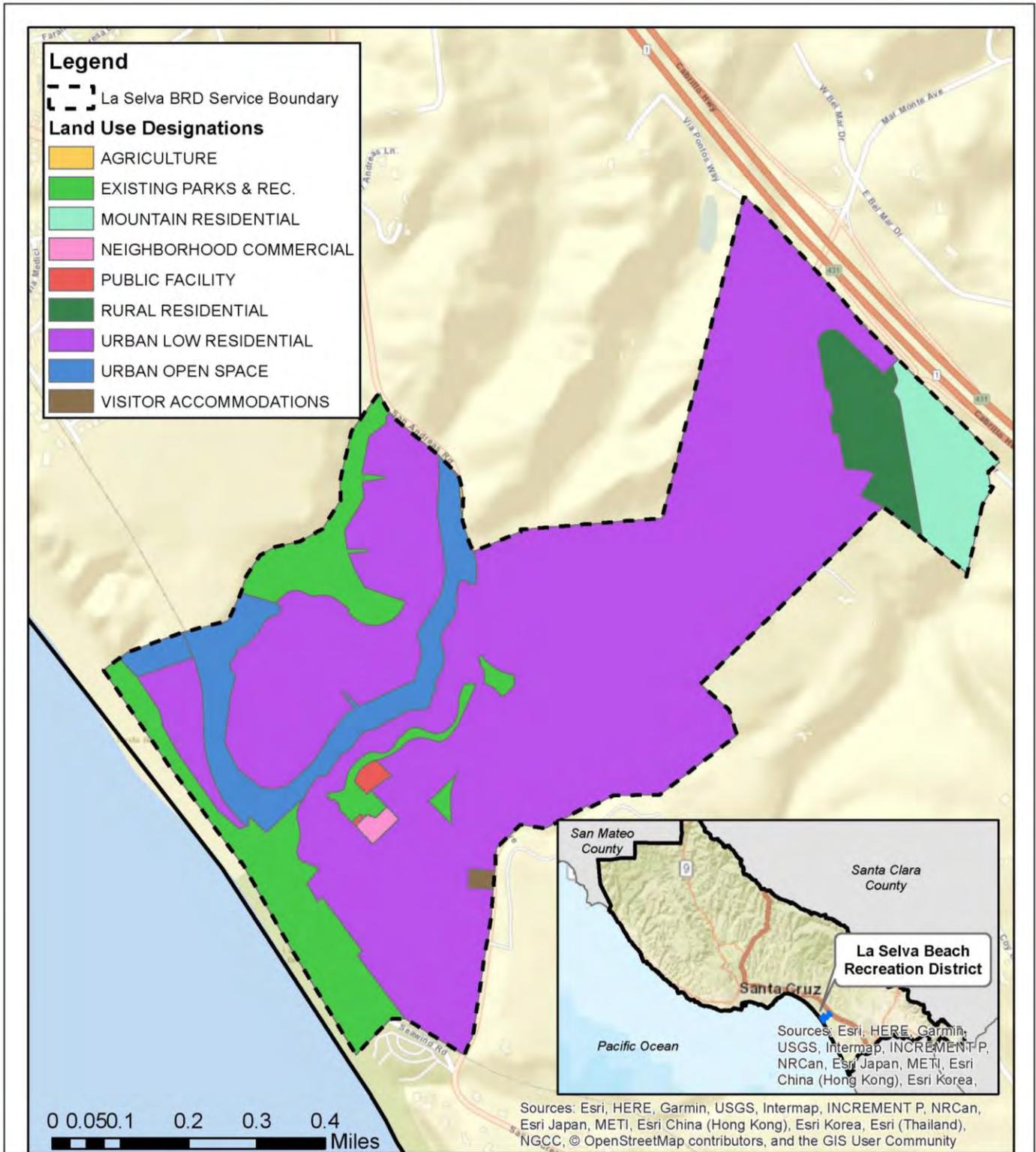


La Selva Beach Recreation District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on March 7, 1990
 Sphere Reaffirmation on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Review on August 4, 2021



Figure 19: County General Plan's Land Use Designations



La Selva Beach Recreation District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on March 7, 1990
 Sphere Reaffirmation on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Review on August 4, 2021



Services & Operations

LSBRD offers a variety of classes and events that require a varied level of fees and costs. This allows the District to make their programs accessible to more community members to participate. In total, LSBRD operates 5 locations within its jurisdictional boundary. **Table 16** provides an overview of each location served by the District.

Table 16: LSBRD Facilities/Locations

Facility	Location	Services
Clubhouse	314 Estrella Ave, Watsonville, CA 95076	May host a variety of events, including but not limited to baby showers, weddings, bar/bat mitzvahs, fundraisers, celebrations of life, etc. (Cost varies)
Coastal Bluff	331 Vista Drive, Watsonville, CA 95076	Includes open space and walking trails at no-cost to the public. LSBRD does not rent out the Bluff and Bluff use is subject to rules outlined by the La Selva Beach Improvement Association. Under certain circumstances, members of the Association can arrange to have events at the Bluff, but LSBRD does not combine use of the Clubhouse with events at the Bluff.
Open Space	2 Playa Boulevard, Watsonville, CA 95076	Includes open space and walking trails at no-cost to the public.
Robin's Park	26 Florido Ave, La Selva Beach, CA 95076	Includes open space area at no-cost to the public (no picnic facilities).
Triangle Park	151-199 Playa Blvd, Watsonville, CA 95076	Includes picnic facilities and playground at no-cost to the public.

La Selva Beach Clubhouse

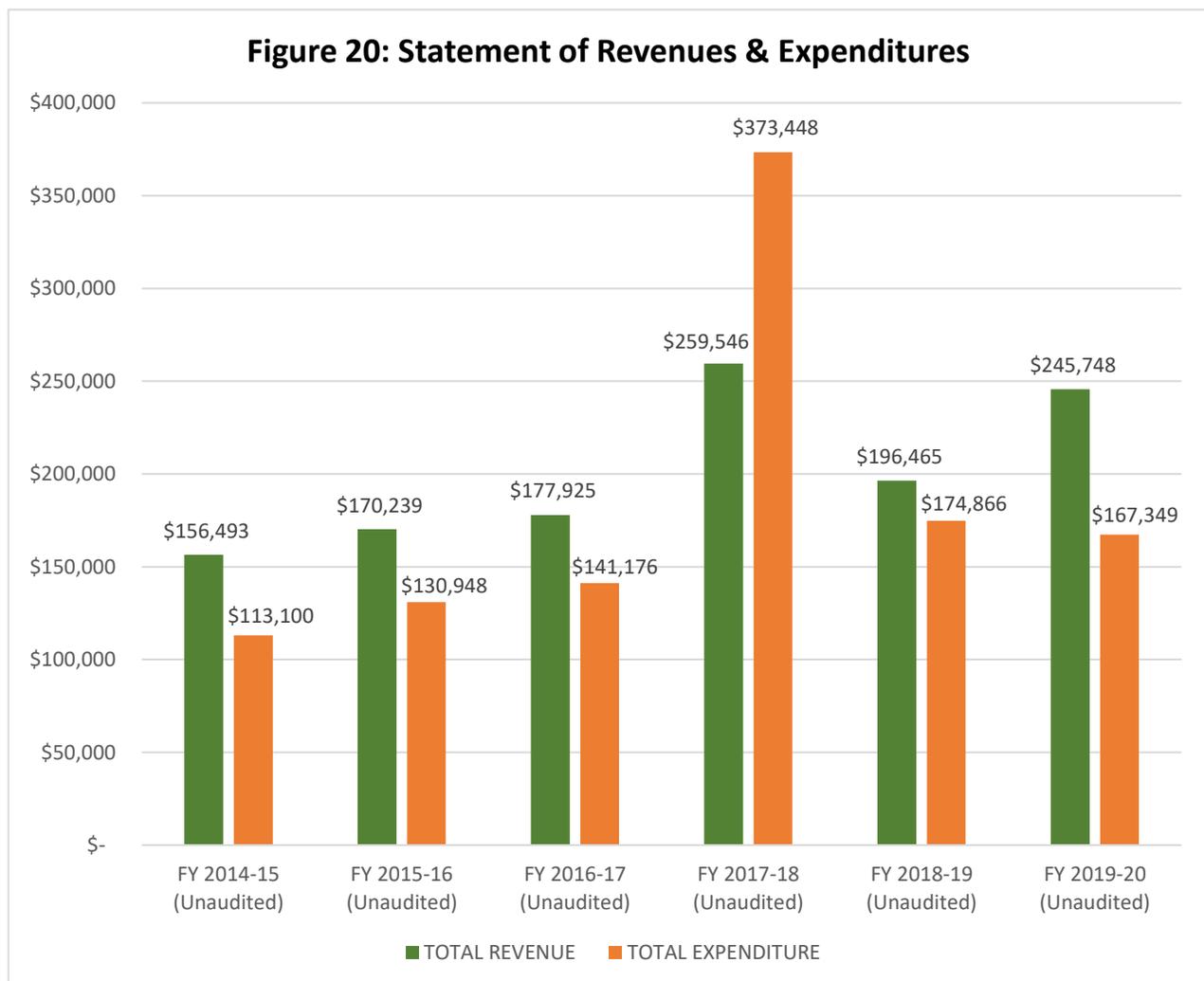
The clubhouse was constructed in the 1930s and continues to be a centerpiece of the community, providing space for community events, after-school and summer children's programs, craft fairs, wedding receptions, and educational opportunities. At present, the clubhouse can accommodate up to 150 guests.

The clubhouse is currently in the process of being renovated after evaluations by contractors and structural engineers revealed significant structural flaws. LSBRD sponsored a ballot measure in 2018 (Measure P) to collect the necessary funds and address the structural issues. This ballot measure asked the La Selva community to vote on whether or not to levy a tax of \$50 per parcel per year from July 2019 to June 2026. Measure P passed on November 6, 2018 with approximately 80% approval (783 voted yes out of 981 ballots). LSBRD is anticipated to collect around \$280,000 for renovation of the Clubhouse. That amount, plus funds being set aside from current operating money, is expected to be enough to make the necessary repairs.

