

Countywide Road CSAs Service and Sphere Review (34 in total)



Adopted Version (November 2, 2022)

Local Agency Formation Commission of Santa Cruz County

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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries involving the 34 road-related county service areas 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 and sphere review conducted for the 34 road-related county service areas was in August 2017. In order to analyze how enhanced road services are provided throughout Santa Cruz County, all 34 road county service areas will be evaluated in this comprehensive report.

Findings and Determinations

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.

CEQA Determination

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 **Agency Profile** chapters contain individual evaluations for each of the CSAs - highlighting specific characteristics, ongoing operations, current fiscal health, 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.

Dependent Special Districts

Road maintenance and services in unincorporated territory are provided by Santa Cruz County. Enhanced or extended services provided to specific county roads are managed by 34 separate dependent special districts known as county service areas ("CSAs"). These CSAs are operated by the Santa Cruz County's Public Works Department. In accordance with the Commission's Multi-Year Work Program, these 34 CSAs will be

analyzed in this report. **Figure 1** on page 11 provides an overview map depicting the subject CSAs. **Figure 2** on page 12 also indicates where the CSAs are located within the five supervisorial districts. At present, Supervisorial District No. 5 has the most road CSAs with approximately 53% (18 out of 34). **Table 1** provides an overview for each CSA.

Table 1: List of Affected County Service Areas (In Numerical Order)

CSA (34 in total)	Formation Date	Sphere Adoption	Estimated Population	Total Acres	No. of Lane Miles	No. of Parcels	No. of Zones
CSA 13	10/9/1974	11/2/1988	555	1,141	12.26	195	3
CSA 15	4/4/1979	9/7/1988	73	93	Unavailable	84	-
CSA 16	4/4/1979	9/7/1988	105	113	0.97	78	-
CSA 17	4/4/1979	9/7/1988	19	209	1.52	67	-
CSA 18	4/4/1979	10/5/1983	8	2,029	3.67	54	-
CSA 21	5/7/1980	9/7/1988	69	51	0.88	39	-
CSA 22	2/4/1981	9/7/1988	10	58	0.88	20	4
CSA 23	1/7/1981	11/2/1988	179	250	2.99	44	4
CSA 24	1/7/1981	9/7/1988	50	174	2.34	100	-
CSA 25	6/3/1981	9/7/1988	29	32	0.54	57	-
CSA 26	8/4/1982	9/7/1988	46	355	2.82	91	17
CSA 28	8/7/1982	9/7/1988	349	143	2.77	94	2
CSA 30	12/1/1982	9/7/1988	13	116	0.89	26	-
CSA 32	3/2/1983	11/2/1988	16	18	0.55	11	-
CSA 33	3/2/1983	3/2/1983	60	371	6.31	286	11
CSA 34	3/2/1983	3/2/1983	29	409	2.31	57	3
CSA 35	3/2/1983	3/2/1983	61	49	1.18	33	-
CSA 36	3/2/1983	3/2/1983	393	208	2.23	77	6
CSA 37	4/6/1983	4/6/1983	79	256	2.05	94	4
CSA 39	6/1/1983	6/1/1983	30	6	0.07	14	-
CSA 40	6/1/1983	6/1/1983	9	58	0.65	18	4
CSA 41	8/3/1983	8/3/1983	56	27	1.06	111	-
CSA 42	9/7/1983	9/7/1983	323	172	1.28	46	3
CSA 43	9/7/1983	9/7/1983	47	28	1.04	93	-
CSA 44	10/2/1983	10/2/1983	76	20	0.75	63	-
CSA 46	10/2/1983	12/19/1983	30	379	1.67	60	20
CSA 47	1/9/1985	1/9/1985	84	755	1.29	58	2
CSA 50	10/7/1987	10/7/1987	27	61	1.65	57	-
CSA 51	9/6/1989	9/6/1989	34	716	4.07	68	15
CSA 52	11/7/1990	11/7/1990	27	388	1.58	54	18
CSA 55	8/7/1996	8/7/1996	35	35	0.91	69	9
CSA 56	2/4/1998	2/4/1998	165	11	0.57	56	-
CSA 58	12/5/2001	12/5/2001	356	61	0.30	25	4
CSA 59	9/4/2002	9/4/2002	7	53	0.42	70	-

Figure 1: Countywide Map

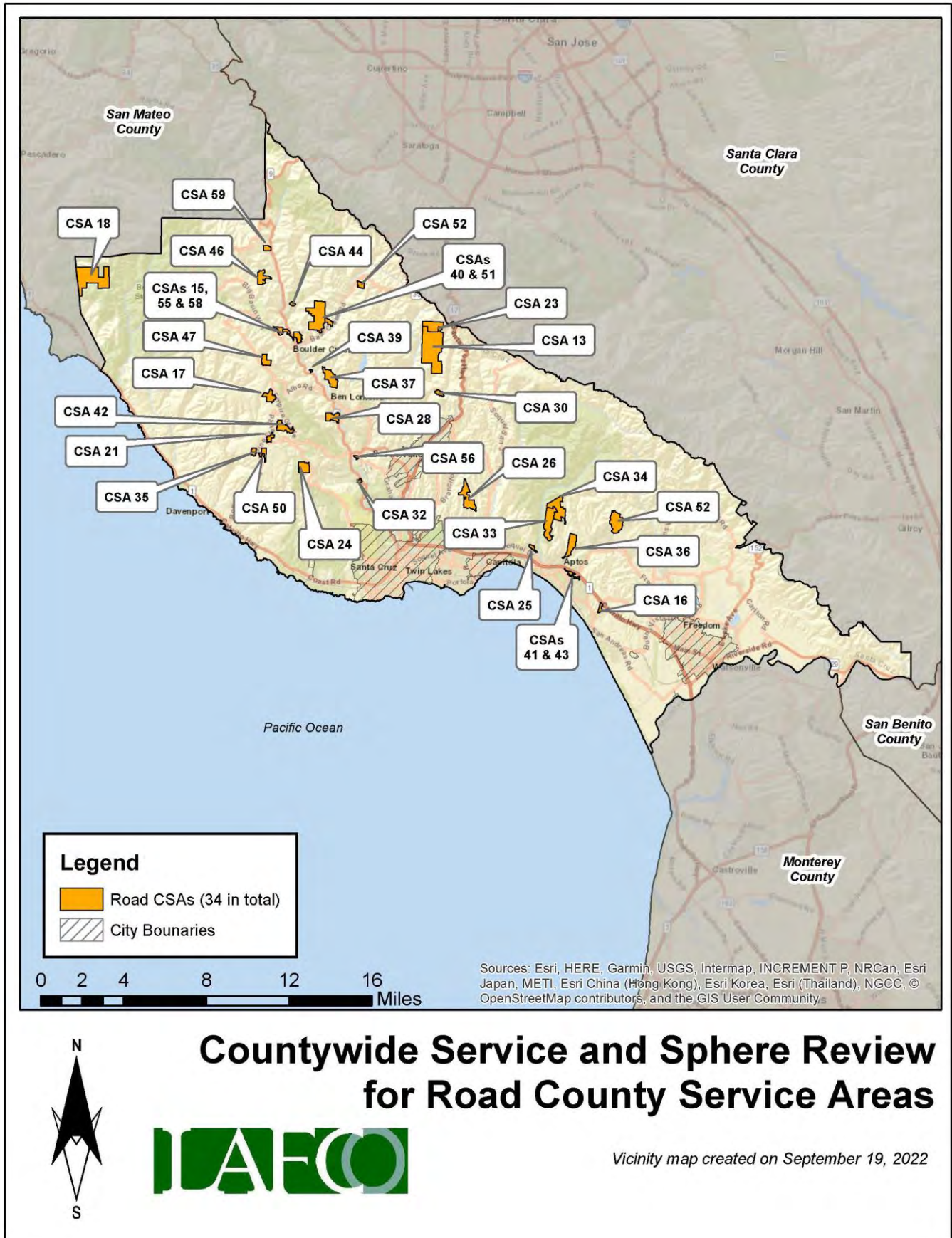
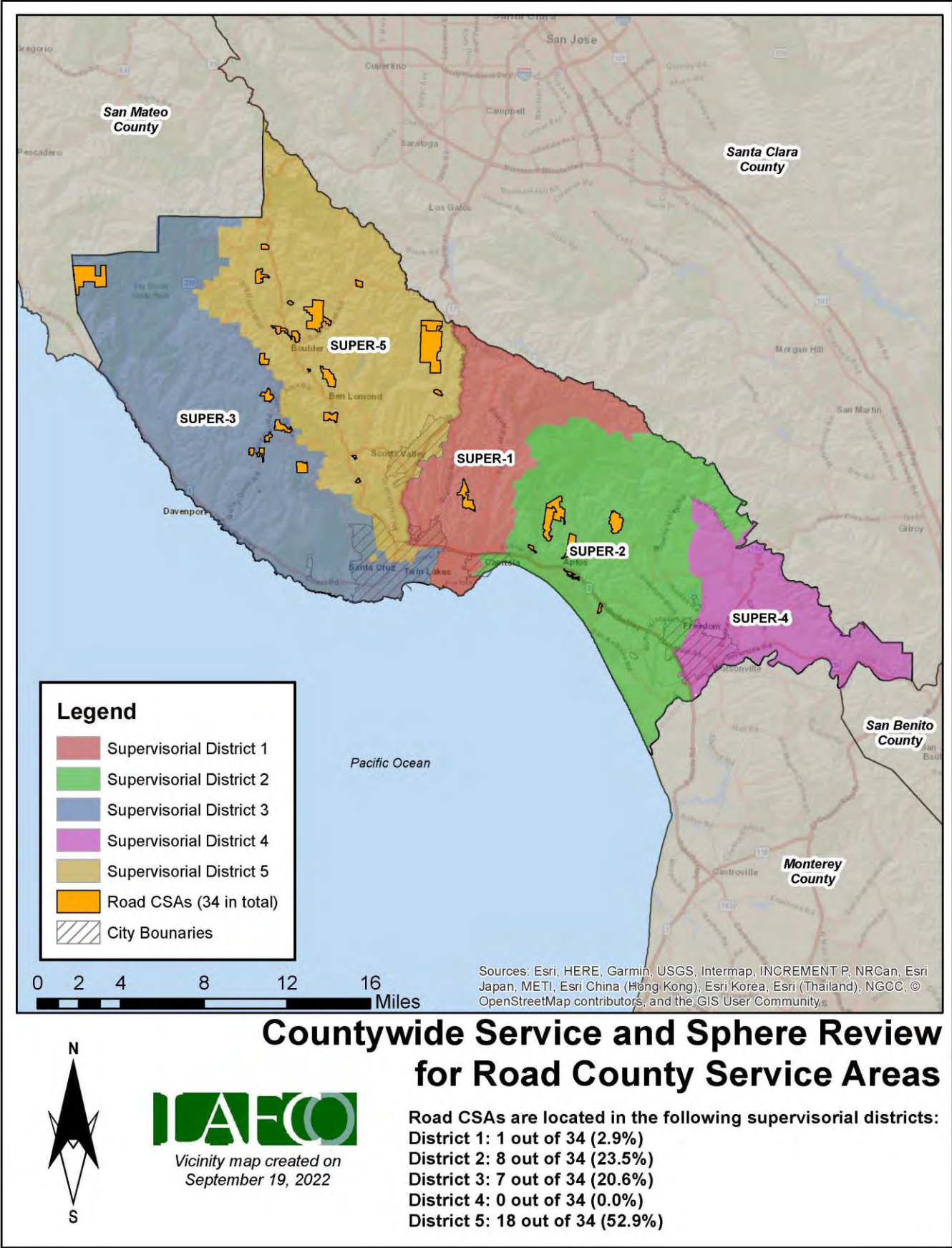


Figure 2: Supervisorial District Map



Other Organizations (Under LAFCO's Purview)

CSA 3 was formed on December 14, 1965 to provide a series of services, including road maintenance, to the Seascapes community. CSA 9 was formed on October 16, 1968 to provide public works services to the unincorporated county territory and the City of Scotts Valley. CSA 9 currently provides road maintenance within Zones D and E. Separate standalone service and sphere reviews for CSAs 3 and 9 were adopted on June 7, 2019¹ and August 5, 2020² respectively. Therefore, CSAs 3 and 9 will not be analyzed in this report.

Governance

The affected CSAs are dependent special district governed by the County Board of Supervisors. All CSAs are formed and operate pursuant to the County Service Area Law (Government Code Section 25210 et seq.). County Supervisors receive no additional compensation for their CSA responsibilities. Santa Cruz County staff from the Public Works Department manages the services related to the 34 CSAs.

Local Accountability & Structure

The current Board is as follows:

Table 2: Board of Directors

Board Member	Supervisory District	Term of Office
Manu Koenig	First District (Live Oak, Soquel, Summit, Santa Cruz Gardens, Carbonera, and parts of Scotts Valley & Capitola)	First Elected: 2020 Next Election: Primary 2024
Zach Friend	Second District (Aptos, Freedom, Corralitos, La Selva Beach, and parts of Capitola & Watsonville)	First Elected: 2012 Next Election: Primary 2024
Ryan Coonerty	Third District (Santa Cruz, Bonny Doon, North Coast)	First Elected: 2014 Next Election: Primary 2022
Greg Caput	Fourth District (Pajaro Valley, Watsonville)	First Elected: 2010 Next Election: Primary 2022
Bruce McPherson	Fifth District (San Lorenzo Valley, most of Scotts Valley, parts of Santa Cruz, and Paradise Park)	First Elected: 2012 Next Election: Primary 2024

The Board of Directors meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. However, LAFCO was not able to determine if and when board meetings related to the 34 CSAs were conducted. This may be addressed as part of the proposed website update recommended by LAFCO on page 16 on this report.

¹ CSA 3 Service & Sphere Review: <https://santacruzlafco.org/wp-content/uploads/2019/06/CSA-3-Aptos-Seascapes-Review-Final-6-7-19.pdf>

² CSA 9 Service & Sphere Review: <https://santacruzlafco.org/wp-content/uploads/2020/08/CSA-9-Service-Review-Adopted-Version-8-5-20.pdf>

Financial Health

County Service Areas are primarily funded through service charges. **Table 3** highlights whether each district had enough revenue to cover annual expenses during FY 2021-22. A full review of all revenue funds for CSA during the past six years is discussed in the **Agency Profile Chapters** within this report.