Finances

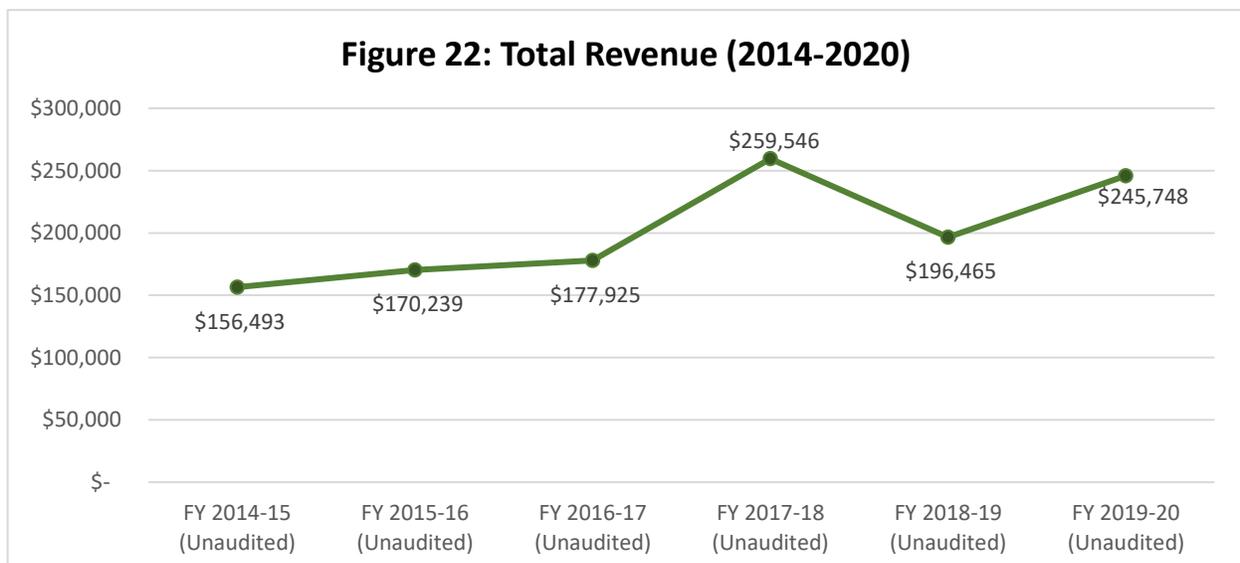
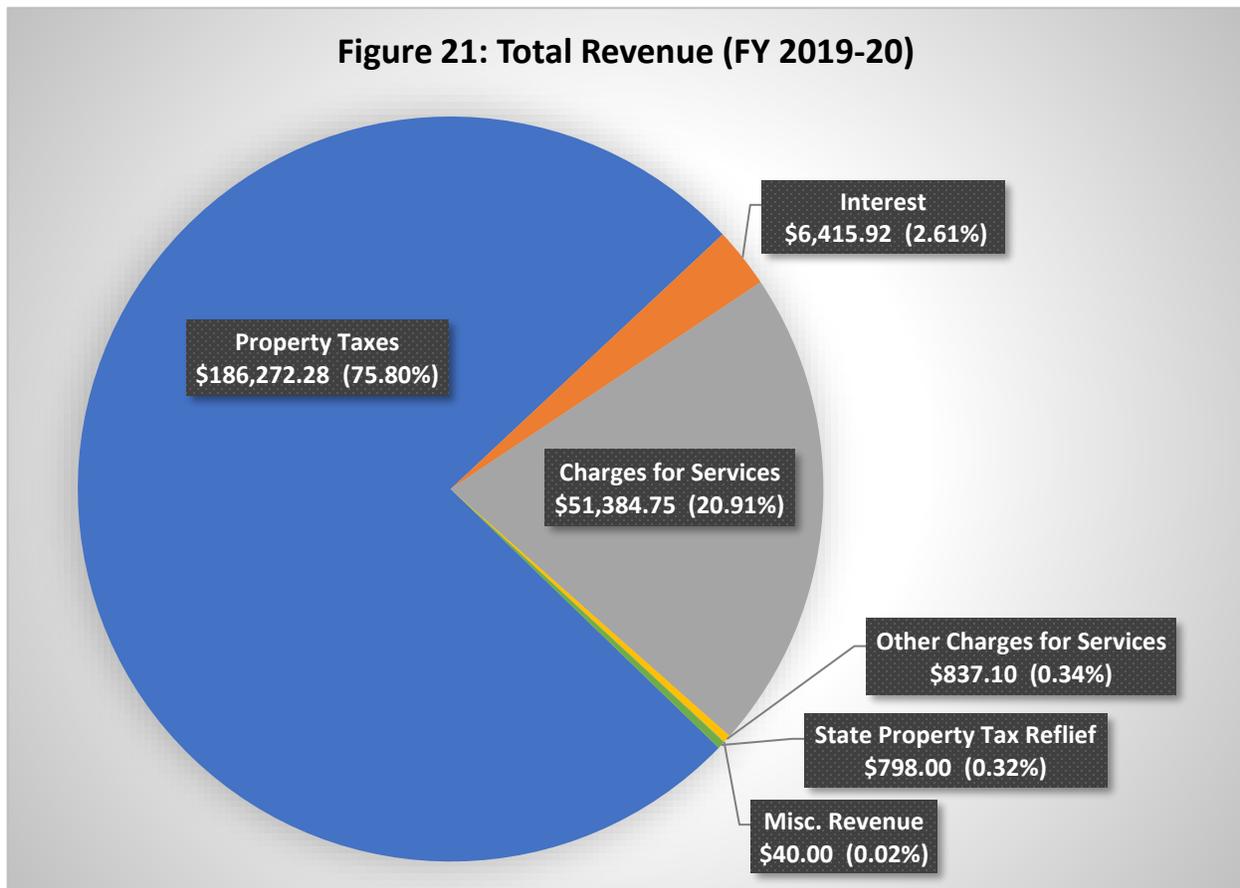
State law requires special districts to conduct an annual audit. The law also requires special districts to file a report of the completed audit to the State Controller’s Office and LAFCO (Government Code Section 56036). Based on staff’s research, LAFCO has not received a report or copy of the District’s audits in the last six years. In addition, the audits were not available on the District’s website as statutorily required (Government Code Sections 6270.6 and 53087.8). Therefore, LAFCO staff completed an internal investigation to complete this financial analysis. This section will highlight LSBRD’s financial performance during the most recent fiscal years based on information retrieved. Specifically, LAFCO evaluated LSBRD financial health from FY 2014-15 to FY 2019-20. A comprehensive analysis of the District’s financial performance during the past six years is shown on page 51.

At the end of FY 2019-20, total revenue collected was approximately \$246,000, representing a 25% increase from the previous year (\$196,465 in FY 2018-19). Total expense for FY 2019-20 was approximately \$167,000, which decreased from the previous year by 4% (\$174,866 in FY 2018-19). The District has ended with an annual surplus since 2014, excluding FY 2017-18, as shown in **Figure 20**. LAFCO believes that this positive trend will continue based upon the District’s ongoing conservative budgetary practices ensuring that their total revenues cover total expenses on an annual basis.



District Revenues

LSBRD's primary source of revenue is from Property Taxes. In FY 2019-20, Property Taxes (approximately \$186,000) represented about 76% of the District's entire revenue stream. Other revenue sources include Charges for Services (21%), Interest (2.6%), Other Charges for Services (0.34%), State Homeowners' Property Tax Relief (0.32%), and Miscellaneous Revenue (0.02%). **Figure 21** shows a breakdown of each revenue source received in FY 2019-20. **Figure 22** shows the total revenue received during the last six years. As the figure shows, total revenue has increased over the years. Total revenue has been above \$156,000 since 2014.



District Expenditures

LSBRD's total expenditures can be categorized into 2 budgetary groups: Salaries & Benefits and Services & Supplies. **Figure 23** below distinguishes the cost and percentage per category. As shown below, Services & Supplies is the primary budgetary expense for the District, which is uncommon for public agencies. Typically, Salaries & Benefits is the highest overall expense for a local agency. **Figure 24** shows the total expenditure modest increase over the last six years, excluding FY 2017-18. It is important to note that the District began repairing the La Selva Beach Clubhouse in FY 2017-18, which is why there is a significant increase during that timeframe.

Figure 23: Total Expenditure (FY 2019-20)

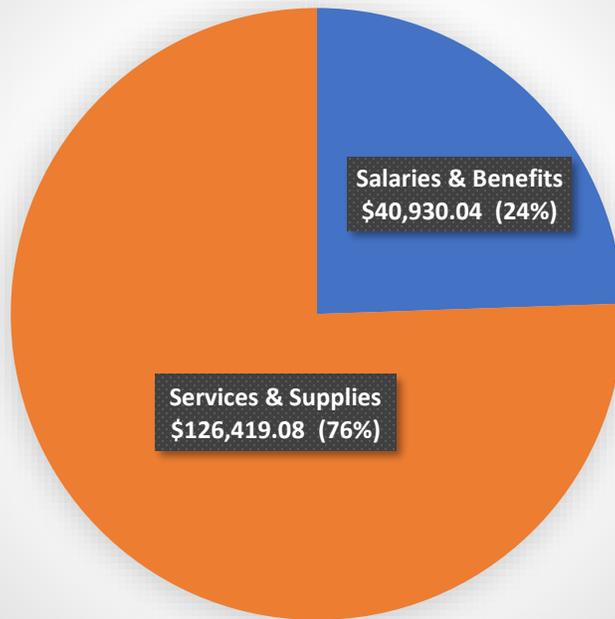
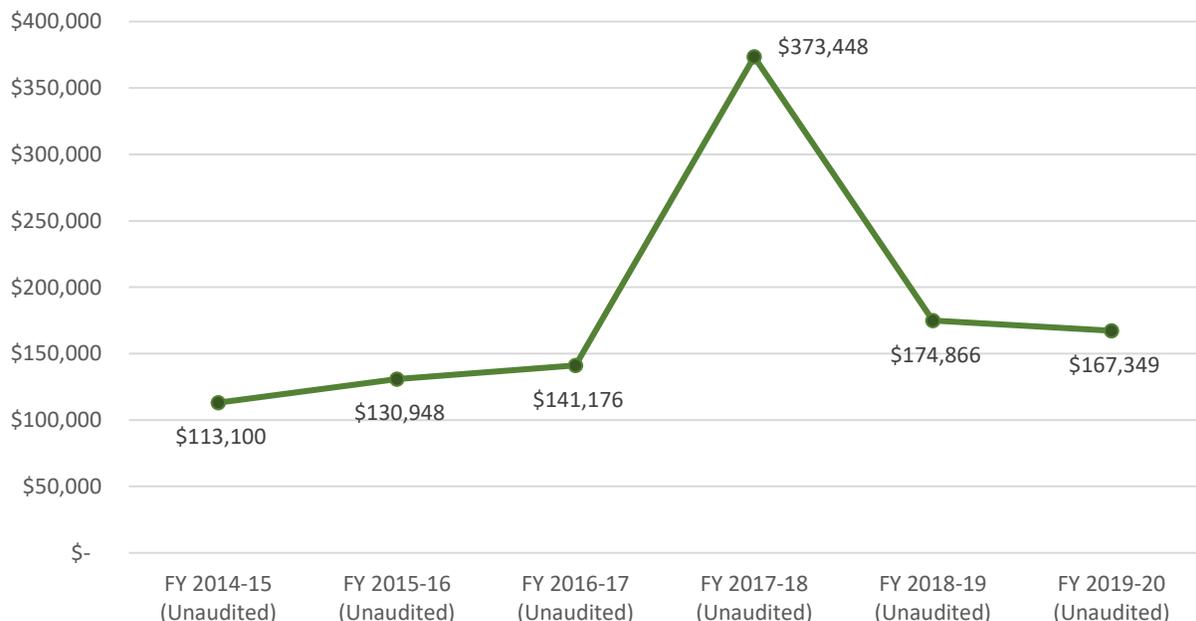


Figure 24: Total Expenditure (2014-2020)



Fund Balance/Net Position

As of June 30, 2020, the total fund balance is approximately \$382,000. **Table 17** highlights the net position balance from 2014 to 2020. The District’s fund balance has fluctuated slightly over the years but has maintained an annual balance above \$300,000. Based on this historical trend, LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the District faces any unintended expenses, major capital improvement projects, or emergency repairs. As previously stated, FY 2017-18 was the timeframe in which LSBRD began construction to renovate the La Selva Beach Clubhouse following the approval of Measure P. The overall financial performance of LSBRD during the last six years can be found on **Table 18** on page 51.

Table 17: Fund Balance/Net Position

	FY 14-15 (Unaudited)	FY 15-16 (Unaudited)	FY 16-17 (Unaudited)	FY 17-18 (Unaudited)	FY 18-19 (Unaudited)	FY 19-20 (Unaudited)
Net Position (Ending Balance)	\$317,494	\$358,700	\$395,448	\$282,272	\$303,871	\$382,269
Change in (\$) from previous year		\$41,206	\$36,749	-\$113,176	\$21,598	\$78,399
Change in (%) from previous year		3%	3%	-29%	3%	3%



LSBRD – Coastal Bluff

Table 18: Total Revenues & Expenditures

LA SELVA BEACH RECREATION AND PARK DISTRICT						
	FY 2014-15 (Unaudited)	FY 2015-16 (Unaudited)	FY 2016-17 (Unaudited)	FY 2017-18 (Unaudited)	FY 2018-19 (Unaudited)	FY 2019-20 (Unaudited)
REVENUE						
Property Taxes	\$ 110,759.30	\$ 118,500.31	\$ 124,213.87	\$ 130,814.21	\$ 141,280.97	\$ 186,272.28
Interest	\$ 1,319.81	\$ 2,205.09	\$ 3,184.88	\$ 3,578.08	\$ 5,623.92	\$ 6,415.92
Charges for Services (Rents & Concessions)	\$ 43,583.97	\$ 48,707.66	\$ 49,718.29	\$ 44,951.00	\$ 44,227.00	\$ 51,384.75
Other Charges for Services	\$ -	\$ -	\$ -	\$ 477.00	\$ 662.00	\$ 837.10
Park Dedication Fees	\$ -	\$ -	\$ -	\$ 78,432.00	\$ -	\$ -
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ 502.50	\$ -	\$ 40.00
State Homeowners' Property Tax Relief	\$ 830.00	\$ 826.36	\$ 807.78	\$ 791.62	\$ 4,671.00	\$ 798.00
TOTAL REVENUE	\$156,493.08	\$170,239.42	\$177,924.82	\$ 259,546.41	\$196,464.89	\$245,748.05
EXPENDITURE						
<u>Salaries & Benefits</u>						
Salaries (Regular Pay)	\$ 20,675.90	\$ 20,755.11	\$ 20,675.90	\$ 35,791.79	\$ 36,000.12	\$ 37,603.96
Retirement (Social Security)	\$ 1,581.70	\$ 1,587.76	\$ 1,581.70	\$ 2,738.07	\$ 2,754.01	\$ 2,876.71
Unemployment Insurance	\$ 175.91	\$ 238.35	\$ 203.50	\$ 245.00	\$ 125.98	\$ 149.37
Workers Compensation	\$ 2,609.50	\$ 1,505.35	\$ 1,992.98	\$ -	\$ -	\$ 300.00
Total Salaries & Benefits	\$ 25,043.01	\$ 24,086.57	\$ 24,454.08	\$ 38,774.86	\$ 38,880.11	\$ 40,930.04
<u>Services & Supplies</u>						
Telephone	\$ 2,616.60	\$ 2,385.27	\$ 2,032.61	\$ 2,225.41	\$ 1,744.15	\$ 1,948.47
Household Expenses (Janitorial Services)	\$ 678.21	\$ 966.69	\$ -	\$ -	\$ -	\$ 6,600.00
Liability Insurance	\$ 8,032.68	\$ 7,137.52	\$ 7,484.74	\$ 7,445.92	\$ 8,793.60	\$ 9,775.60
Maintenance - Office Equipment	\$ -	\$ -	\$ -	\$ 363.00	\$ -	\$ 130.00
Maintenance - Building & Improvements	\$ 36,573.07	\$ 70,486.00	\$ 67,761.20	\$ 283,893.41	\$ 45,043.88	\$ 59,833.15
Memberships	\$ 800.00	\$ 198.49	\$ 1,012.56	\$ 230.10	\$ 642.57	\$ 651.58
Miscellaneous Expense	\$ -	\$ -	\$ -	\$ -	\$ 100.00	\$ -
Supplies	\$ 2,986.95	\$ 2,453.17	\$ 3,664.24	\$ 1,785.54	\$ 1,952.44	\$ 11,893.52
Accounting & Auditing Fees	\$ 1,726.29	\$ 1,914.37	\$ 9,350.21	\$ 2,066.79	\$ 10,087.34	\$ 1,793.28
Professional Services	\$ 18,508.60	\$ 11,182.13	\$ 14,839.09	\$ 14,437.18	\$ 45,355.96	\$ 6,129.18
Special Departmental Expense	\$ 486.08	\$ -	\$ -	\$ -	\$ 1,829.41	\$ 8,063.56
Transportation & Travel	\$ 528.84	\$ 321.56	\$ 374.16	\$ 469.58	\$ 682.98	\$ 1,204.68
Utilities	\$ 9,054.87	\$ 9,815.97	\$ 10,203.27	\$ 21,755.97	\$ 19,754.02	\$ 18,396.06
Total Services & Supplies	\$ 81,992.19	\$106,861.17	\$116,722.08	\$ 334,672.90	\$135,986.35	\$126,419.08
<u>Fixed Assets</u>						
Buildings & Improvements	\$ 6,065.00	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fixed Assets	\$ 6,065.00	\$ -				
TOTAL EXPENDITURE	\$113,100.20	\$130,947.74	\$141,176.16	\$ 373,447.76	\$174,866.46	\$167,349.12
Surplus/(Deficit)	\$ 43,392.88	\$ 39,291.68	\$ 36,748.66	\$ (113,901.35)	\$ 21,598.43	\$ 78,398.93
NET POSITION						
Ending Balance	\$ 317,494	\$ 358,700	\$ 395,448	\$ 282,272	\$ 303,871	\$ 382,269
Change (\$)		\$ 41,206	\$ 36,749	\$ (113,176)	\$ 21,598	\$ 78,399
Change (%)		13%	10%	-29%	8%	26%

Governance

The La Selva Beach Recreation District is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. **Table 19** shows the current board members for La Selva Beach Recreation District.

Table 19: Board of Directors

Board Member	Title	Term of Office Expiration
Greg Bailey	Treasurer	First Elected: November 2018 Next Election: General 2022
Mary Flores	Rental Director	First Appointed: February 2020 Next Election: General 2024
Jim Rhodes	Secretary	First Elected: November 2016 Next Election: General 2024
Ashley Winn	Chair	First Elected: November 2018 Next Election: General 2022
Anthony Young	Maintenance Director	First Appointed: May 2019 Next Election: General 2024

Public Meetings

Prior to the COVID-19 pandemic, the Board of Directors would typically meet on the second Wednesday of each month at 7:00 p.m. Meetings were held at the District's main location (314 Estrella Avenue, La Selva Beach). The LSBRD Board held 15 public meetings in 2020 – the most when compared to the other park and recreation districts.



Opportunities & Challenges

Independent special districts are tasked to operate in an efficient and transparent manner on a regular basis. It is LAFCO staff's position that public agencies should always prepare and consider future opportunities and potential challenges in order to properly provide services to their constituents. The following section explores possible actions that should be considered by the District.

Bi-Annual Audits

LAFCO staff determined that the County conducts bi-annual audits on behalf of LSBRD in accordance with Government Code Section 26909(b)(1). Under this provision, the County may conduct a bi-annual audit on behalf of a special district. The law also states a special district can replace an annual audit with a bi-annual audit if the following actions occur: (1) an annual unanimous request of the governing board (ex. LSBRD Board) and (2) an annual unanimous approval of the Board of Supervisors. It is important that the County and LSBRD maintain this yearly practice if bi-annual audits continue to be produced.

LAFCO Staff Recommendation: *The District should include copies of past and future bi-annual audits on their website and provide copies to LAFCO once adopted.*

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SB 929 states that the Internet Web Site, maintained by the independent special district, shall conform with various laws in Government Code Sections 6270.5, 53893, 53908, 54954.2, and Section 32139 of the Health and Safety Code. In summary, the District's Internet Website is required to have the following:

- Access to past and current, agendas, staff reports, and minutes
- Adopted budgets;
- Contact information;
- List of current board members;
- Information regarding public meetings (Brown Act);
- Service Reviews adopted by LAFCO;
- Recipients of grant funding or assistance provided by the district, if any;
- Audits (pursuant to GCS 26909);
- Adopted annual policies; and
- Any other information the board deems relevant

The District currently has an operating website and fulfills most of the requirements listed above. However, there are still opportunities to include more information that would benefit the residents in understanding the governance of LSBRD as a special district, specifically the availability of financial documentations such as budgets and audits.

LSBRD should also consider including the adopted version of this service and sphere review on their website as another valuable resource.

LAFCO Staff Recommendation: *The District should continue updating its website to fulfill the legal requirements under SB 929.*

Capital Improvement Plan

The purpose of a Capital Improvement Plan (CIP) is to identify and prioritize needs and project costs for planned improvements to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner over the next five-plus years of growth and change. At present, the District does not have a CIP in place. The adoption of a long-term maintenance plan, such as a CIP, would help budget for future improvements and provide more transparency to its constituents.