Table 3: Total Revenue vs. Total Expense (FY 2021-22: In Numerical Order)

CSA (34 in total)	Total Revenue	Total Expense	Surplus/(Deficit)
CSA 13	\$151,367	\$123,430	\$27,937
CSA 15	\$44,583	\$1,759	\$42,824
CSA 16	\$12,392	\$52,182	\$(39,790)
CSA 17	\$11,394	\$290	\$11,105
CSA 18	\$18,966	\$18,040	\$926
CSA 21	\$4,689	\$6,037	\$(1,348)
CSA 22	\$271	\$162	\$109
CSA 23	\$169,075	\$10,992	\$158,083
CSA 24	\$23,858	\$287	\$23,571
CSA 25	\$11,151	\$716	\$10,435
CSA 26	\$67,853	\$27,345	\$40,507
CSA 28	\$54,655	\$52,106	\$2,549
CSA 30	\$7,708	\$1,153	\$6,555
CSA 32	\$2,851	\$200	\$2,651
CSA 33	\$44,189	\$1,321	\$42,868
CSA 34	\$1,013	\$192	\$821
CSA 35	\$19,518	\$247	\$19,272
CSA 36	\$23,654	\$24,743	\$(1,089)
CSA 37	\$17,096	\$678	\$16,417
CSA 39	<i>Fiscally inactive since FY 2020-21</i>		
CSA 40	\$3,656	\$234	\$3,423
CSA 41	\$29,724	\$356	\$29,368
CSA 42	\$6,655	\$494	\$6,161
CSA 43	\$21,647	\$1,805	\$19,843
CSA 44	\$15,631	\$415	\$15,216
CSA 46	\$37,811	\$1,029	\$36,782
CSA 47	\$13,945	\$459	\$13,486
CSA 50	\$23,399	\$345	\$23,054
CSA 51	\$309,264	\$42,968	\$266,296
CSA 52	\$6,262	\$223	\$6,038
CSA 55	\$54,852	\$23,197	\$31,655
CSA 56	\$12,802	\$2,807	\$9,994
CSA 58	\$8,192	\$22,031	\$(13,840)
CSA 59	\$16,795	\$14,112	\$2,683

Growth and Population

The Association of Monterey Bay Area Governments (AMBAG) produces population projections for cities and counties. However, projections for special districts are not included in their estimate. AMBAG's reporting does indicate 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 4**:

Table 4: Population Estimates (Listed in Numerical Order)

CSA (34 in total)	2020	2025	2030	2035	2040
CSA 13	555	560	565	569	574
CSA 15	73	74	74	75	76
CSA 16	105	106	107	108	109
CSA 17	19	19	19	19	20
CSA 18	8	8	8	8	8
CSA 21	69	70	70	71	71
CSA 22	10	10	10	10	10
CSA 23	179	181	182	184	185
CSA 24	50	50	51	51	52
CSA 25	29	29	29	29	29
CSA 26	46	46	46	47	47
CSA 28	349	352	355	358	361
CSA 30	13	13	13	13	13
CSA 32	16	16	16	16	17
CSA 33	60	61	61	62	62
CSA 34	29	29	29	29	29
CSA 35	61	62	62	63	63
CSA 36	393	396	400	403	407
CSA 37	79	80	80	81	82
CSA 39	30	30	31	31	31
CSA 40	9	9	9	9	9
CSA 41	56	56	56	57	57
CSA 42	323	326	329	331	334
CSA 43	47	47	47	48	48
CSA 44	76	77	77	78	79
CSA 46	3	30	31	31	31
CSA 47	84	85	85	86	87
CSA 50	27	27	27	28	28
CSA 51	34	34	35	35	35
CSA 52	27	27	27	28	28
CSA 55	35	35	35	35	36
CSA 56	165	166	168	169	171
CSA 58	356	359	362	365	368
CSA 59	7	7	7	7	7

Footnote: Population projections calculated by LAFCO using ArcGIS and 2020 census data. Estimated data may not reflect actual population within the area.

Transparency (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, a District's Internet Website must contain the following:

- Access to past and current, agendas, staff reports, and minutes
- Adopted budgets;
- Contact information and 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) and adopted annual policies; and
- Any other information the board deems relevant

While dependent special districts, such as CSAs, are not statutorily required to fulfill the requirements under Senate Bill 929, LAFCO staff is encouraging the County to revamp their website in regards to the webpage dedicated to the CSAs. The current webpage has numerous broken links, outdated information, and lacks transparency. LAFCO staff was not able to find adopted budgets and other financial documents, scheduled capital improvement projects, standalone board meeting agendas and minutes, or information about the CSAs' operational structure. Residents should have access to these basic documentations, similar to constituents under independent special districts.

LAFCO Recommendation: *The County must revamp its county service area webpage to comply with the requirements under Senate Bill 929 to ensure adequate transparency. The deadline to complete the webpage update will be October 31, 2023.*

Community Outreach

Based on LAFCO's analysis, there seems to be a lack of transparency regarding the 34 CSAs. It may be beneficial if LAFCO and the County coordinated with community representatives from each CSA to discuss the report's findings, determine the CSAs' future, and build a better working relationship between the residents, the County, and LAFCO. As a result, LAFCO staff would like to establish a clear community liaison for each CSA for better communication going forward.

LAFCO Recommendation: *Coordination between the County and LAFCO with community representatives from each of the 34 CSAs to identify a "community liaison." Meetings with the identified liaison should be conducted by October 31, 2023.*

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 & 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.

Sphere Determinations

The spheres of influence boundaries were originally adopted between 1983 to 2002. **Table 1** on page 10 shows when the original sphere boundaries were adopted for each CSA. LAFCO staff is recommending that the sphere be reaffirmed for most of the CSAs, with the exception of CSAs 26, 28, 37, and 39.

The County has requested that CSA 39 be dissolved due to inactivity. Based on LAFCO staff's analysis, CSA 39 has been inactive for two consecutive years (FYs 2020-21 and 2021-22) and was previously operating in a deficit on an annual basis from FY 2016-17 to FY 2019-20. Therefore, LAFCO staff is recommending that a zero sphere be adopted for CSA 39. A zero sphere adoption would be a precursor to a dissolution in the near future. The dissolution may be initiated by the affected residents or the County.

The remaining three CSAs have spheres with parcels that are currently split, meaning that a portion of one parcel is within the CSA while the other portion is outside the CSA. This discrepancy may cause confusion to the County and landowners when considering road repairs or other road-related projects. Staff is recommending that the sphere boundaries for CSAs 26, 28, and 37 be amended to address the split parcels. The County should consider annexing the remaining portions of these split parcels in the near future.

Key Findings

The following are key findings of the 2022 Countywide Road CSA Service and Sphere of Influence Review:

1. The County governs all road county service areas.

The 34 CSAs provide enhanced road services to specific locations as dependent special districts. These districts are fully managed and operated by the County of Santa Cruz. The majority of these road CSAs were formed between 1974 and 1989 (29 out of 34), while the last five were created in the early 1990s and 2000s. The last road CSA was formed back in September 2002.

2. The county service areas lack transparency.

State law now requires independent special districts to maintain a robust website to ensure that constituents are aware of the local agencies' operations and finances. While the law does not apply to dependent special districts, LAFCO is concerned with the lack of transparency for the 34 CSAs. The County does have a webpage dedicated to all the CSAs under the County's purview; however, the webpage does not disclose financial information, board meeting agendas and minutes, vicinity maps, or scheduled capital improvement projects. Additionally, the webpage has outdated information and has numerous broken links. LAFCO is recommending that the County update its website by October 31, 2023.

3. The majority of the county service areas' financial health lacks stability.

LAFCO has determined that seven CSAs (21%) have ended with a deficit at least three times in the last six fiscal years and 19 CSAs (56%) have ended with a deficit at least twice in the last six fiscal years. Only three CSAs (8%) have ended a fiscal year without a deficit between 2016 to 2022.

4. Certain county service areas have funding zones.

The 34 CSAs are primarily funded through service charges, specifically annual benefit assessments. These assessments are reviewed by the County on a yearly basis. Any increase in those assessments require resident approval. Half of the 34 CSAs are funded by a flat rate paid by the residents, while the other half are funded through zones. The number of zones within a CSA range from two (CSAs 28 and 47) to 20 (CSA 46), each with different assigned rates. Pursuant to state law, LAFCOs have no jurisdiction over zone boundaries. These boundaries are created and modified by the County of Santa Cruz. However, it is important that the formation, purpose, and distinction of each zone be available as public information. At present, this information is not available on the County's website.

5. The majority of the county service areas' spheres are coterminous.

The original sphere boundaries for the CSAs were primarily adopted between 1983 to 1989, while the last five were concurrently adopted when the CSAs were formed in the early 1990s and 2000s. Only eight of the current spheres go beyond a CSAs' jurisdictional boundary, the rest are coterminous with the designated service area. With the exception of CSAs 26, 28, 37, and 39, LAFCO is recommending that the sphere boundaries be reaffirmed.

Recommended Actions

Based on the analysis and findings in the 2022 Countywide Road CSAs 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 34 affected agencies, 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. 2022-14) approving the 2022 Countywide Service and Sphere Review for Road County Service Areas with the following terms and conditions:
 - a. Reaffirm the existing spheres of influence for the following County Service Areas: 13, 15, 16, 17, 18, 21, 22, 23, 24, 25, 30, 32, 33, 34, 35, 36, 40, 41, 42, 43, 44, 46, 47, 50, 51, 52, 55, 56, 58, and 59;
 - b. Amend the spheres of influence for County Service Areas 26, 28, and 37 to address split parcels;
 - c. Adopt a zero sphere of influence for County Service Area 39 as a precursor to dissolution;
 - d. Direct the Executive Officer to coordinate with the County of Santa Cruz and resident representatives to discuss LAFCO's findings, the current zone boundaries (if applicable), and the future of each County Service Area by October 31, 2023;
 - e. Direct the Executive Officer to provide an update on the County's website improvements by November 2023; and
 - f. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the County of Santa Cruz and any other interested agency or party, including but not limited to the community liaisons for the 34 CSAs.

CSA 13 (HUTCHINSON ROAD/OAK FLAT)

Overview

County Service Area 13 was formed on October 9, 1974 with the purpose of providing extended maintenance to 12.26 road miles. **Appendix 1** provides a copy of the formation resolution. There is a total of 195 parcels within the CSA (totaling approximately 1,100 acres). **Figure 3**, on page 21, is a vicinity map depicting CSA 13's current jurisdictional boundary. Only one boundary change has occurred since its inception, in which 16 parcels were annexed into CSA 13 back in 2005. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 5** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 13 has three funding zones (Oak Flat and Zones A-B). Oak Flat and Zone A have maintained the same service charge since FY 2017-18 but Zone B has seen an increase over the years. **Figure 4** on page 22 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 13.

Table 5: Benefit Assessment Rates (2017 to 2021)

CSA 13	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Oak Flat	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00
Change (%)		0%	0%	0%	0%
Zone A	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Change (%)		0%	0%	0%	0%
Zone B	\$300.00	\$800.00	\$800.00	\$826.40	\$840.44
Change (%)		167%	0%	3%	2%

Population and Growth

Based on staff's analysis, the population of CSA 13 was 2020 is estimated to be 555. 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. **Table 6** shows the anticipated population within CSA 13. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 13. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 13 will be approximately 574 by 2040.

Table 6: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 13	555	560	565	569	574

Figure 3: CSA 13's Vicinity Map

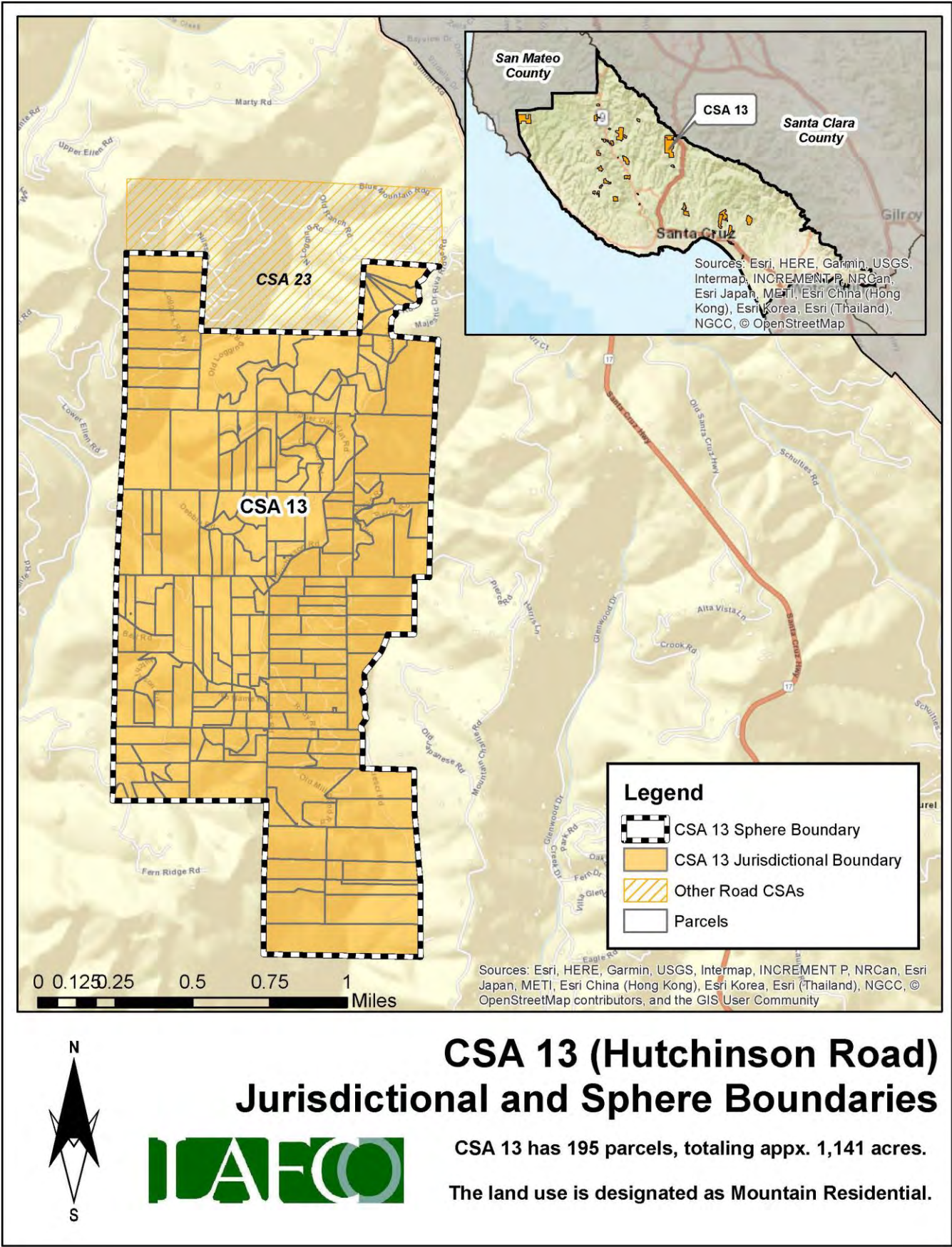
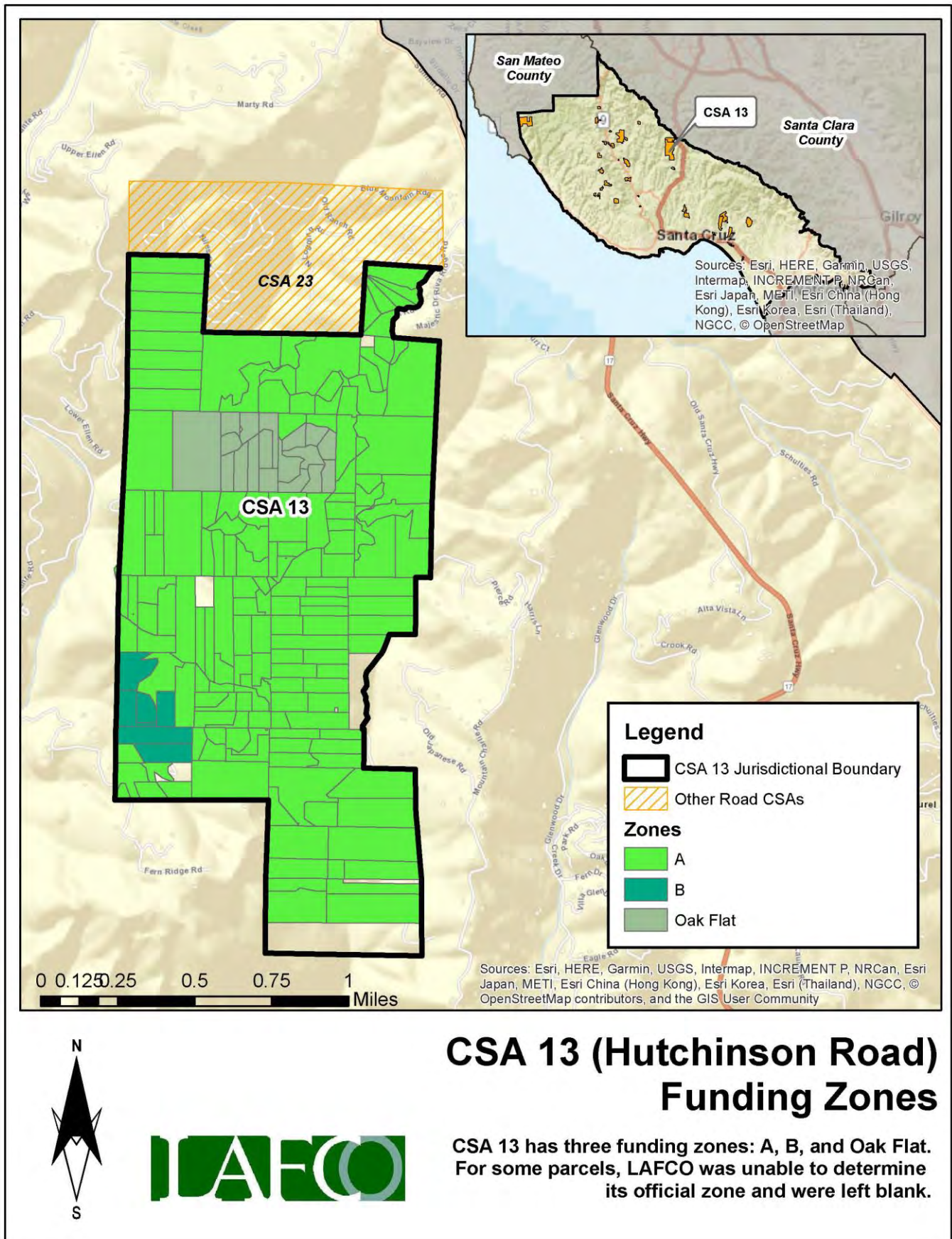


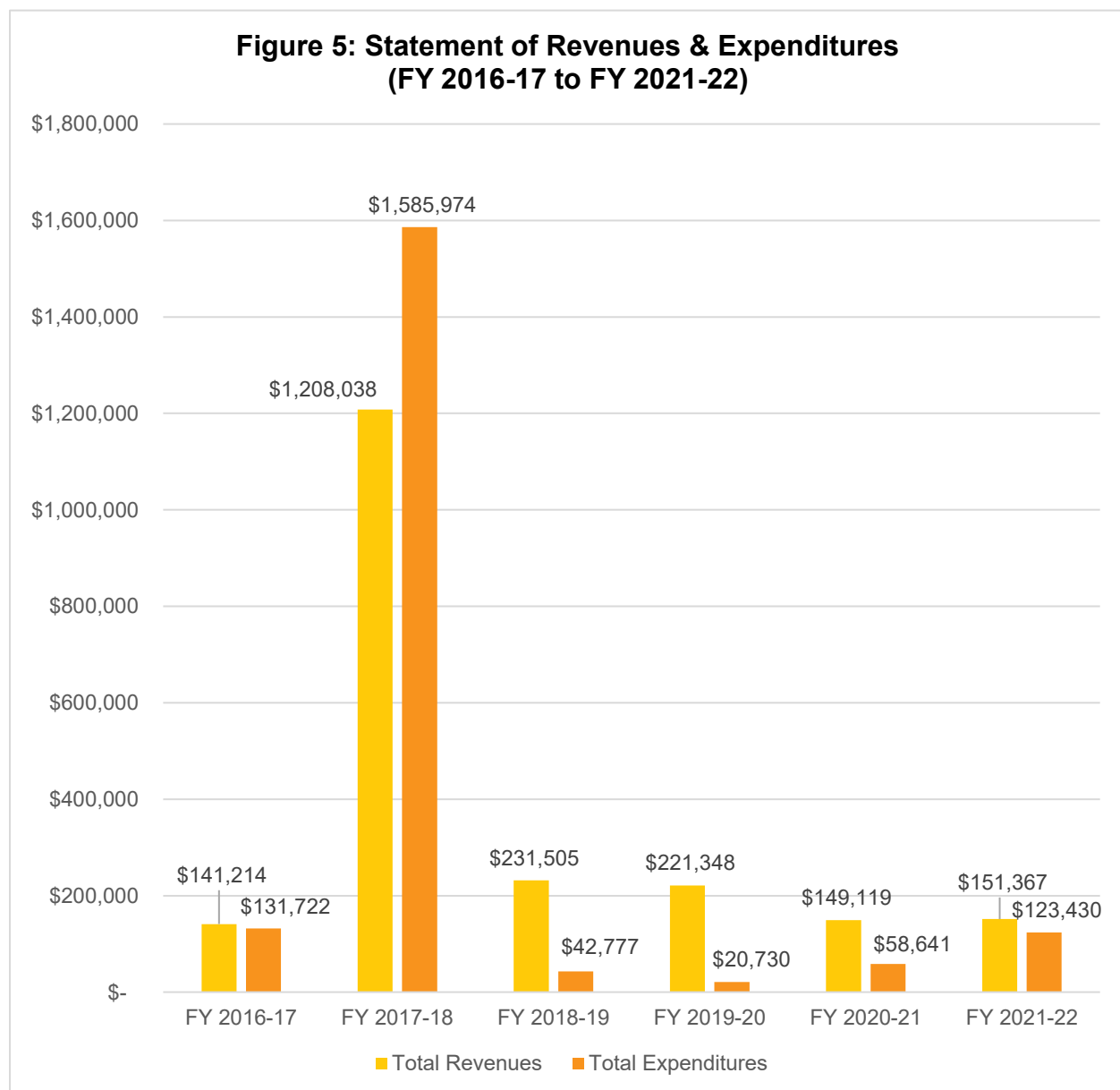
Figure 4: CSA 13's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 13's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 8** on page 25.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$151,000, representing a 2% increase from the previous year (\$149,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$123,000, which increased by 110% from the previous year (\$59,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 17-18, as shown in **Figure 5**. The deficit was due to a scheduled road improvement project that cost approximately \$1.6 million to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$894,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 7** and **Figure 6**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$385,000. Based on this historical trend, LAFCO staff believes the positive balance may continue. This healthy amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 7: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$764,196	\$386,260	\$574,988	\$775,606	\$866,084
Ending Balance	\$764,196	\$386,260	\$574,988	\$775,606	\$866,084	\$894,021
Change (\$)	-	\$(377,936)	\$188,728	\$200,618	\$90,478	\$27,937

**Figure 6: Net Position from 2016 to 2022
(Ending Balance)**

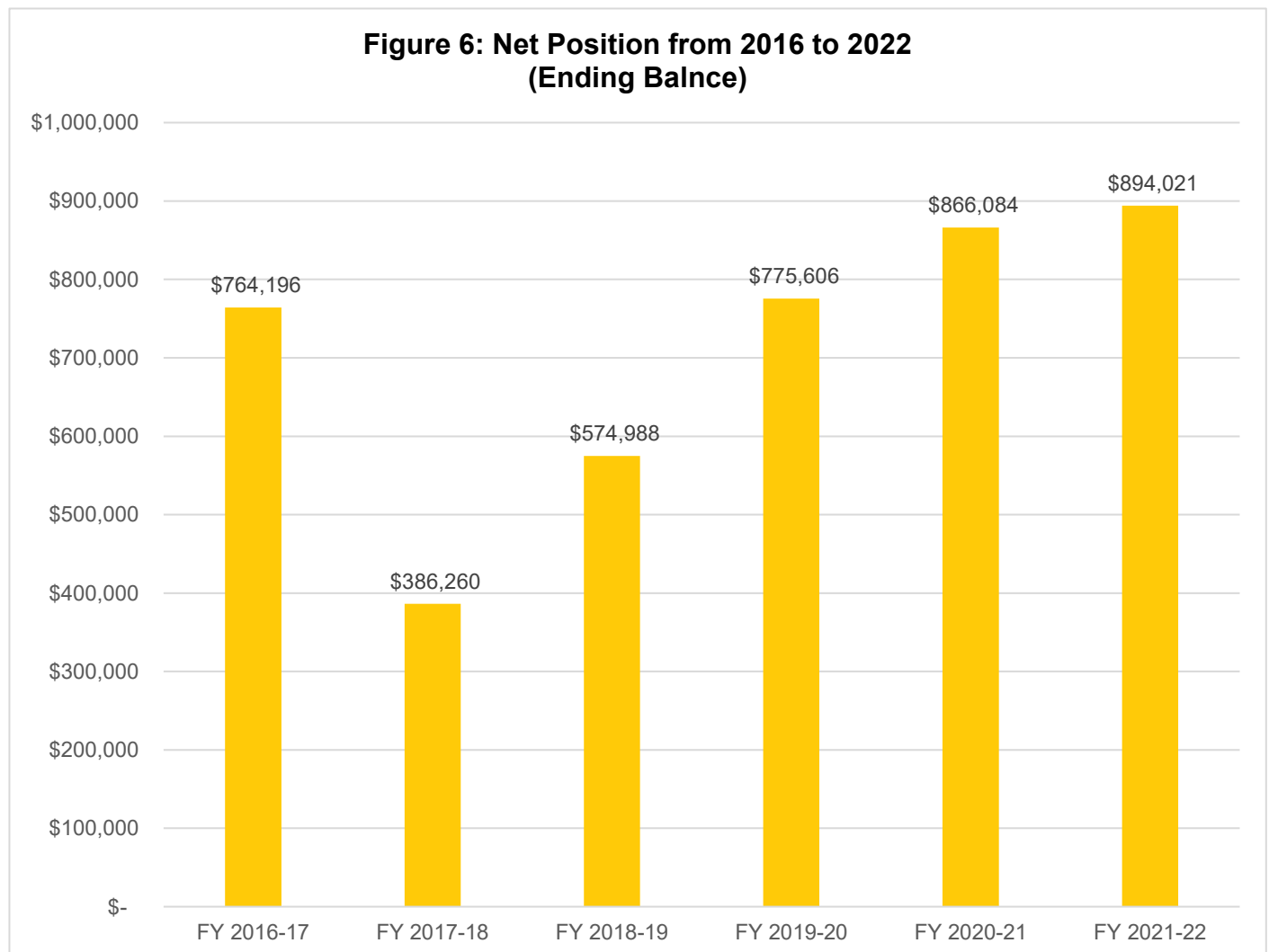


Table 8: Total Revenues & Expenditures

CSA 13	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ 42,291.89	\$ 44,331.24	\$ 46,367.17	\$ 49,549.45	\$ 144,115.77	\$ 54,967.49
Interest	\$ 6,771.35	\$ 3,378.94	\$ (5,970.59)	\$ 11,109.24	\$ 4,732.99	\$ 3,526.49
St-Natural Disaster Assistance	\$ -	\$ 213,637.13	\$ 37,141.00	\$ 13,709.00	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ 278.30	\$ 270.34	\$ 264.00	\$ 271.00	\$ 270.00	\$ 266.00
FED-FEMA	\$ -	\$ 854,548.50	\$ 61,831.00	\$ 54,837.00	\$ -	\$ -
Other Road & Street Services	\$ 91,872.00	\$ 91,872.00	\$ 91,872.00	\$ 91,872.00	\$ -	\$ 92,607.22
Total Revenues	\$141,213.54	\$1,208,038.15	\$ 231,504.58	\$ 221,347.69	\$ 149,118.76	\$ 151,367.20
EXPENDITURES						
DPW Services - Hutchinson Road	\$ 126,262.13	\$ 1,580,891.50	\$ 24,149.82	\$ 5,961.16	\$ 45,318.37	\$ 33,095.89
Other Insurance	\$ 4,904.65	\$ 5,082.62	\$ 4,588.40	\$ 4,156.75	\$ 4,280.75	\$ 3,133.00
Acct & Audit Fees	\$ 555.00	\$ -	\$ 1,000.00	\$ 500.00	\$ 500.00	\$ 500.00
Division Overhead - Admin	\$ -	\$ -	\$ 8,523.73	\$ 1,933.73	\$ 329.73	\$ 1,195.49
Depart Overhead Costs	\$ -	\$ -	\$ 4,514.98	\$ 2,445.03	\$ 6,735.78	\$ 13,128.78
Labor FEMA	\$ -	\$ -	\$ -	\$ 5,733.02	\$ 1,476.06	\$ 72,376.95
Total Expenditures	\$131,721.78	\$1,585,974.12	\$ 42,776.93	\$ 20,729.69	\$ 58,640.69	\$ 123,430.11
Surplus/(Deficit)	\$ 9,491.76	\$ (377,935.97)	\$ 188,727.65	\$ 200,618.00	\$ 90,478.07	\$ 27,937.09
FUND BALANCE						
Beginning of Year	\$ -	\$ 764,196.00	\$ 386,260.03	\$ 574,987.68	\$ 775,605.68	\$ 866,083.75
End of Year	\$764,196.00	\$ 386,260.03	\$ 574,987.68	\$ 775,605.68	\$ 866,083.75	\$ 894,020.84

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 13's first sphere of influence on November 2, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 7** on page 26 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 195 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 8** on page 27 shows the proposed sphere boundary.