LAFCO Staff Recommendation: *The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.*

Sphere of Influence

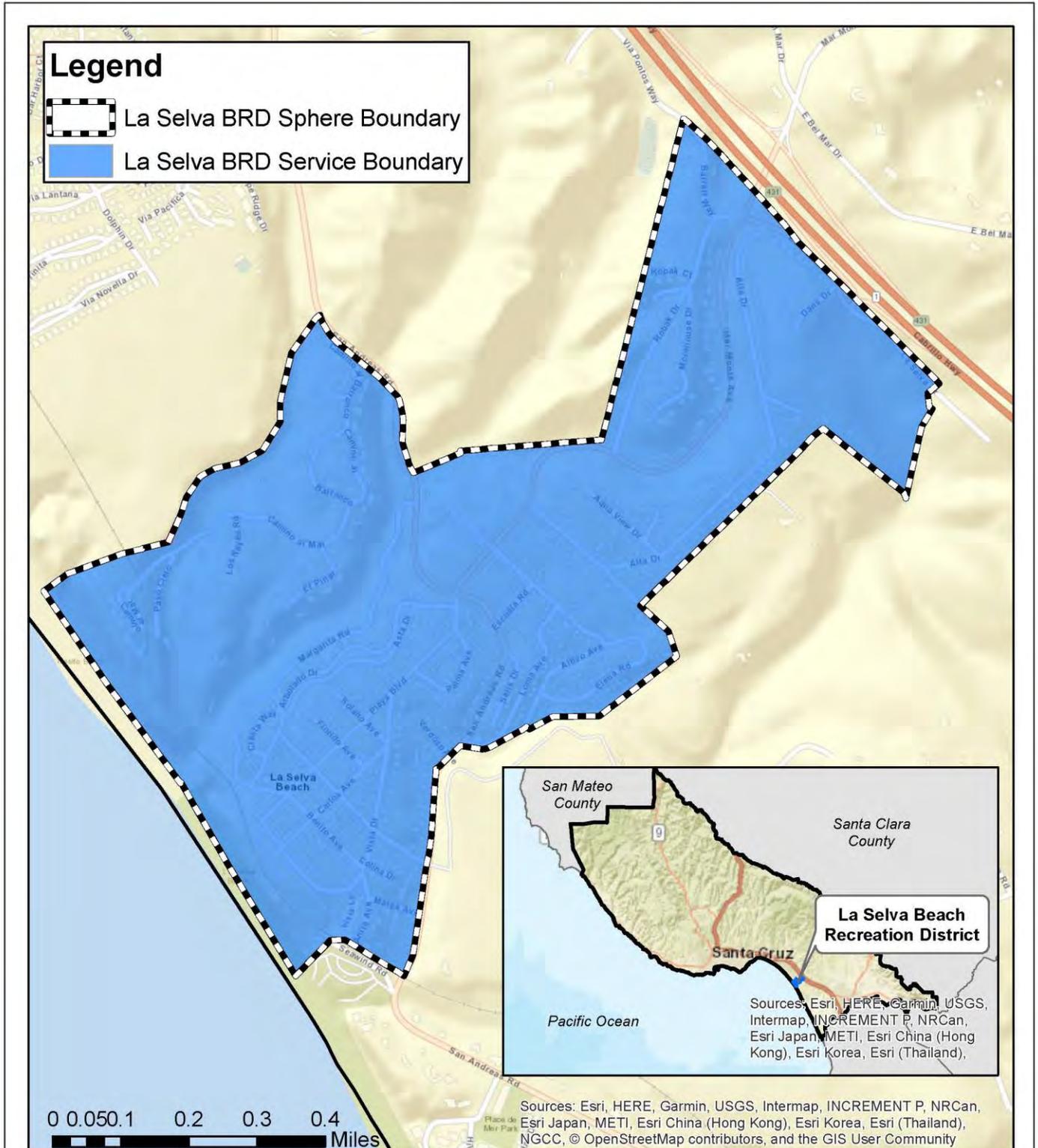
Santa Cruz LAFCO adopted BCRPD's first sphere of influence on March 7, 1990. **Appendix C** provides a copy of the 1990 resolution that implemented the first sphere of influence for LSBRD.

The current sphere is coterminous with the District's jurisdictional boundary. The last sphere review occurred in April 2016 during the last service and sphere review cycle. Based on our analysis and findings, staff is not recommending any changes to the current sphere. **Figure 25** on page 55 shows the proposed sphere reaffirmation for La Selva Beach Recreation District.



LSBRD – Robin's Park

Figure 25: Proposed Sphere Reaffirmation (Coterminous With District Boundary)



La Selva Beach Recreation District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on March 7, 1990
 Sphere Reaffirmation on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Reaffirmation on August 4, 2021

District Summary

La Selva Beach Recreation District	
Formation	Public Resources Code, Division 5 (Parks and Monuments), Chapter 4 (Recreation and Park Districts); Section 5780
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Eden M. Serrano, General Manager
Employees	1 Full-Time Employee
Facilities	5 Locations (Triangle Park, Robin's Park, Open Space Area, Coastal Bluff and the La Selva Beach Clubhouse).
District Area	512 acres (0.80 square miles)
Sphere of Influence	Current sphere of influence is coterminous with the District's jurisdictional boundary. <i>Proposed Designation:</i> Reaffirm Existing Sphere Boundary.
FY 2019-20 Budget	Total Revenue = \$245,748.05 Total Expenditure = \$167,349 Projected Net Position (Beginning Balance) = \$382,269
Contact Information	Mailing Address: 314 Estrella Ave. La Selva Beach, CA 95076 Phone Number: (831) 254-3625 Email Address: manager@lsbrd.org Website: https://www.lsbrd.org/
Public Meetings	Meetings are typically held on the second Wednesday of each month at 7:00 p.m.
Mission Statement	N/A

Service and Sphere Review Determinations

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Under this assumption, LAFCO's projections indicate that the entire population of LSBRD will be approximately 1,700 by 2040.

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

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

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

The District was formed in 1959. The purpose of LSBRD is to serve the unincorporated communities of La Selva Beach through 3 recreational facilities (Triangle Park, Robin's Park, and the La Selva Beach Clubhouse). The District also maintains an open space area and a coastal bluff.

4. Financial ability of agencies to provide services.

The District has ended with an annual surplus since 2014, excluding FY 2017-18. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices ensuring that their total revenues cover total expenses on an annual basis.

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

The District is a member of the California Special Districts Association (CSDA), which is a non-profit association that was formed in 1969 to promote good governance for all types of independent special districts. Other park and recreation districts may benefit learning from LSBRD, such as Boulder Creek Recreation and Park District.

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

The District is currently renovating the La Selva Clubhouse, which is a centerpiece of the community, providing space for community events, after-school and summer children's programs, craft fairs, wedding receptions, and educational opportunities. At present, the clubhouse can accommodate up to 150 guests.

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

No additional local LAFCO policies are specifically relevant to this service and sphere review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

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

LSBRD encompasses 816 parcels which totals approximately 500 acres (0.80 square miles). The County's General Plan designates the vast majority of this area as Urban Low Residential with other various zones including but not limited to Existing Parks & Recreation and Urban Open Space.

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

The District currently operates 5 recreational areas to serve the entire La Selva Beach community. Implementing a capital improvement plan would help ensure adequate funds are earmarked to maintain and repair the existing facilities.

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

The La Selva Beach Clubhouse is currently in the process of being renovated after evaluations by contractors and structural engineers revealed significant structural flaws. Measure P was approved by the residents which allows the District to levy a \$50 parcel tax from July 2019 to June 2026. LSBRD is anticipated to collect around \$280,000 for renovation of the clubhouse.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area.

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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

OPAL CLIFFS RECREATION DISTRICT

District Overview

Opal Cliffs Recreation District (OCRD) was formed in 1949. The primary purpose of the District is to maximize and provide public beach access to Opal Cliffs Park, a small neighborhood park located at 4524 Opal Cliffs Drive in unincorporated county territory. The park contains several parking spots, an entrance gate, a coastal viewing area, and a walkway down the cliff to the beach. The County's General Plan designates the vast majority of the area as Urban Medium Residential with only a small portion actually designated as Existing Parks and Recreation. It is important to note that the District's service area also contains a portion of the City of Capitola. In total, OCRD encompasses 440 parcels totaling 67 acres (0.10 square miles). **Figure 26**, on page 60, is a vicinity map depicting OCRD's current jurisdictional and sphere boundaries. **Figure 27**, on page 61, shows the land use designations within OCRD.

Legislative History & Background

In 1931, the Legislature passed a bill allowing for the creation of "recreation districts." These districts could build dams across rivers to create swimming pools. A county board of supervisors would appoint five trustees to govern a recreation district. Assemblyman Hubert Scudder was the author of AB 725 which became Chapter 1058 of the Statutes of 1931. The act creating the districts was uncodified. The California Legislature was still in the process of organizing its statutes into topical codes. Legislators didn't set up the Public Resources Code until 1939. The recreation districts' law was free-standing.

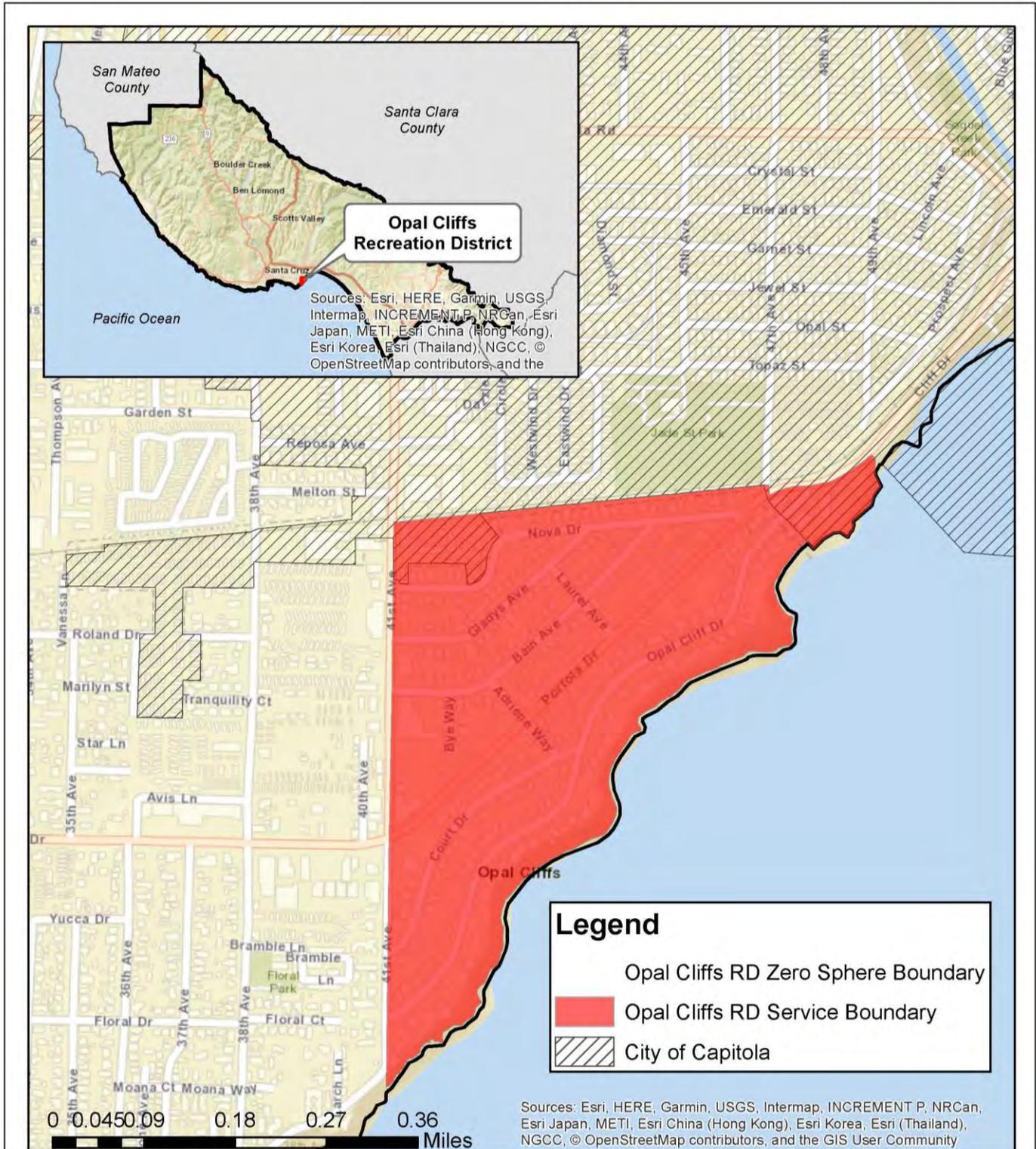
In 1939, the Legislature passed AB 1875 and enacted the new Public Resources Code, reorganizing and codifying many earlier state laws. As part of that effort, Scudder's 1939 bill created three separate types of park districts: (1) Recreation Park and Parkway Districts, (2) County Recreation Districts, and (3) Regional Park Districts. Scudder's bill became Chapter 93 of the Statutes of 1939. Also in 1939, the Legislature passed AB 279 and created a fourth type of park district, called "Park, Recreation and Parkway Districts." Los Angeles County Assemblyman Fred Reaves' bill became Chapter 426 of the Statutes of 1939. In 1947, the Legislature created a fifth type, called "Regional Shoreline Park and Recreation Districts." Two years later, OCRD was formed as a special district.