Figure 7: CSA 13's Current Sphere Map

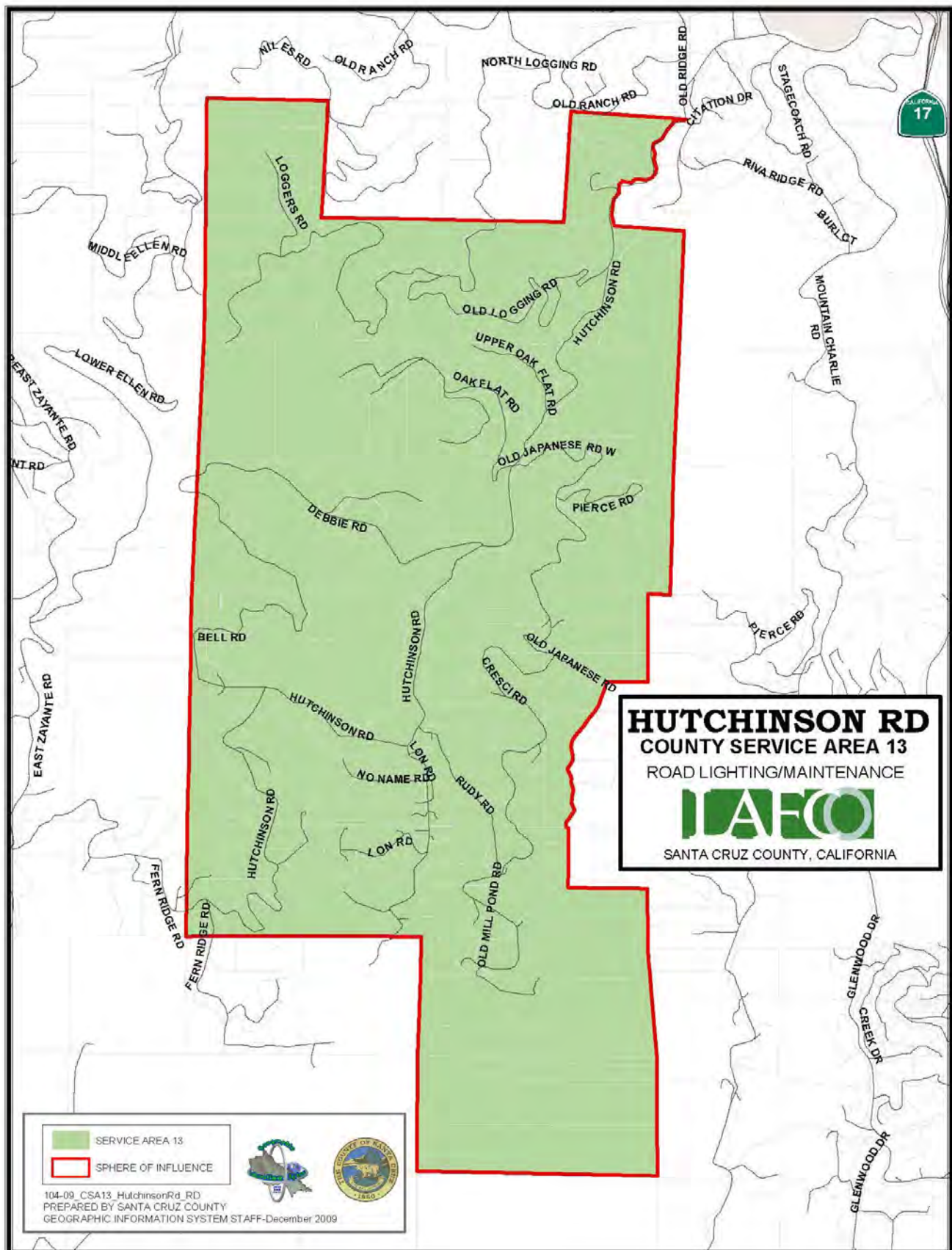
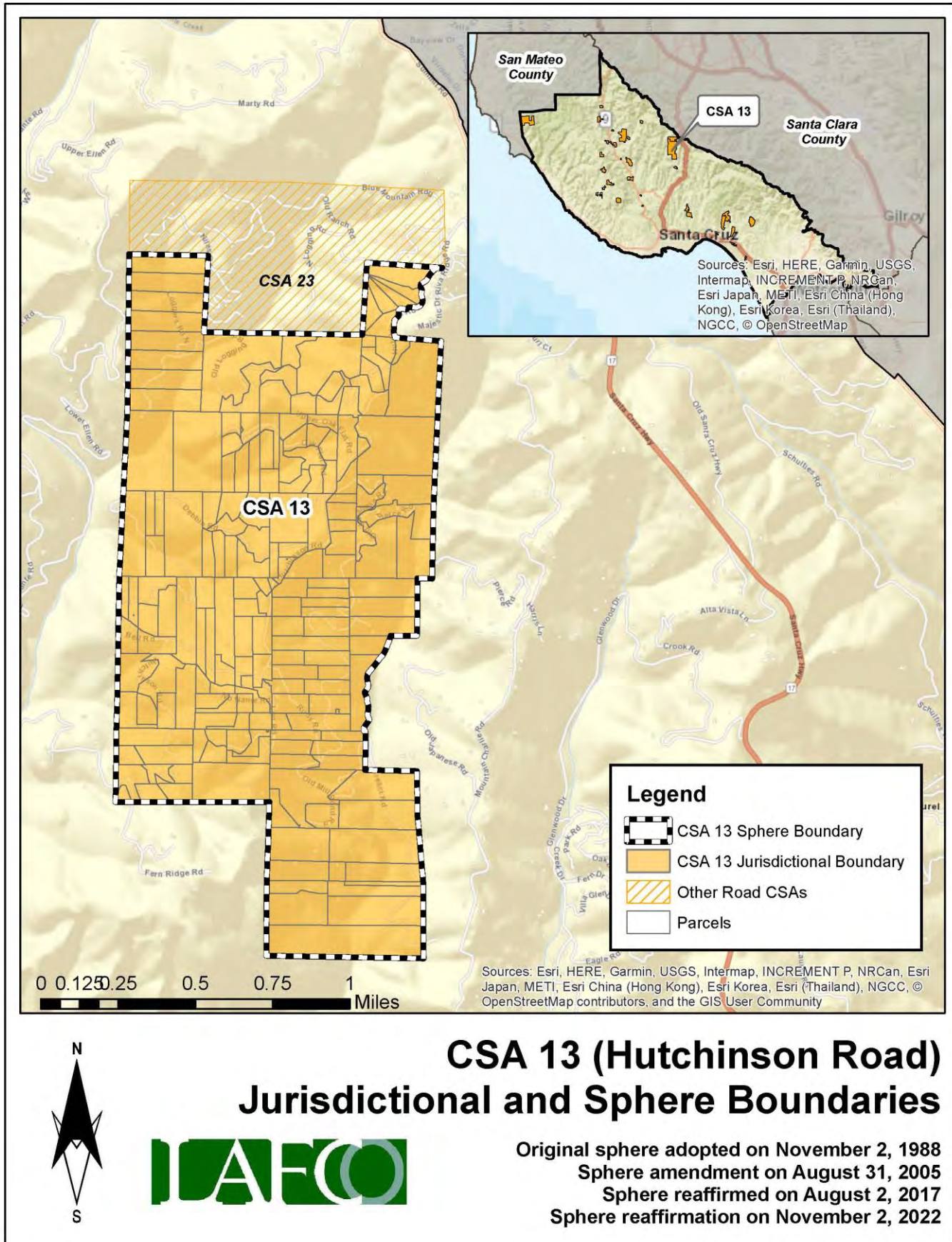


Figure 8: CSA 13's Proposed Sphere Map



District Summary

County Service Area 13	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	12.26 road miles
District Area	1.64 square miles (appx. 1,050 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$151,367</p> <p>Total Expenditure = \$123,430</p> <p>Net Position (Ending Balance) = \$894,021</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 13 in 2020 was estimated to be 555. Based on LAFCO's analysis, the population within the CSA will be approximately 574 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 13 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 13 is financially sound. The CSA ended with a surplus in five of the last six fiscal years during 2016 to 2022. As of June 30, 2022, the total net position balance ended with approximately \$894,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 13 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 13 has 195 parcels within its jurisdictional boundary and provides extended services to approximately 12 miles of road for the residents.

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.

CSA 13 has a population of approximately 555. The constituents fund the CSA through three zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 15 (HUCKLEBERRY WOODS)

Overview

County Service Area 15 was formed on April 4, 1979 with the purpose of providing extended road maintenance. **Appendix 2** provides a copy of the formation resolution. There is a total of 84 parcels within the CSA (totaling approximately 90 acres). **Figure 9**, on page 32, is a vicinity map depicting CSA 15's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential and Rural Residential. **Table 9** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 15 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 15.

Table 9: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 15	\$264.18	\$600.00	\$600.00	\$600.00	\$600.00
<i>Change (%)</i>		127%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 15 was 2020 is estimated to be 73. 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. **Table 10** shows the anticipated population within CSA 15. The average rate of change is 0.86%.

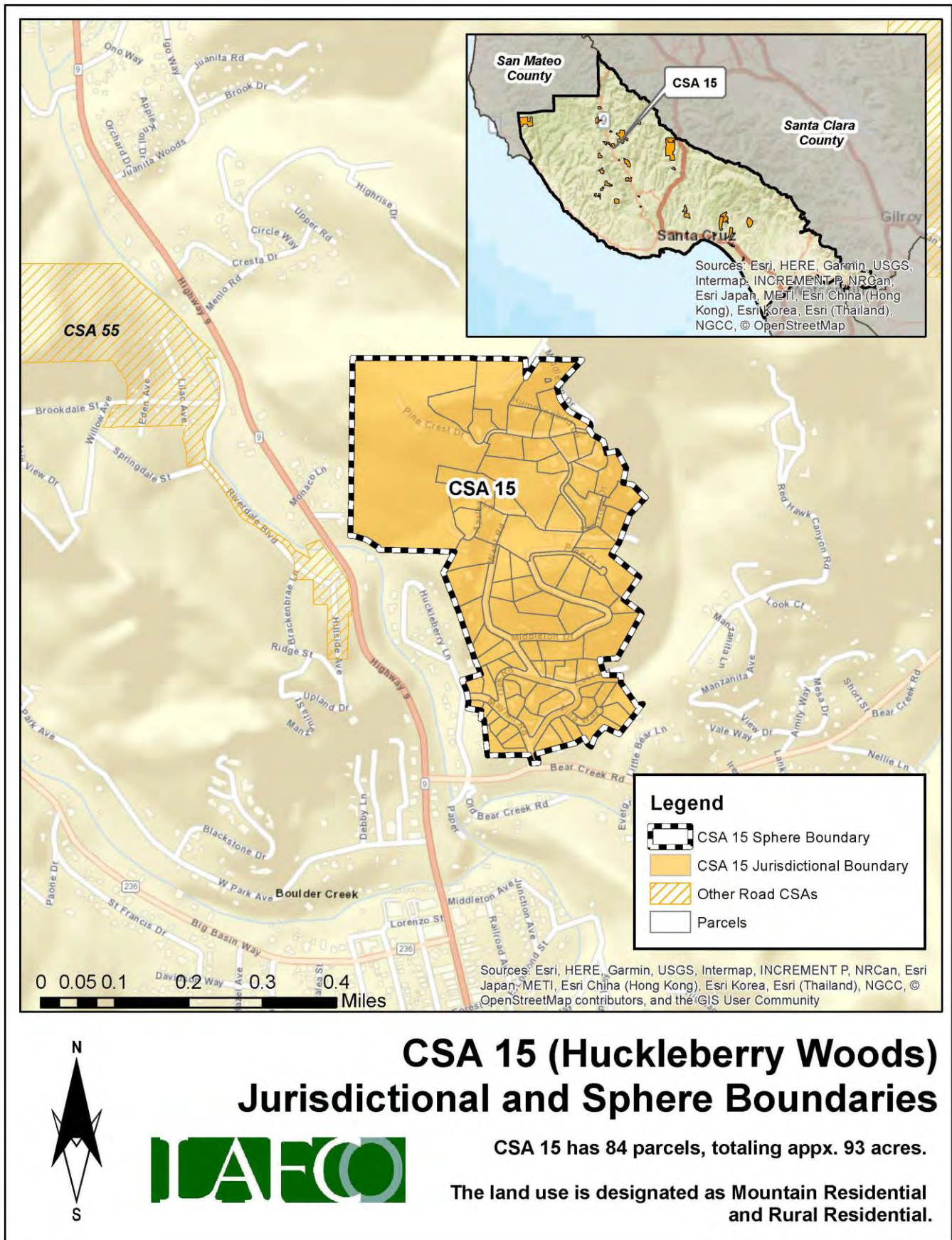
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 15. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 15 will be approximately 76 by 2040.

Table 10: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 15	73	74	74	75	76

Figure 9: CSA 15's Vicinity Map

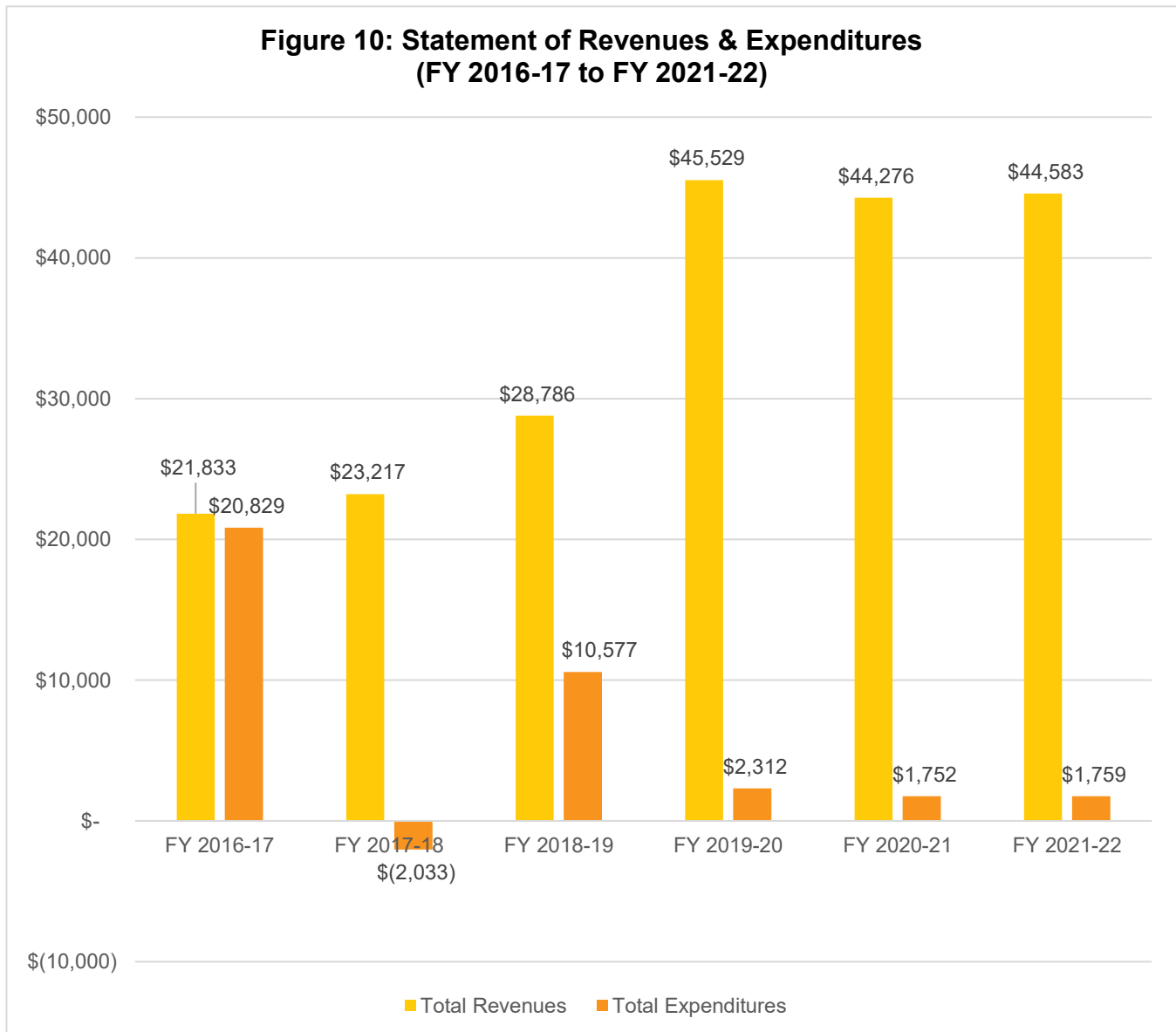


Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 15's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 12** on page 35.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$45,000, representing a 1% increase from the previous year (\$44,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$1,800, which decreased by less than 1% from the previous year (\$1,700 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, as shown in **Figure 10**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.

**Figure 10: Statement of Revenues & Expenditures
(FY 2016-17 to FY 2021-22)**



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$257,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 11** and **Figure 11**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$85,000. Based on this historical trend, LAFCO staff believes the positive balance may continue. This healthy amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 11: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$85,436	\$110,686	\$128,895	\$172,113	\$214,637
Ending Balance	\$85,436	\$110,686	\$128,895	\$172,113	\$214,637	\$257,461
Change (\$)	-	\$25,250	\$18,209	\$43,217	\$42,524	\$42,824

**Figure 11: Net Position from 2016 to 2022
(Ending Balance)**

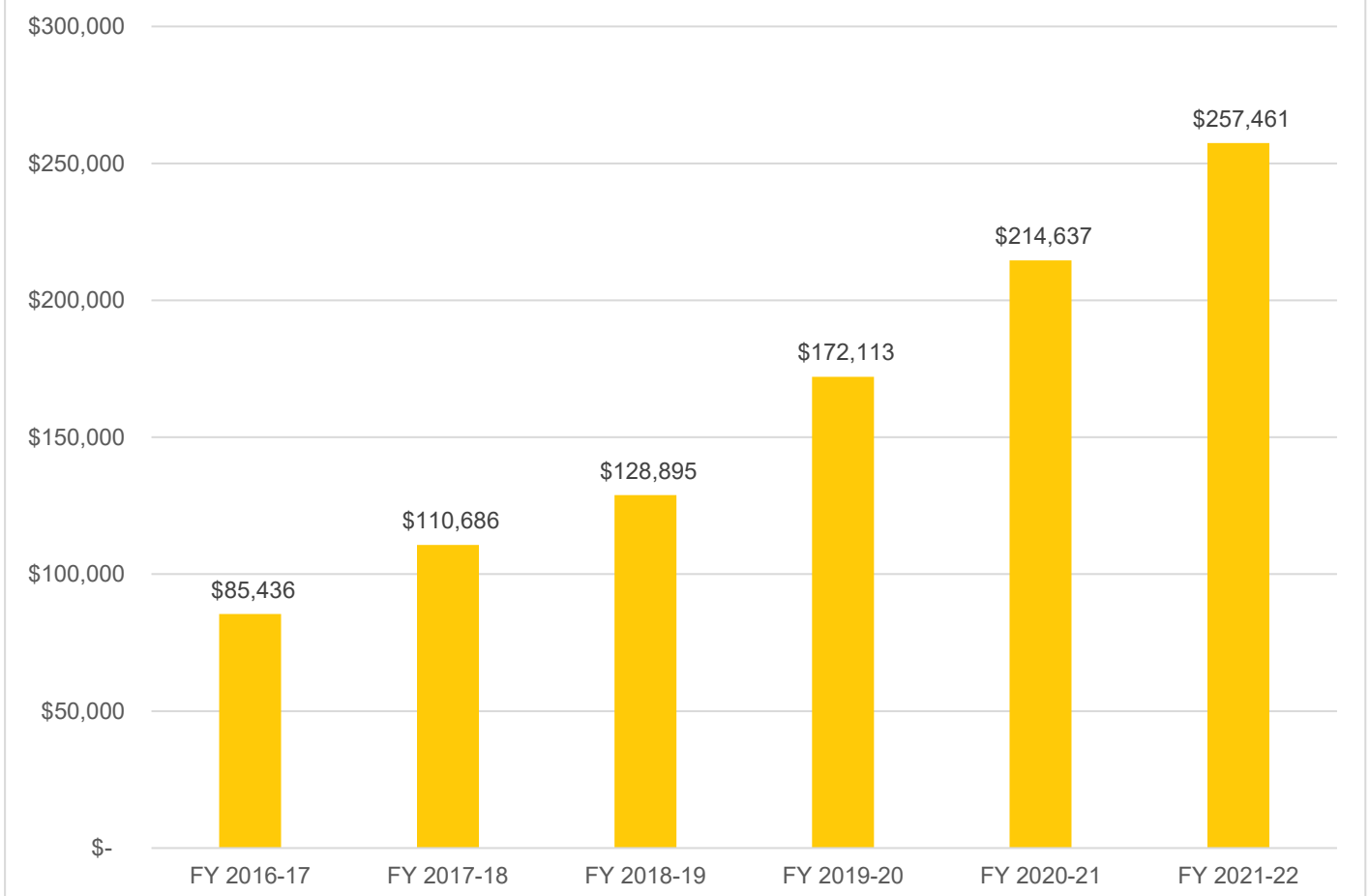


Table 12: Total Revenues & Expenditures

CSA 15	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ 6,050.74	\$ 6,516.17	\$ 7,168.86	\$ 7,609.08	\$ 7,942.60	\$ 8,423.37
Interest	\$ 760.39	\$ 1,230.63	\$ 2,415.76	\$ 2,832.05	\$ 1,252.99	\$ 1,074.70
St-Natural Disaster Assistance			\$ 657.00	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ 39.66	\$ 39.60	\$ 41.00	\$ 42.00	\$ 41.00	\$ 39.00
FED-FEMA			\$ 2,625.00	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 14,982.46	\$ 15,430.76	\$ 15,878.18	\$ 35,046.00	\$ 35,039.40	\$ 35,046.00
Total Revenues	\$ 21,833.25	\$ 23,217.16	\$ 28,785.80	\$ 45,529.13	\$ 44,275.99	\$ 44,583.07
EXPENDITURES						
DPW Services - Huckleberry Woods	\$ 17,347.98	\$ (3,831.55)	\$ 5,862.07	\$ 558.15	\$ 177.72	\$ 166.79
Insurance	\$ 3,342.21	\$ 1,798.50	\$ 972.00	\$ 984.00	\$ 991.00	\$ 1,100.00
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 220.06	\$ 220.06	\$ 224.95
Division Overhead - Admin	\$ -	\$ -	\$ 2,367.89	\$ 275.19	\$ 168.36	\$ 79.06
Dept Overhead Costs	\$ -	\$ -	\$ 1,124.76	\$ 274.44	\$ 194.64	\$ 188.49
Total Expenditures	\$ 20,828.94	\$ (2,033.05)	\$ 10,576.72	\$ 2,311.84	\$ 1,751.78	\$ 1,759.29
Surplus/(Deficit)	\$ 1,004.31	\$ 25,250.21	\$ 18,209.08	\$ 43,217.29	\$ 42,524.21	\$ 42,823.78
FUND BALANCE						
Beginning of Year	\$ -	\$ 85,435.99	\$ 110,686.20	\$ 128,895.28	\$ 172,112.57	\$ 214,636.78
End of Year	\$ 85,435.99	\$ 110,686.20	\$ 128,895.28	\$ 172,112.57	\$ 214,636.78	\$ 257,460.56

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 15's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 12** on page 36 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 84 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 13** on page 37 shows the proposed sphere boundary.