In 1957, Assemblyman Clark Bradley authored AB 3968 which repealed the laws governing four of the five types of recreation districts and instead created a new statute for "Recreation and Park Districts" (Public Resources Code §5780). The 1957 statute directed the State Department of Parks and Recreation to review the districts' laws "from time to time" and report any recommendations to the Legislature (Public Resources Code §5780.17). Research by Morgan Zeitler, the Department's legislative analyst, was unable to find any evidence that the Department had performed this review.

It wasn't until the six members of the Senate Committee on Local Government jointly authored Senate Bill 707 which completely revised the state statutes governing California's recreation and park districts. The bill was signed into law by Governor Gray Davis as Chapter 15 of the Statutes of 2001, the new "Recreation and Park District Law" takes effect on January 1, 2002².

² Recreation & Park District Law – Legislative History: <https://sqf.senate.ca.gov/sites/sqf.senate.ca.gov/files/PPPRReport.pdf>

Figure 26: Opal Cliffs Recreation District's Service & Sphere Boundaries

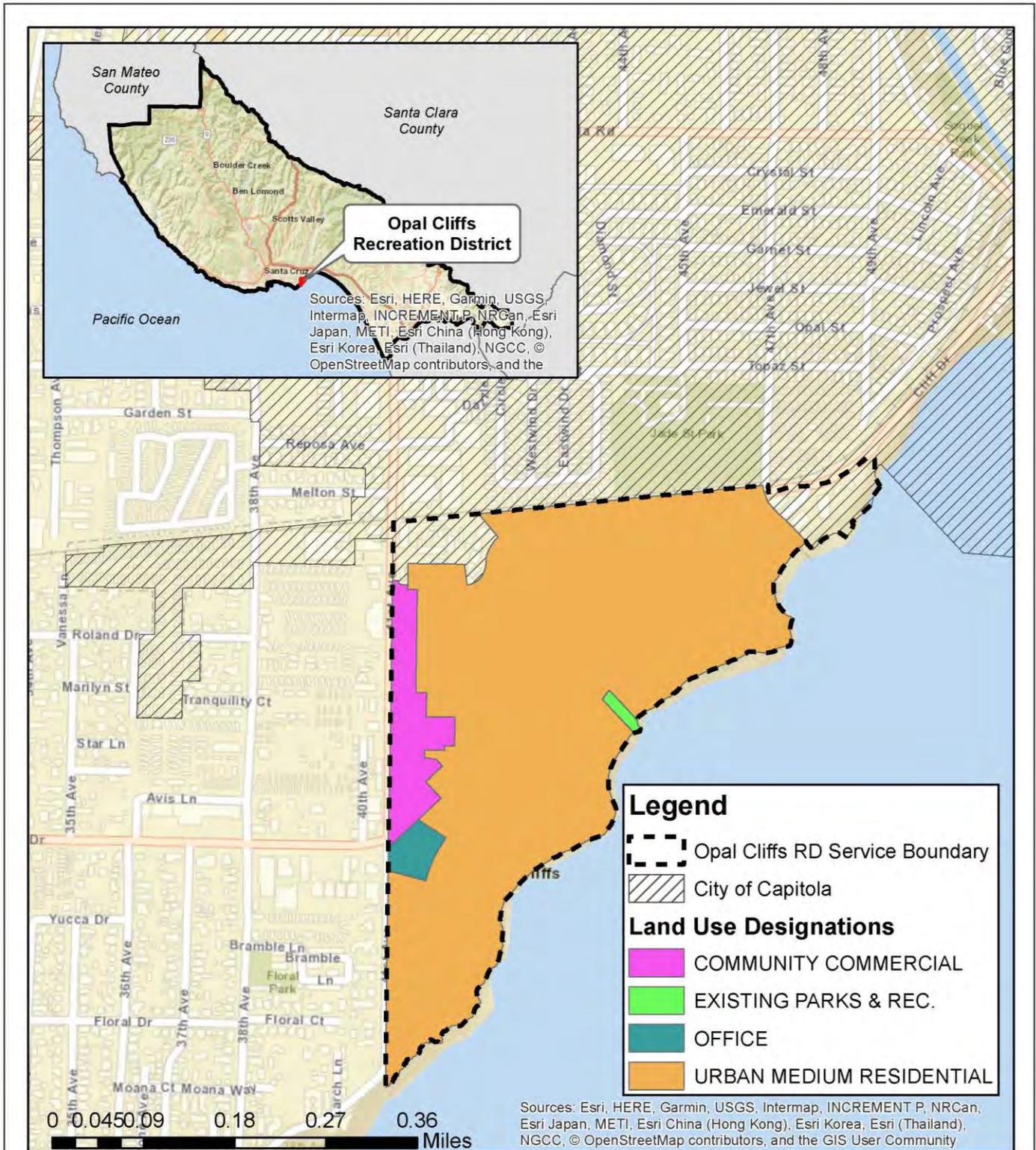


**Opal Cliffs Recreation District
Jurisdictional and Sphere Boundaries**

Original Sphere Adopted on October 5, 1988
 Sphere Reaffirmation on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Review on August 4, 2021



Figure 27: County General Plan's Land Use Designations



Opal Cliffs Recreation District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on October 5, 1988
 Sphere Reaffirmation on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Latest Sphere Review on August 4, 2021

Services & Operations

All park and recreation districts are public agencies that must follow statutory requirements – regardless of its size or level of service. Based on LAFCO's analysis, OCRD is a single-function special district. Nearly 85% of California's special districts perform a single function. Single function districts provide only one service such as water, sewer, or in this case recreational services. OCRD is currently responsible in maximizing public beach access and recreational opportunities while managing and maintaining the Opal Cliffs Park's blufftop and beach accessway and amenities. Electronic key cards to operate the gate were previously available from a local surf shop. The annual key rentals cost were \$50 for district property owners and \$100 for non-constituents. This practice was discontinued in April 2019 after a lengthy process with the Coastal Commission. While the park is now more accessible to the public, LAFCO has identified significant issues on how OCRD is operating and providing services to the Opal Cliffs community.

Significant Deficiencies

At present, OCRD does not have a general manager or any staff members, it does not operate and maintain a physical office or website, and is in violations with several laws. Below is a summary of statutory requirements that are not being fulfilled by OCRD:

- **Audits** - Special districts are required to have annual, independent audits conducted by the county auditor or a certified public accountant. This information is filed with the State Controller's Office. The annual audit can be changed to a biennial audit if approved unanimously by the district board and the board of supervisors, under certain restrictions (Government Code Section 26909). LAFCO determined that audits have not been produced in the last six years.
- **California Public Records Act** - The purpose of the California Public Records Act (CPRA) is to enable the public to have access to information needed to monitor the functioning of government. The public has a right to inspect public records during the office hours of any government agency and to request and obtain copies of records subject to the payment of fees covering the direct costs of duplication or a statutory fee if applicable (Government Code Section 6250, et seq.). LAFCO determined that OCRD has not had a physical office location in the last six years.
- **Ethics Training** - Local elected officials and key officials designated by the local board (typically management staff) are required to take ethics training courses if the officials receive compensation or reimbursement in their position with a local government agency. This applies even if the official does not actually receive compensation or reimbursement, but if the district's enabling act simply allows for such compensation or reimbursement. By law, the affected local official must take an ethics training course once every two years, and the district has to establish a written policy on reimbursements (Government Code Section 53234, et seq.). LAFCO determined that ethics training has not occurred in the last six years.
- **Policies & Procedures** - Special districts are required to adopt policies and procedures, including but not limited to bidding regulations, governing the purchase of supplies and equipment (Government Code Section 5786.15). LAFCO determined that OCRD has not adopted any policies and procedures. LAFCO staff was informed that the District recently adopted its first bylaws in 2021 for the first time since its inception.

- **Ralph M. Brown Act** - The Brown Act is designed to ensure government actions and deliberations are conducted openly so that the people “may retain control over the instruments they have created.” The Brown Act accomplishes this by requiring meetings of local government bodies be conducted during noticed public meetings. Violations of the Brown Act can lead to invalidation of local agency actions, payment of a challenger’s attorney’s fees and, in some cases, criminal prosecution. The primary requirement of the Brown Act is that meetings of a local government agency’s legislative body be open to the public, allow for public comment and be publicly noticed 72 hours in advance of the meeting. The Brown Act contains procedures for conducting special meetings, emergency meetings, and closed sessions. The Brown Act also limits the ability for a quorum of a legislative body to discuss certain matters outside a noticed public meeting (Government Code Section 54950). LAFCO determined that only 3 board meetings were conducted in 2020 in which none were properly noticed.

2014 County Auditor Letter

The County Auditor performed three audits for OCRD (2010, 2012, and 2014) and issued a management letter with each audit. The 2014 management letter made 32 recommendations. 11 of those recommendations were highlighted in LAFCO’s 2016 service and sphere review for OCRD. **Table 20** summarizes those 11 recommendations and indicates whether they were fulfilled.

Table 20: 2014 County Auditor Recommendations

11 Recommendations (out of 32 in total)	Completed (Yes or No)
1. Adopt a schedule of regular meeting and make it available to the public.	No
2. Post meeting agendas in compliance with the Brown Act.	No
3. Adopt preliminary and final budgets by the deadlines specified in State law.	Yes
4. Submit all expenditure documentation (invoices, receipts) to the County Auditor-Controller for their processing and payment.	Yes
5. Maintain records of certificates of insurance.	No
6. Continue working with the consultant the District Board hired to draft and adopt policies and procedures to process key card inventory, other revenues, expenditures, and petty cash.	No
7. Prepare and maintain minutes of Board meetings.	No
8. Hold meetings at least once every three months.	No
9. Require applications to be completed before key cards are issued.*	N/A
10. Reconcile key card sales to revenues collected by surf shop.*	N/A
11. Hire a bookkeeper.	No

Footnote: Key cards were discontinued as of April 2019

2019 Memorandum of Understanding

OCRD and the County entered into a memorandum of understanding (MOU) in December 2019 to help the District function as a public agency. A copy of this MOU is available as **Appendix D** in this report. In accordance with this MOU, staff members from the County Parks Department have been acting as the District's unofficial employees to help the District Board conduct public meetings, provide maintenance duties, deliver security services, and provide administrative support. LAFCO staff appreciates the collaborative effort between the two organizations. However, strategic partnerships between two or more public agencies are meant to maximize efficiencies not to subsidize the internal deficiencies that have been incurring for at least a decade now.