Figure 12: CSA 15's Current Sphere Map

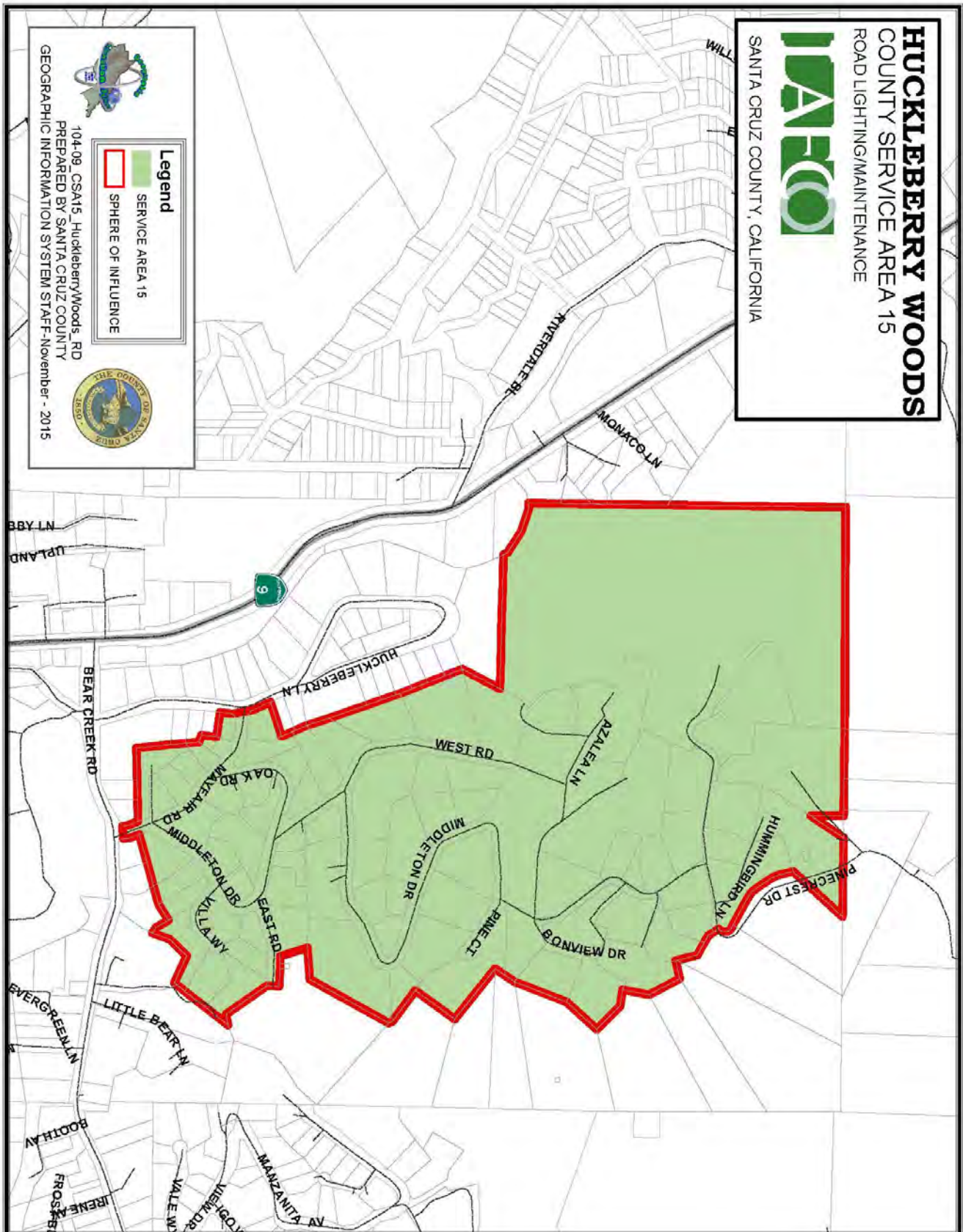
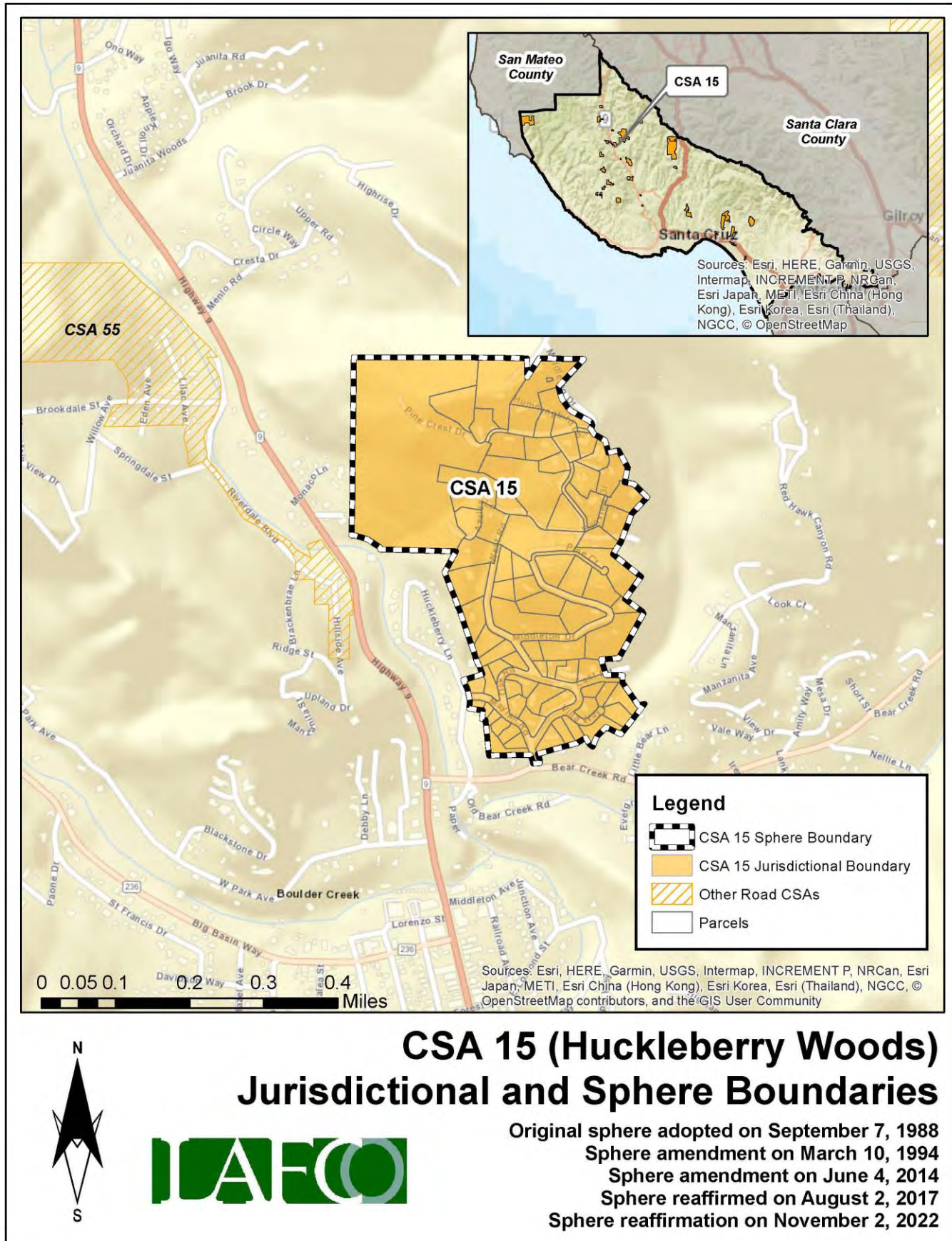


Figure 13: CSA 15's Proposed Sphere Map



District Summary

County Service Area 15	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	Road miles data unavailable
District Area	93 square miles (appx. 59,520 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$44,583</p> <p>Total Expenditure = \$1,759</p> <p>Net Position (Ending Balance) = \$257,461</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 15 in 2020 was estimated to be 73. Based on LAFCO's analysis, the population within the CSA will be approximately 76 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 15 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 15 is financially sound. The CSA ended with a surplus during the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$257,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 15 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 15 has 84 parcels within its jurisdictional boundary and provides extended services to specific road miles within the community. However, the length of road miles was unavailable during LAFCO's analysis.

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.

CSA 15 has a population of approximately 73. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 16 (ROBAK DRIVE)

Overview

County Service Area 16 was formed on April 4, 1979 with the purpose of providing extended maintenance to 0.97 road miles. **Appendix 3** provides a copy of the formation resolution. There is a total of 78 parcels within the CSA (totaling approximately 110 acres). **Figure 14**, on page 42, is a vicinity map depicting CSA 16's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Urban Low Residential. **Table 13** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 16 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 16.

Table 13: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 16	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00
Change (%)		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 16 was 2020 is estimated to be 105. 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. **Table 14** shows the anticipated population within CSA 16. The average rate of change is 0.86%.

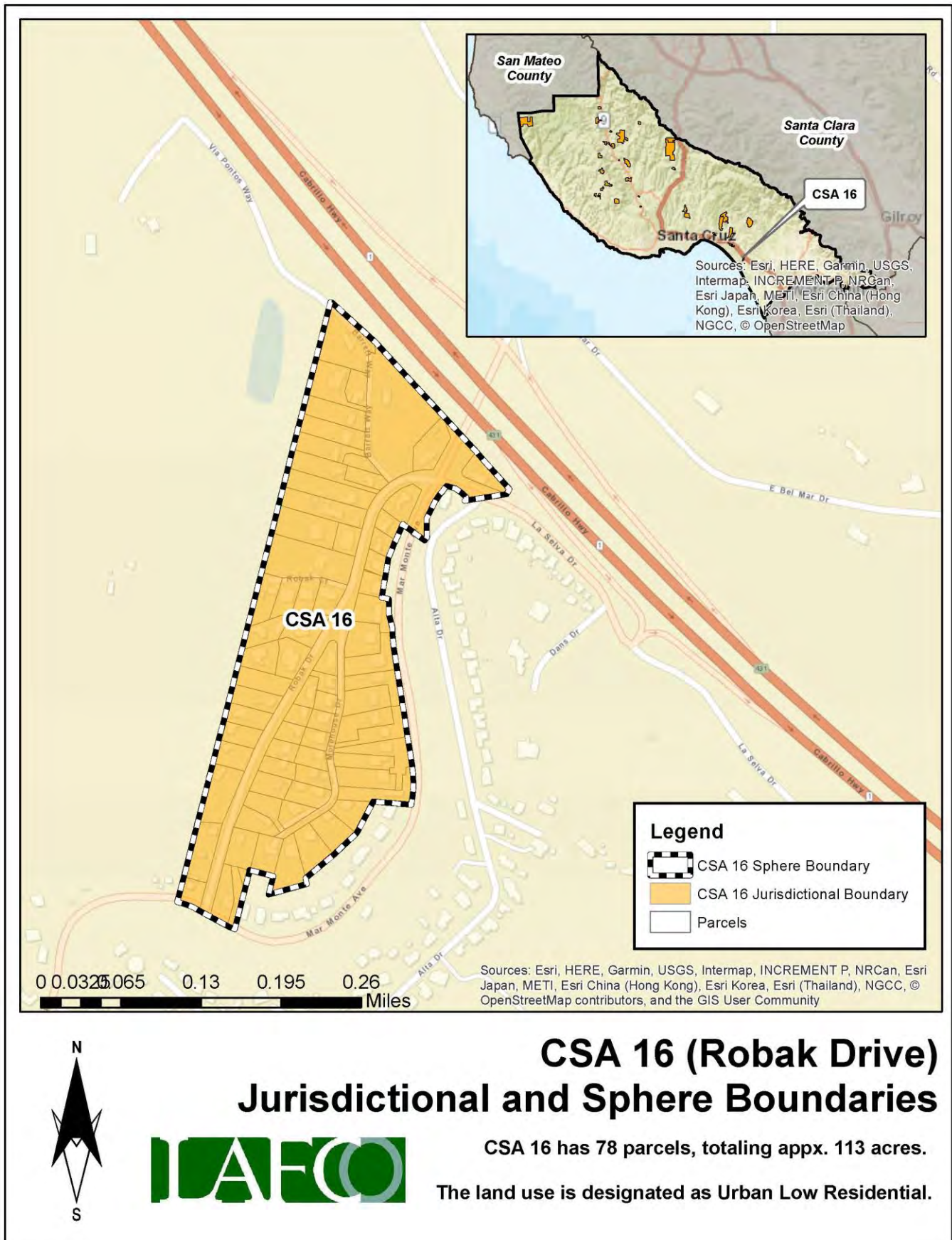
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 16. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 16 will be approximately 109 by 2040.

Table 14: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 16	105	106	107	108	109

Figure 14: CSA 16's Vicinity Map

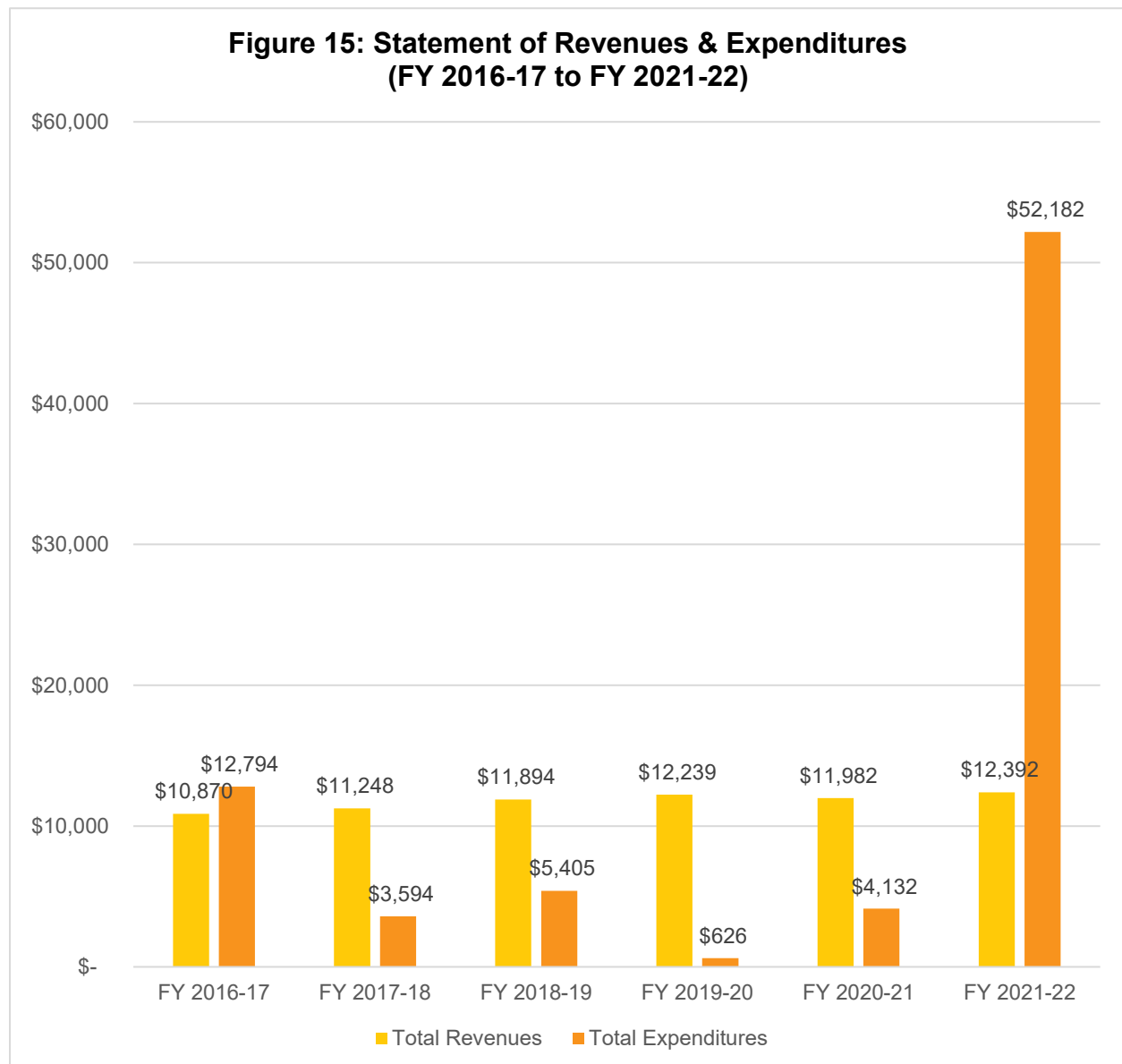


Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 16's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 16** on page 45.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$12,000, representing a 3% increase from the previous year (\$11,900 in FY 20-21). Total expenses for FY 2021-22 were approximately \$52,000, which increased by 1,163% from the previous year (\$4,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17 and FY 2021-22, as shown in **Figure 15**. The deficit was due to a scheduled road improvement project that cost approximately \$45,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.

Fund Balance / Net Position



As of June 30, 2022, the total net position balance ended with approximately \$20,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 15** and **Figure 16**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$20,000. Based on this historical trend, LAFCO staff believes the positive balance may continue. This healthy amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 15: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$26,464.78	\$34,119.10	\$40,608.28	\$52,220.53	\$60,070.49
Ending Balance	\$26,465	\$34,119	\$40,608	\$52,221	\$60,070	\$20,280
Change (\$)	-	\$7,654	\$6,489	\$11,612	\$7,850	\$(39,790)

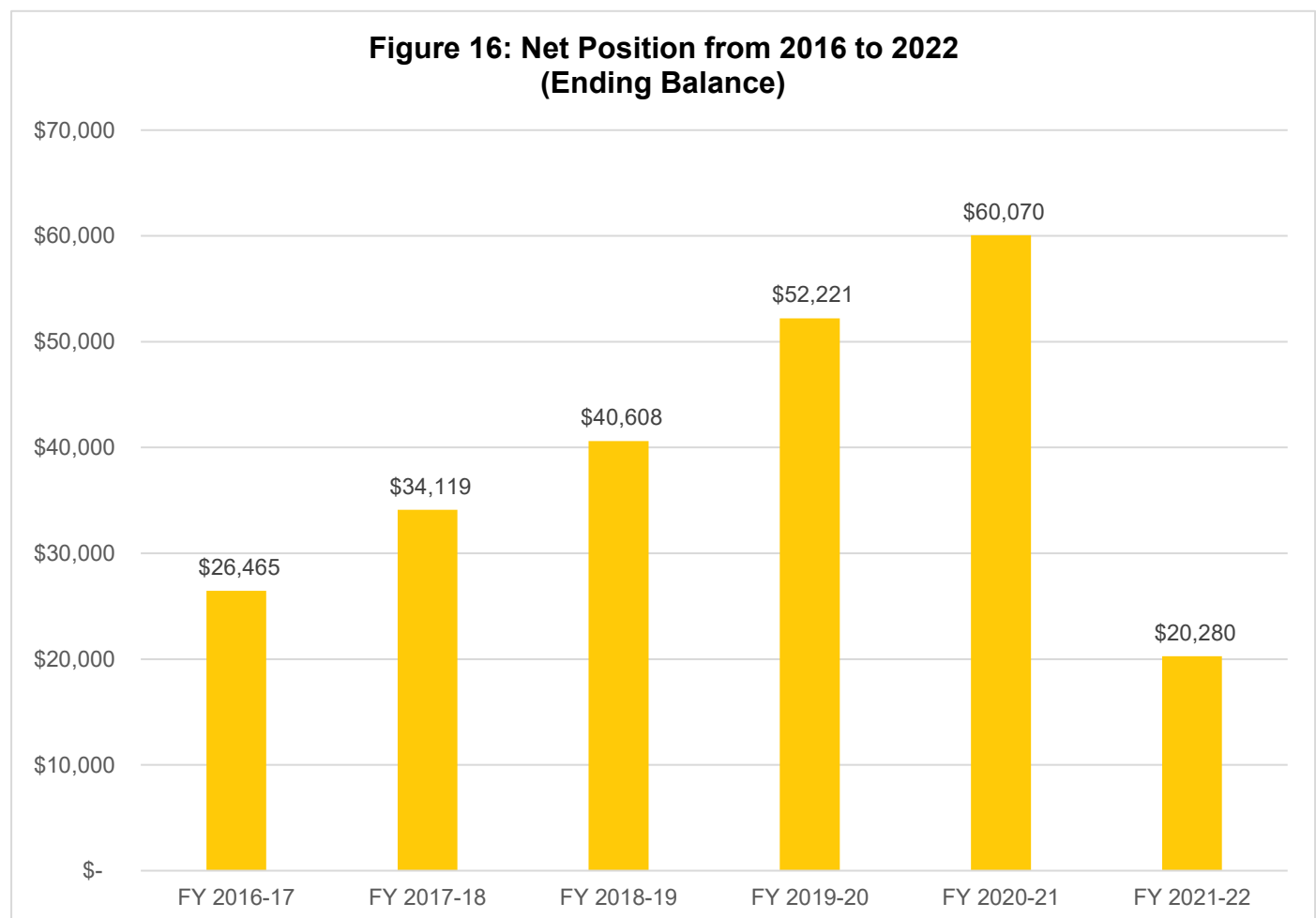


Table 16: Total Revenues & Expenditures

CSA 16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ 6,791.90	\$ 7,032.05	\$ 7,290.35	\$ 7,519.01	\$ 7,768.05	\$ 8,297.26
Interest	\$ 237.38	\$ 377.50	\$ 766.12	\$ 881.84	\$ 377.28	\$ 254.80
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ 45.26	\$ 42.98	\$ 42.00	\$ 42.00	\$ 41.00	\$ 44.00
FED-FEMA	\$ -	\$ -		\$ -	\$ -	\$ -
Other Road & Street Services	\$ 3,795.66	\$ 3,795.66	\$ 3,795.66	\$ 3,795.66	\$ 3,795.66	\$ 3,795.66
Total Revenues	\$ 10,870.20	\$ 11,248.19	\$ 11,894.13	\$ 12,238.51	\$ 11,981.99	\$ 12,391.72
EXPENDITURES						
DPW Services - Robak Drive	\$ 12,655.46	\$ 3,593.87	\$ 3,075.23	\$ 100.22	\$ 3,048.89	\$ 44,703.60
Insurance	\$ -	\$ -	\$ -	\$ -		\$ 1,662.00
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,511.36	\$ 326.55	\$ 499.02	\$ 100.22
Dept Overhead Costs	\$ -	\$ -	\$ 568.36	\$ 74.49	\$ 459.12	\$ 5,590.90
Total Expenditures	\$ 12,794.21	\$ 3,593.87	\$ 5,404.95	\$ 626.26	\$ 4,132.03	\$ 52,181.72
Surplus/(Deficit)	\$ (1,924.01)	\$ 7,654.32	\$ 6,489.18	\$ 11,612.25	\$ 7,849.96	\$ (39,790.00)
FUND BALANCE						
Beginning of Year	\$ -	\$ 26,464.78	\$ 34,119.10	\$ 40,608.28	\$ 52,220.53	\$ 60,070.49
End of Year	\$ 26,464.78	\$ 34,119.10	\$ 40,608.28	\$ 52,220.53	\$ 60,070.49	\$ 20,280.49

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 16's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 17** on page 46 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 78 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 18** on page 47 shows the proposed sphere boundary.

Figure 17: CSA 16's Current Sphere Map

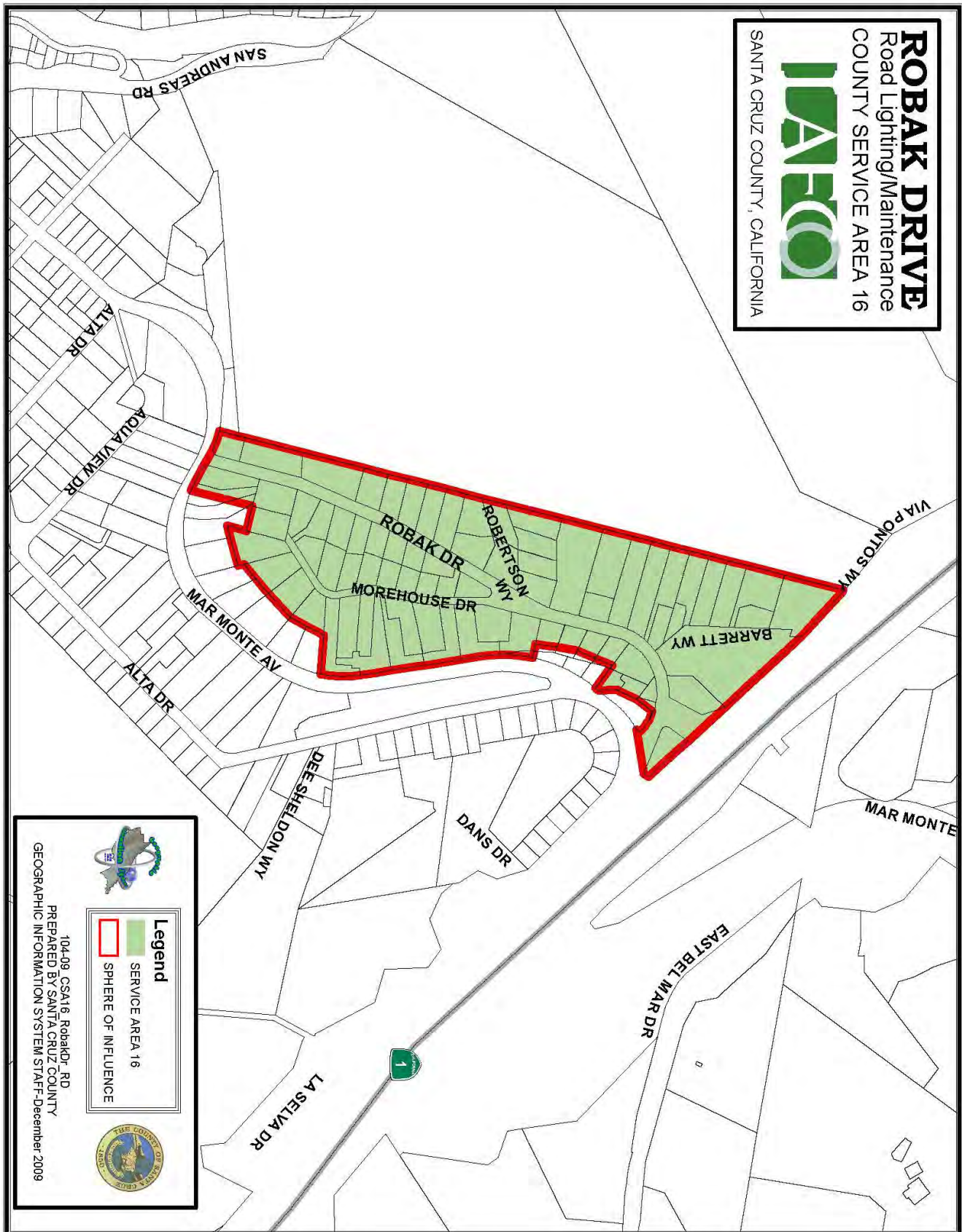
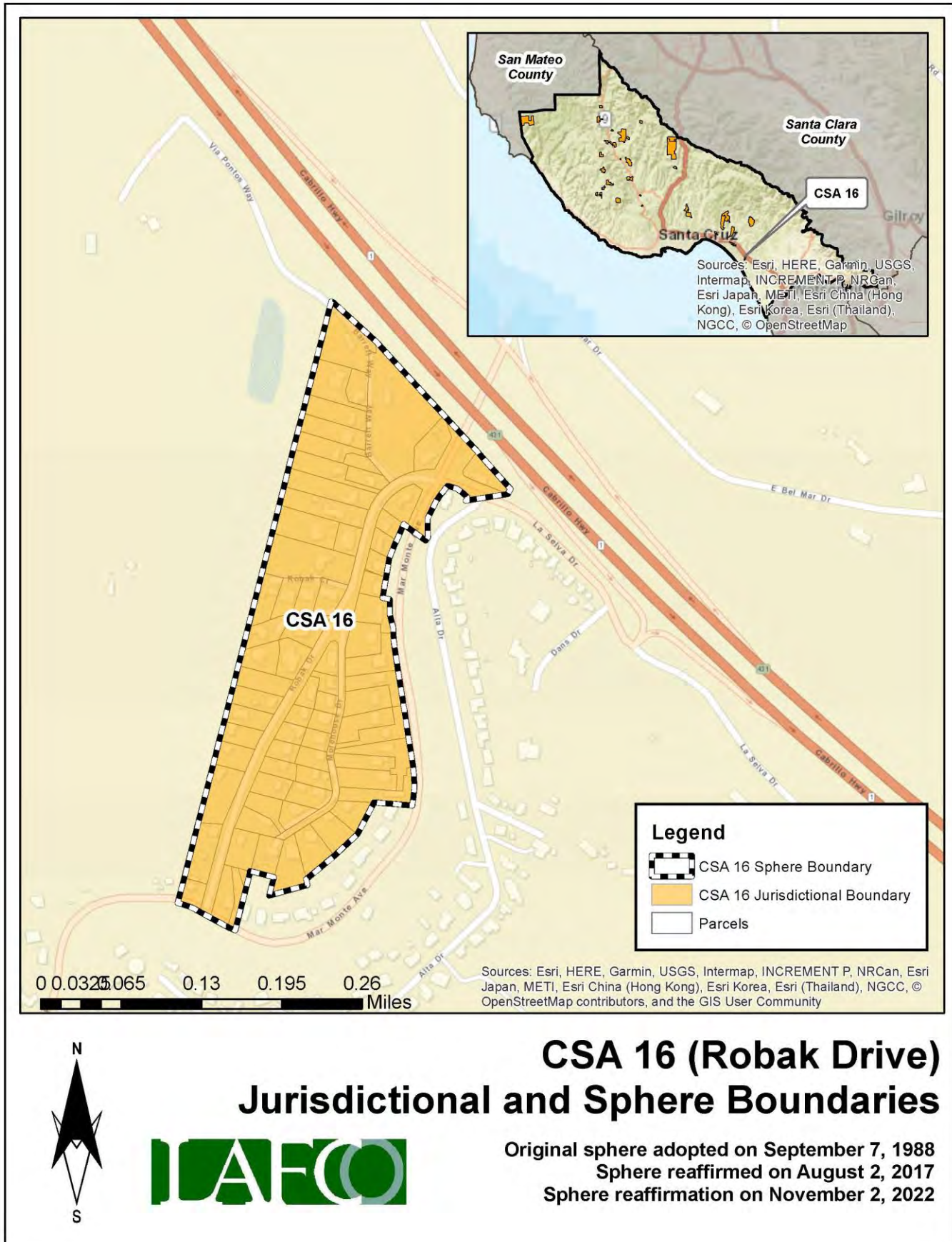


Figure 18: CSA 16's Proposed Sphere Map



District Summary

County Service Area 16	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.97 road miles
District Area	0.18 square miles (appx. 113 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$12,392</p> <p>Total Expenditure = \$52,182</p> <p>Net Position (Ending Balance) = \$20,280</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 16 in 2020 was estimated to be 105. Based on LAFCO's analysis, the population within the CSA will be approximately 109 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 16 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 16 is financially sound. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$20,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Urban Low Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 16 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 16 has 78 parcels within its jurisdictional boundary and provides extended services to approximately 0.97 miles of road for the residents.

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.

CSA 16 has a population of approximately 105. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 17 (EMPIRE ACRES)

Overview

County Service Area 17 was formed on April 4, 1979 with the purpose of providing extended maintenance to 1.5 road miles. **Appendix 4** provides a copy of the formation resolution. There is a total of 67 parcels within the CSA (totaling approximately 210 acres). **Figure 19**, on page 52, is a vicinity map depicting CSA 17's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural Residential. **Table 17** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 17 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 17.

Table 17: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 17	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
<i>Change (%)</i>		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 17 was 2020 is estimated to be 19. 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. **Table 18** shows the anticipated population within CSA 17. The average rate of change is 0.86%.