Population & Growth

Based on staff's analysis, the population of OCRD in 2020 was approximately 700. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. **Table 21** shows the anticipated population within OCRD.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for OCRD. LAFCO staff increased the District's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of OCRD will be approximately 730 by 2040.

Table 21: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
Opal Cliffs Recreation District	702	708	714	720	726	0.86%

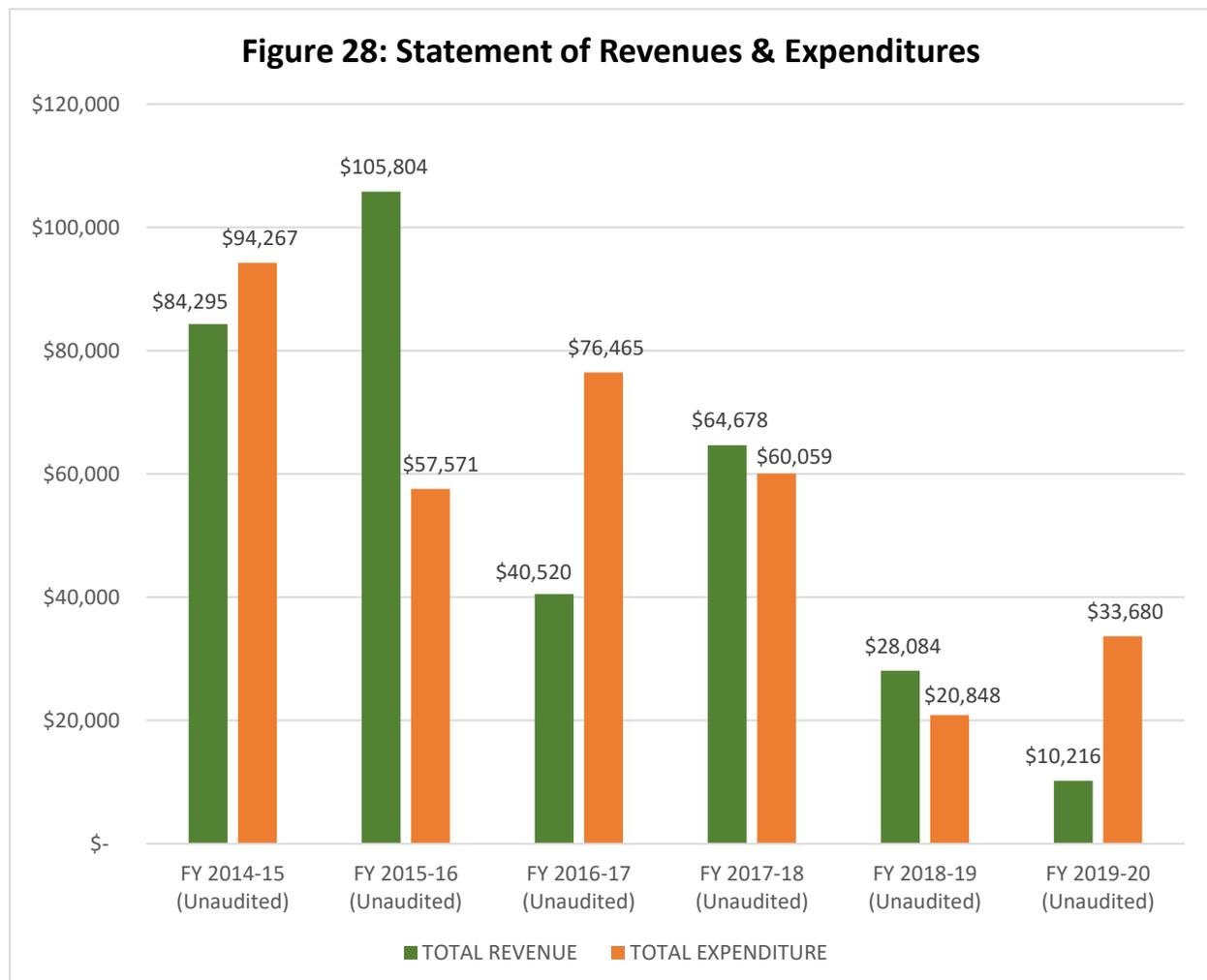
Source: AMBAG 2018 Regional Growth Forecast



Finances

State law requires special districts to conduct an annual audit. The law also requires special districts to file a report of the completed audit to the State Controller’s Office and LAFCO (Government Code Section 56036). Based on staff’s research, LAFCO has not received a report or copy of the District’s audits in the last six years. In addition, the audits were not available on the District’s website as statutorily required (Government Code Sections 6270.6 and 53087.8). Therefore, LAFCO staff completed an internal investigation to complete this financial analysis. This section will highlight OCRD’s financial performance during the most recent fiscal years based on information retrieved. Specifically, LAFCO evaluated OCRD’s financial health from FY 2014-15 to FY 2019-20. A comprehensive analysis of the District’s financial performance during the past six years is shown on page 68.

At the end of FY 2019-20, total revenue collected was approximately \$10,000, representing a 64% decrease from the previous year (\$28,084 in FY 2018-19). Total expense for FY 2019-20 was approximately \$34,000, which increased from the previous year by 62% (\$20,848 in FY 2018-19). The District has ended with a deficit in three of the last six years, as shown in **Figure 28**. What is more significant is the fact that total revenue has been dramatically decreasing over the years since 2015. LAFCO believes that this negative trend will continue unless a more stable public agency assumes the service responsibilities for the Opal Cliffs community.



District Revenues

OCRD's primary source of revenue is Property Taxes. Prior to the discontinuation of key cards in April 2019, key card sales were the primary source of revenue. In FY 2019-20, Property Taxes (approximately \$8,300) represented about 81% of the District's entire revenue stream. Other revenue sources include Interest (17%), RDA Pass-Throughs (1.5%), and State Homeowners' Property Tax Relief (less than 1%). **Figure 29** shows a breakdown of each revenue source received in FY 2019-20. **Figure 30** shows the total revenue received during the last six years. As the figure shows, total revenue has dramatically declined over the years.

Figure 29: Total Revenue (FY 2019-20)

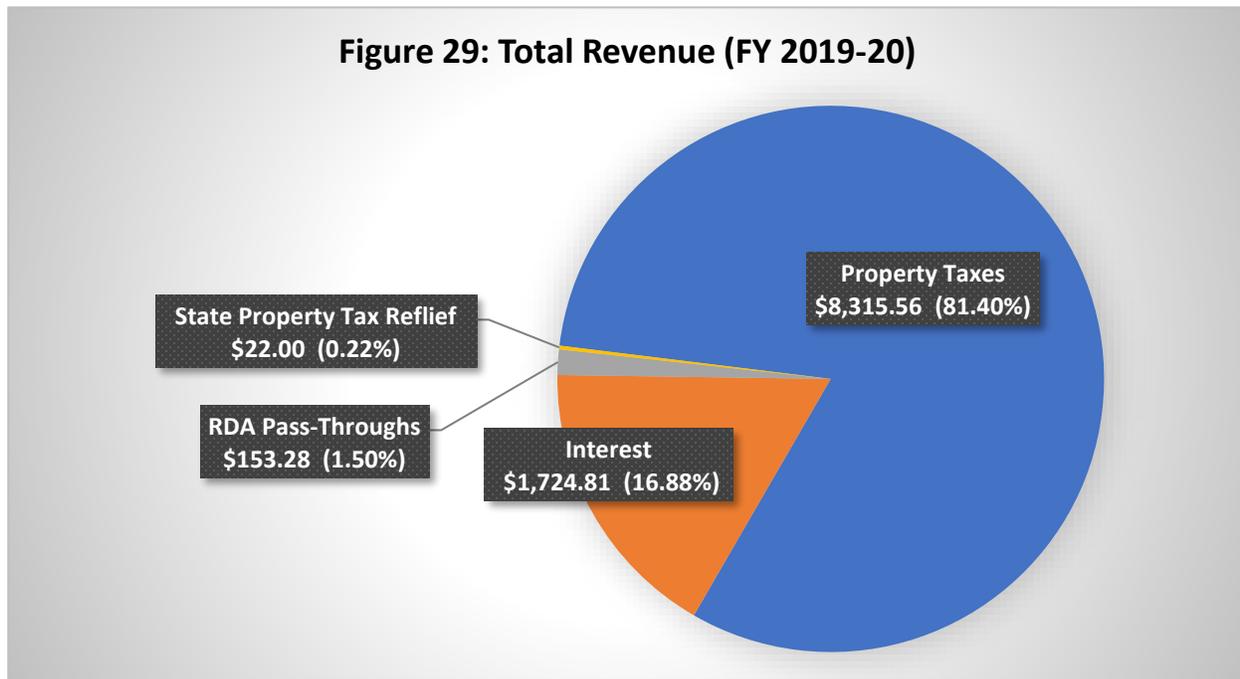
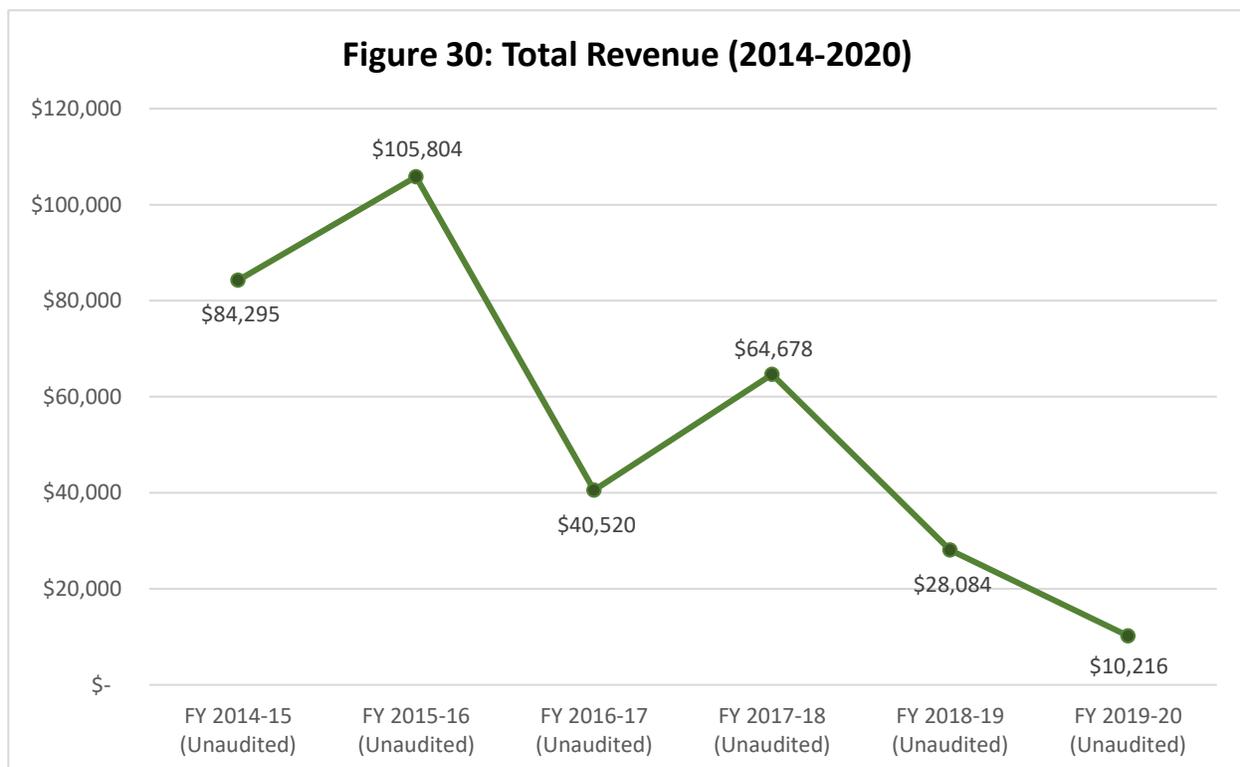
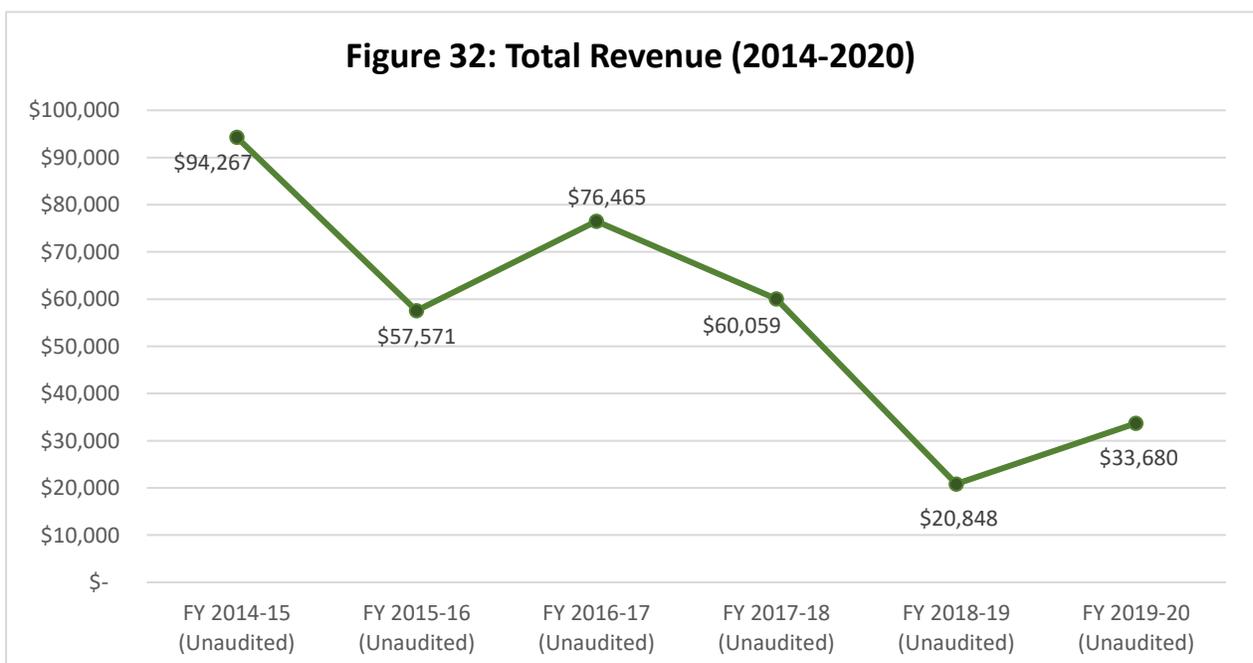
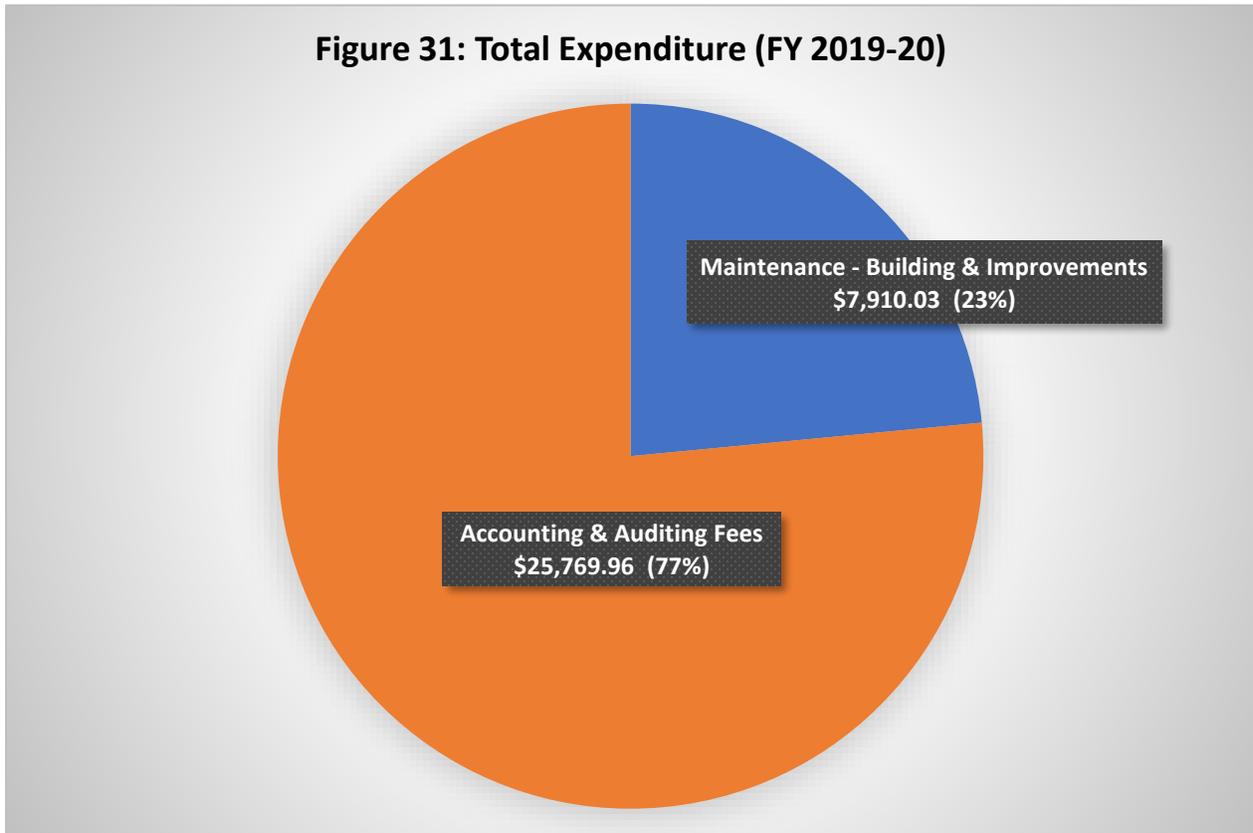


Figure 30: Total Revenue (2014-2020)



District Expenditures

OCRD's total expenditures can be categorized into two budgetary groups: Maintenance and Accounting & Auditing Fees. **Figure 31** below distinguishes the cost and percentage per category. As shown below, Accounting services from the County is the highest expenditure during FY 2019-20. **Figure 32** shows the total expenditure modest decreased over the last six years. However, it appears that total expenses may exceed total revenues in the coming years.



Fund Balance/Net Position

As of June 30, 2020, the total fund balance is approximately \$72,000. The fund balance has been declining moderately on an annual basis since 2016, as shown in **Table 22**. **Table 23** below also shows the overall financial performance of OCRD during the last six years.

Table 22: Fund Balance/Net Position

	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Audited)
Net Position (Ending Balance)	\$98,904	\$147,133	\$87,493	\$92,106	\$99,330	\$72,431
Change in (\$) from previous year		\$48,229	-\$59,640	\$4,612	\$7,224	-\$26,899
Change in (%) from previous year		49%	-41%	5%	8%	-27%

Table 23: Total Revenues & Expenditures

OPAL CLIFFS RECREATION DISTRICT						
	FY 2014-15 (UnAudited)	FY 2015-16 (UnAudited)	FY 2016-17 (UnAudited)	FY 2017-18 (UnAudited)	FY 2018-19 (UnAudited)	FY 2019-20 (UnAudited)
REVENUE						
Charges for Services (Key Sales)	\$ 79,800.00	\$ 99,925.00	\$ 33,640.00	\$ 56,420.00	\$ 18,000.00	\$ -
Property Taxes	\$ 3,936.90	\$ 5,001.68	\$ 5,757.51	\$ 6,910.17	\$ 7,926.79	\$ 8,315.56
Interest	\$ 391.58	\$ 757.26	\$ 1,022.53	\$ 1,257.46	\$ 2,005.93	\$ 1,724.81
RDA Pass-Throughs	\$ 146.92	\$ 99.81	\$ 79.35	\$ 68.08	\$ 129.20	\$ 153.28
State Homeowners' Property Tax Relief	\$ 20.00	\$ 20.69	\$ 20.40	\$ 21.68	\$ 22.00	\$ 22.00
Contribution From Other Govt Agencies	\$ -	\$ -	\$ -	\$ 0.73	\$ -	\$ -
TOTAL REVENUE	\$ 84,295.40	\$105,804.44	\$ 40,519.79	\$64,678.12	\$28,083.92	\$ 10,215.65
EXPENDITURE						
Maintenance - Building & Improvements	\$ 59,606.26	\$ 24,774.43	\$ 45,987.96	\$ 26,364.39	\$ 14,258.27	\$ 7,910.03
Accounting & Auditing Fees	\$ 39.00	\$ 40.00	\$ 42.00	\$ 39.00	\$ 42.00	\$ 25,769.96
Special Departmental Expense	\$ 34,622.00	\$ 32,757.00	\$ 30,435.00	\$ 33,655.47	\$ 6,548.00	\$ -
TOTAL EXPENDITURE	\$ 94,267.26	\$ 57,571.43	\$ 76,464.96	\$60,058.86	\$20,848.27	\$ 33,679.99
Surplus/(Deficit)	\$ (9,971.86)	\$ 48,233.01	\$(35,945.17)	\$ 4,619.26	\$ 7,235.65	\$(23,464.34)
NET POSITION						
Ending Balance	\$ 98,903.79	\$147,133.18	\$ 87,493.21	\$92,105.62	\$99,329.72	\$ 72,430.69
Change (\$)		\$ 48,229.39	\$ (59,639.97)	\$ 4,612.41	\$ 7,224.10	\$ (26,899.03)
Change (%)		49%	-41%	5%	8%	-27%

Governance

The Opal Cliffs Recreation and Park District is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. **Table 24** shows the current board members for Opal Cliffs Recreation and Park District.

Table 24: Board of Directors

Board Member	Title	Term of Office Expiration
Michael Carlton	Board Member	First Appointed: September 2007 Next Election: General 2021
Augie Dent	Vice-President	First Elected: September 2017 Next Election: General 2021
Chris Irving	Board Member	First Elected: November 2019 Next Election: General 2023
Jenae Replogle	President	First Elected: November 2019 Next Election: General 2023
Craig Springbett	Board Member	First Appointed: January 2011 Next Election: General 2023

Public Meetings

OPCD currently does not have a website. However, the County Parks Department has dedicated a webpage which provides the 2021 meeting schedule as well as past agendas and minutes from 2020 to 2021. At present, meetings are held on the third Wednesday of every other month. In 2020, the OCRD Board held 3 public meetings – second lowest amount when compared to the other park and recreation districts in Santa Cruz County (ARPD held zero meetings). Based on LAFCO staff’s analysis, recent OCRD meetings last approximately 15 minutes and do not follow the Brown Act.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. It outlines minimum website data requirements, including contact information, financial reports, and meeting agendas/minutes. OCRD does not have an official website and therefore not complying with the statutory requirements under Government Code Sections 6270.5, 53893, 53908, 54954.2, and Section 32139 of the Health and Safety Code.

Opportunities & Challenges

Independent special districts are tasked to operate in an efficient and transparent manner on a regular basis. It is LAFCO staff’s position that public agencies should always prepare and consider future opportunities and potential challenges in order to properly provide services to their constituents. The following section explores possible actions that should be considered by the District.

Governance Structure Options

As previously stated, the County Parks Department is acting as the unofficial staff for OCRD in accordance with the 2019 Memorandum of Understanding. LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. Representatives of the County and the District have expressed mutual support in officially transferring over responsibilities to the County under CSA 11. Therefore, it would be beneficial to the Opal Cliffs community if OCRD and the County consider and initiate the dissolution of OCRD by December 2021. If no application is submitted by the December deadline, the Commission should consider initiating dissolution in accordance with Government Code Section 56375(a)(2)(B).

Internal Efficiencies

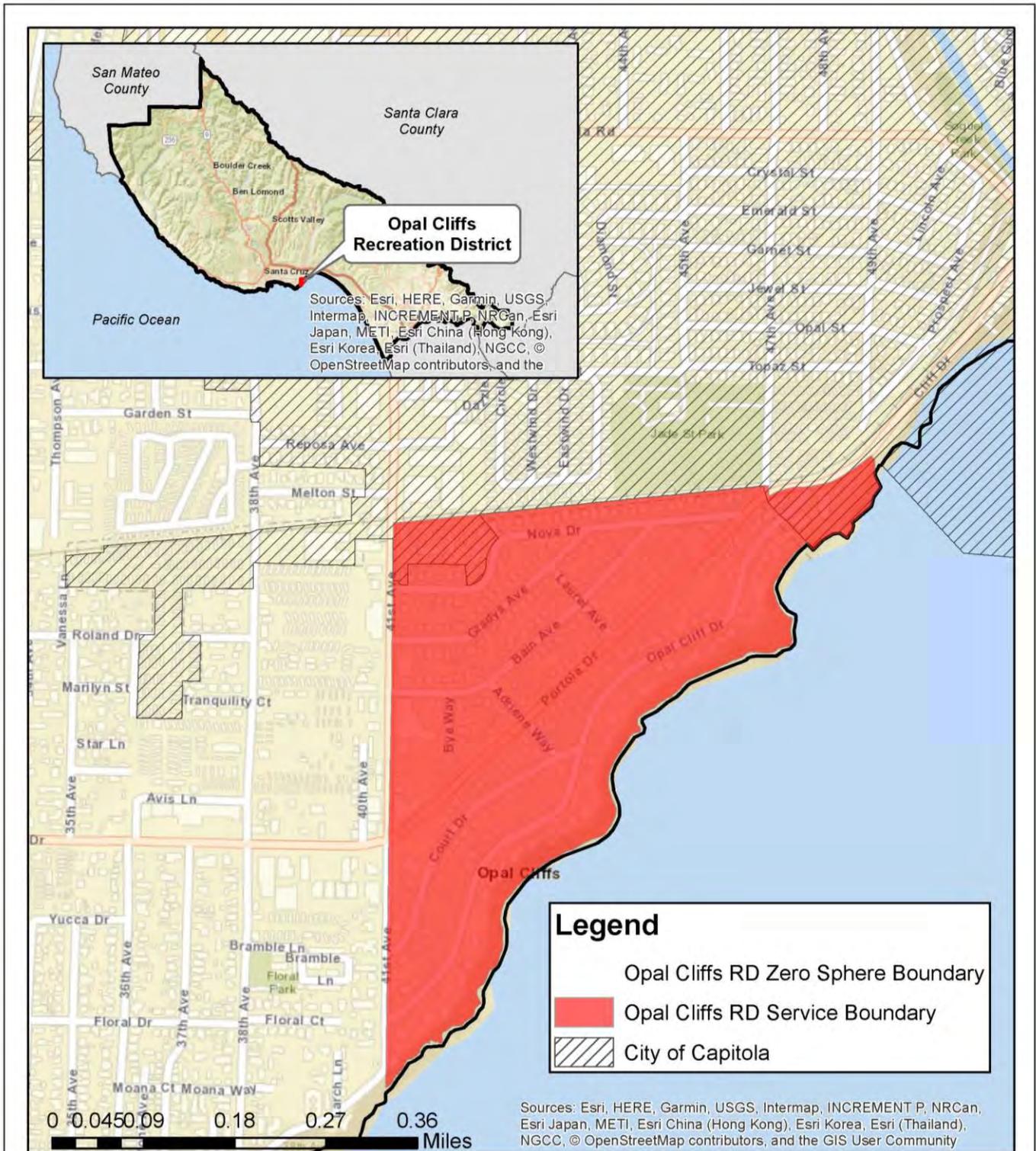
While LAFCO staff believes it would benefit the residents if OCRD is dissolved and subsequently annexed into CSA 11, there are actions that should be implemented immediately if the District remains in place. These actions include hiring full-time employees and a general manager, creating and maintaining a website in accordance with SB 929, conducting internal audits by an independent auditing firm, and adopting balancing annual budgets with capital improvement plans. These actions are necessary to deal with the significant issues identified by LAFCO during our evaluation. LAFCO staff believes that the deficiencies will continue if these internal issues are not resolved immediately.

Sphere of Influence

Santa Cruz LAFCO adopted OCRD's first sphere of influence on October 5, 1988. **Appendix E** provides a copy of the 1988 resolution that implemented the first sphere of influence for OCRD. Unlike the other park and recreation districts in Santa Cruz County, OCRD received a zero sphere of influence during its original adoption.

A "zero" sphere of influence (encompassing no territory) is adopted by LAFCO when the Commission has determined that the service functions of the affected agency are either: nonexistent, no longer needed, or should be reallocated to some other local government. The adoption of a "zero" sphere indicates the public agency should ultimately be dissolved and service responsibilities be transferred to another local agency. Therefore, LAFCO staff is recommending that the Commission reaffirm the zero sphere with the condition that the District be dissolved within a year (August 2022). **Figure 33**, on page 71, shows the proposed zero sphere reaffirmation for OCRD.

Figure 33: Proposed Zero Sphere Reaffirmation (Precursor to Dissolution)



Opal Cliffs Recreation District Jurisdictional and Sphere Boundaries

Original Sphere Adopted on October 5, 1988
 Sphere Reaffirmation on January 9, 2008
 Sphere Reaffirmation on April 6, 2016
 Zero Sphere Adoption on August 4, 2021



District Summary

Opal Cliffs Recreation and Park District	
Formation	Public Resources Code, Division 5 (Parks and Monuments), Chapter 4 (Recreation and Park Districts); Section 5780
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	No General Manager
Employees	0 Full-Time Employees
Facilities	1 Park (Opal Cliffs Park) which contains several parking spots, an entrance gate, a coastal viewing area, a walkway down the cliff to the beach.
District Area	67 acres (0.10 square miles)
Sphere of Influence	Current sphere of influence is designated as a zero sphere. Proposed Designation: Reaffirm Zero Sphere of Influence. A zero sphere indicates that the District should be dissolved. Park and recreational services would be taken over by another public agency, such as the County.
FY 2019-20 Budget	Total Revenue = \$10,216 Total Expenditure = \$33,680 Projected Net Position (Beginning Balance) = \$72,431
Contact Information	Mailing Address: No District Mailing Address Phone Number: No District Phone Number Email Address: No District Email Address Website: No Official District Website
Public Meetings	Meeting schedule is not readily available to the public.
Mission Statement	None

Service and Sphere Review Determinations

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. Under this assumption, LAFCO's projections indicate that the entire population of OCRD will be approximately 726 by 2040.

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

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

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

OCRD was formed in 1949. The primary purpose of the District is to maximize and provide public beach access to Opal Cliffs Park, a small neighborhood park located at 4524 Opal Cliffs Drive in unincorporated county territory. The park contains several parking spots, an entrance gate, a coastal viewing area, a walkway down the cliff to the beach.

4. Financial ability of agencies to provide services.

The District has ended with a deficit in three of the last six years. What is more significant is the fact that total revenue has been dramatically decreasing over the years since 2015. LAFCO believes that this negative trend will continue unless a more stable public agency assumes the service responsibilities for the Opal Cliffs community or internal improvements are established immediately.

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

Representatives from the District and County have expressed interest in dissolving OCRD and subsequently annexing the area into CSA 11. This will ensure that the Opal Cliffs community will receive recreational services from an existing public agency.

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

OCRD does not have a general manager or any staff members, it does not operate and maintain a physical office or website, and is in violations with several laws.

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

No additional local LAFCO policies are specifically relevant to this service and sphere review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

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

The County's General Plan designates the vast majority of the area as Urban Medium Residential with only a small portion actually designated as Existing Parks and Recreation. It is important to note that the District also contains a portion of the City of Capitola.

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

Due to the District's ongoing financial constraints, in conjunction with OCRD's interest in transferring service responsibilities to another local agency, LAFCO staff is recommending that the District be dissolved and concurrently annexed into CSA 11.

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

While the park is now more accessible to the public, LAFCO has identified significant issues on how OCRD is operating and providing services to the Opal Cliffs community.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area.

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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District. It is important to note that the District does not provide water, sewer, or fire protection.

APPENDICES

Appendix A: ARPD's Original Sphere Adoption (October 1988)

Appendix B: BCRPD's Original Sphere Adoption (October 1988)

Appendix C: LSBRD's Original Sphere Adoption (March 1990)

Appendix D: OCRD's MOU with Santa Cruz County (December 2019)

Appendix E: OCRD's Original Sphere Adoption (October 1988)