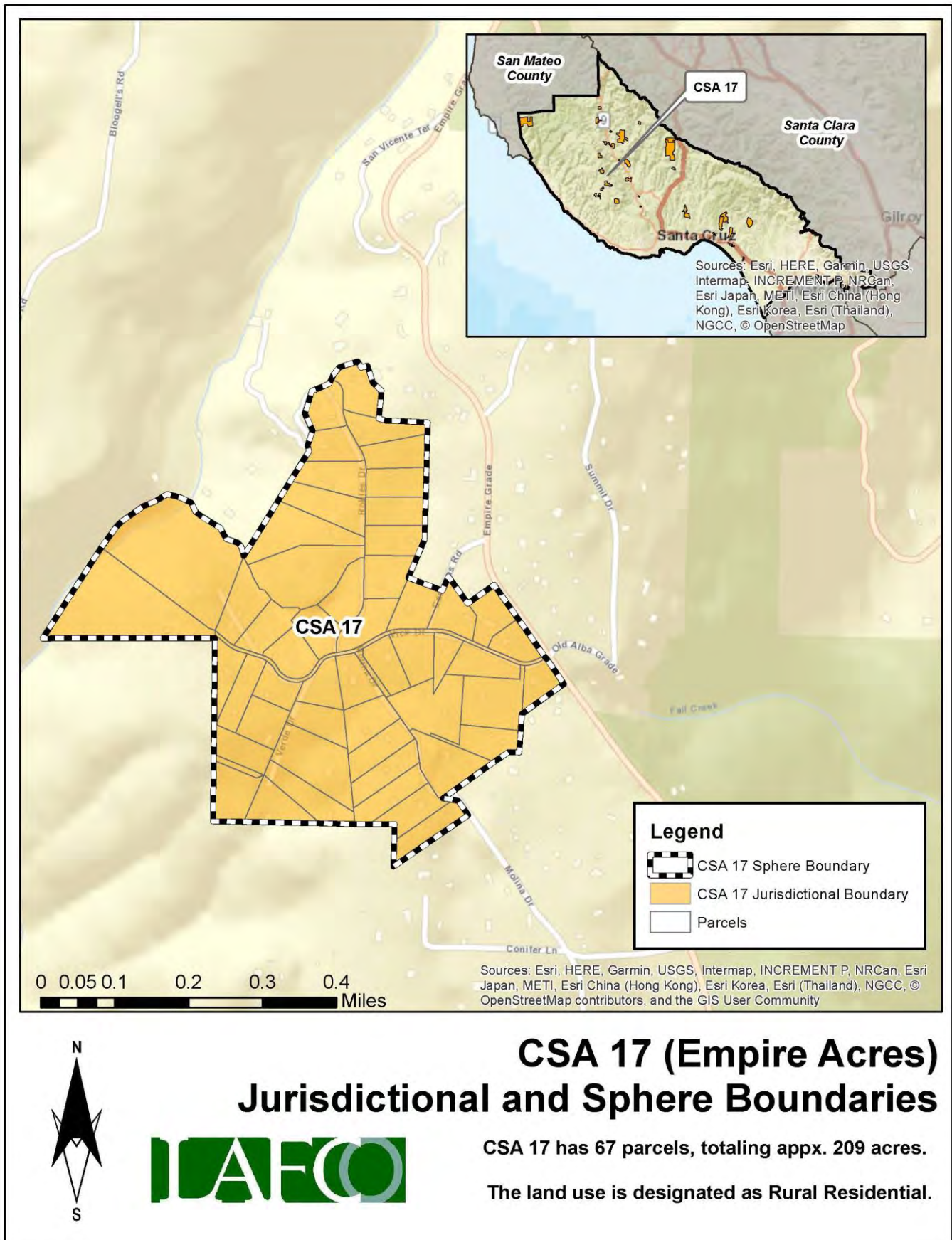
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 17. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 17 will be approximately 20 by 2040.

Table 18: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 17	19	19	19	19	20

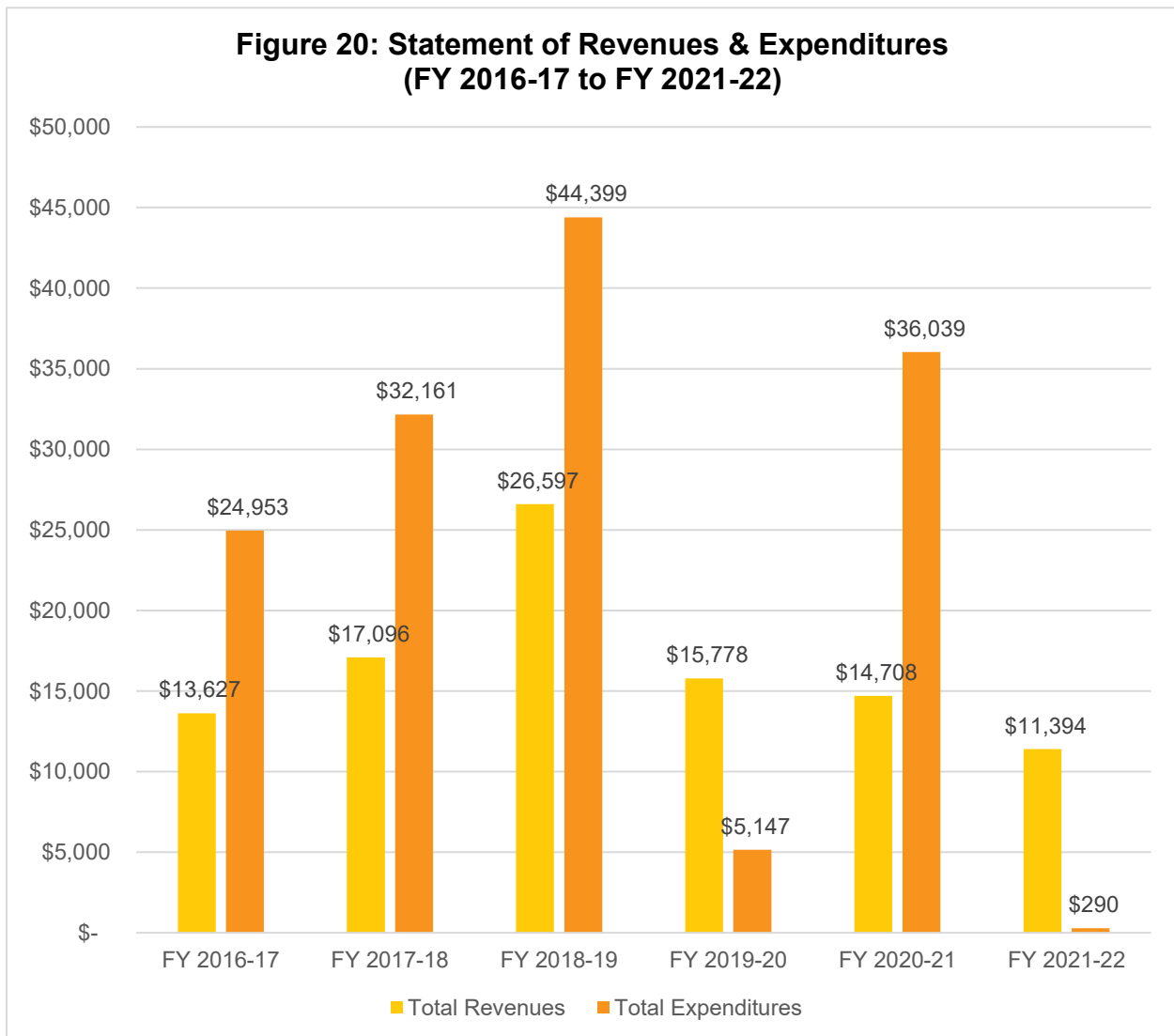
Figure 19: CSA 17's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 17's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 20** on page 55.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$11,000, representing a 23% decrease from the previous year (\$15,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$290, which decreased by 99% from the previous year (\$36,000 in FY 20-21). Since 2016, the CSA ended in a deficit in four of the last six fiscal years, as shown in **Figure 20**. LAFCO staff believes that the overall negative trend may continue unless the County collects the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$114,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 19** and **Figure 21**, the CSA's fund balance has decreased over the years but has maintained an annual balance above \$100,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 19: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$146,822.62	\$131,757.53	\$113,955.59	\$124,587.39	\$103,257.01
Ending Balance	\$146,823	\$131,758	\$113,956	\$124,587	\$103,257	\$114,362
Change (\$)	-	\$(15,065)	\$(17,802)	\$10,632	\$(21,330)	\$11,105

**Figure 21: Net Position from 2016 to 2022
(Ending Balance)**

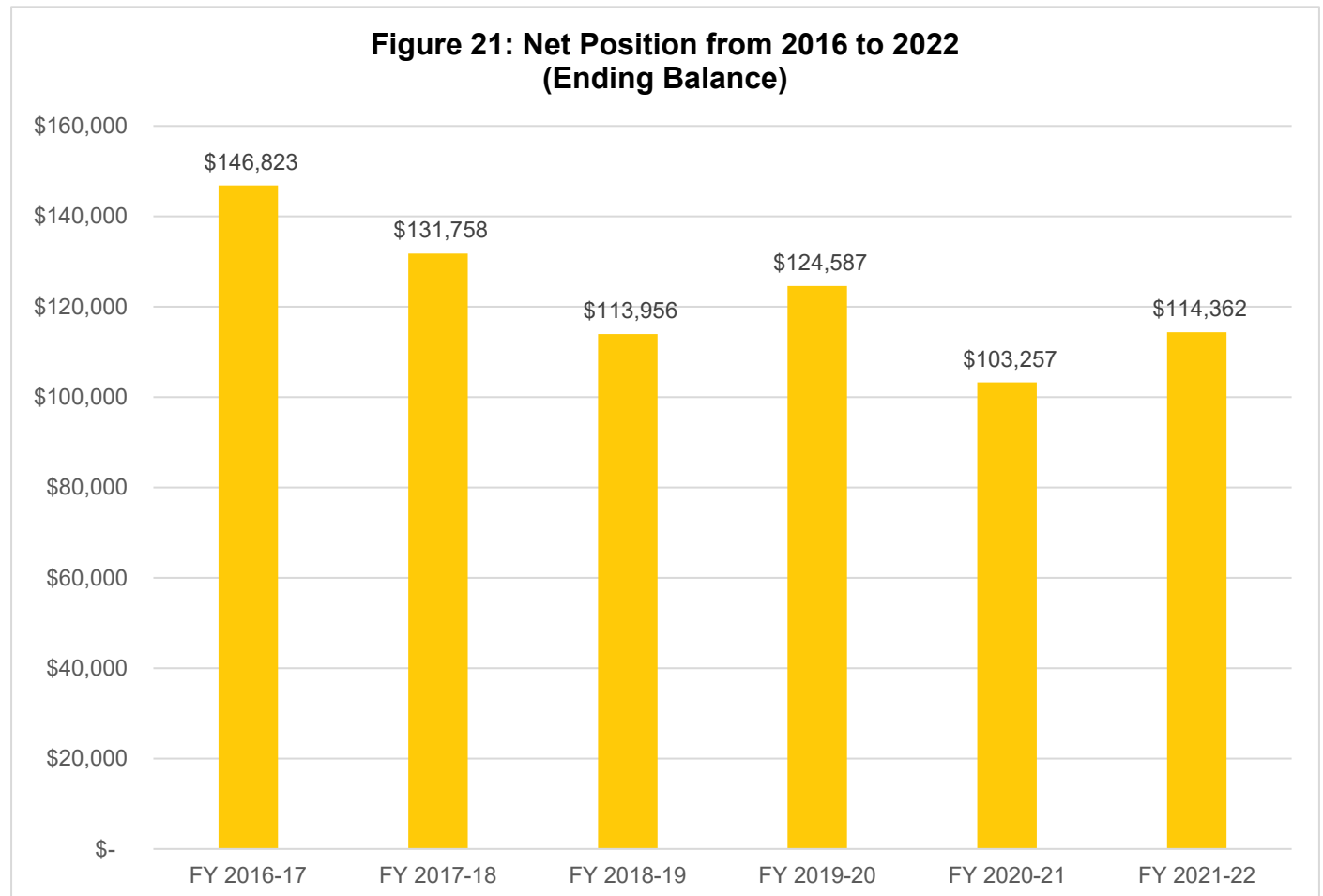


Table 20: Total Revenues & Expenditures

CSA 17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ 5,917.60	\$ 6,112.76	\$ 7,018.19	\$ 7,111.92	\$ 7,509.07	\$ 4,551.24
Interest	\$ 1,360.77	\$ 1,644.48	\$ 2,354.00	\$ 2,317.26	\$ 850.05	\$ 495.71
St-Natural Disaster Assistance	\$ -	\$ 2,991.00	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ 38.28	\$ 36.06	\$ 39.00	\$ 38.00	\$ 38.00	\$ 36.00
FED-FEMA	\$ -	\$ -	\$ 10,875.00	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 6,310.74	\$ 6,311.24	\$ 6,311.24	\$ 6,311.24	\$ 6,311.24	\$ 6,311.24
Total Revenues	\$ 13,627	\$ 17,096	\$ 26,597	\$ 15,778	\$ 14,708	\$ 11,394
EXPENDITURES						
DPW Services - Empire Acres	\$ 24,814.41	\$ 32,160.63	\$ 38,326.72	\$ 4,211.64	\$ 31,170.66	\$ 133.54
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,073.29	\$ 224.53	\$ 738.77	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 4,749.36	\$ 585.45	\$ 4,004.31	\$ 31.02
Total Expenditures	\$ 24,953	\$ 32,161	\$ 44,399	\$ 5,147	\$ 36,039	\$ 290
Surplus/(Deficit)	<u>\$ (11,325.77)</u>	<u>\$ (15,065.09)</u>	<u>\$ (17,801.94)</u>	<u>\$ 10,631.80</u>	<u>\$ (21,330.38)</u>	<u>\$ 11,104.63</u>
FUND BALANCE						
Beginning of Year	\$ -	\$ 146,822.62	\$ 131,757.53	\$ 113,955.59	\$ 124,587.39	\$ 103,257.01
End of Year	\$ 146,823	\$ 131,758	\$ 113,956	\$ 124,587	\$ 103,257	\$ 114,362

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 17's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 22** on page 56 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 67 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 23** on page 57 shows the proposed sphere boundary.

Figure 22: CSA 17's Current Sphere Map

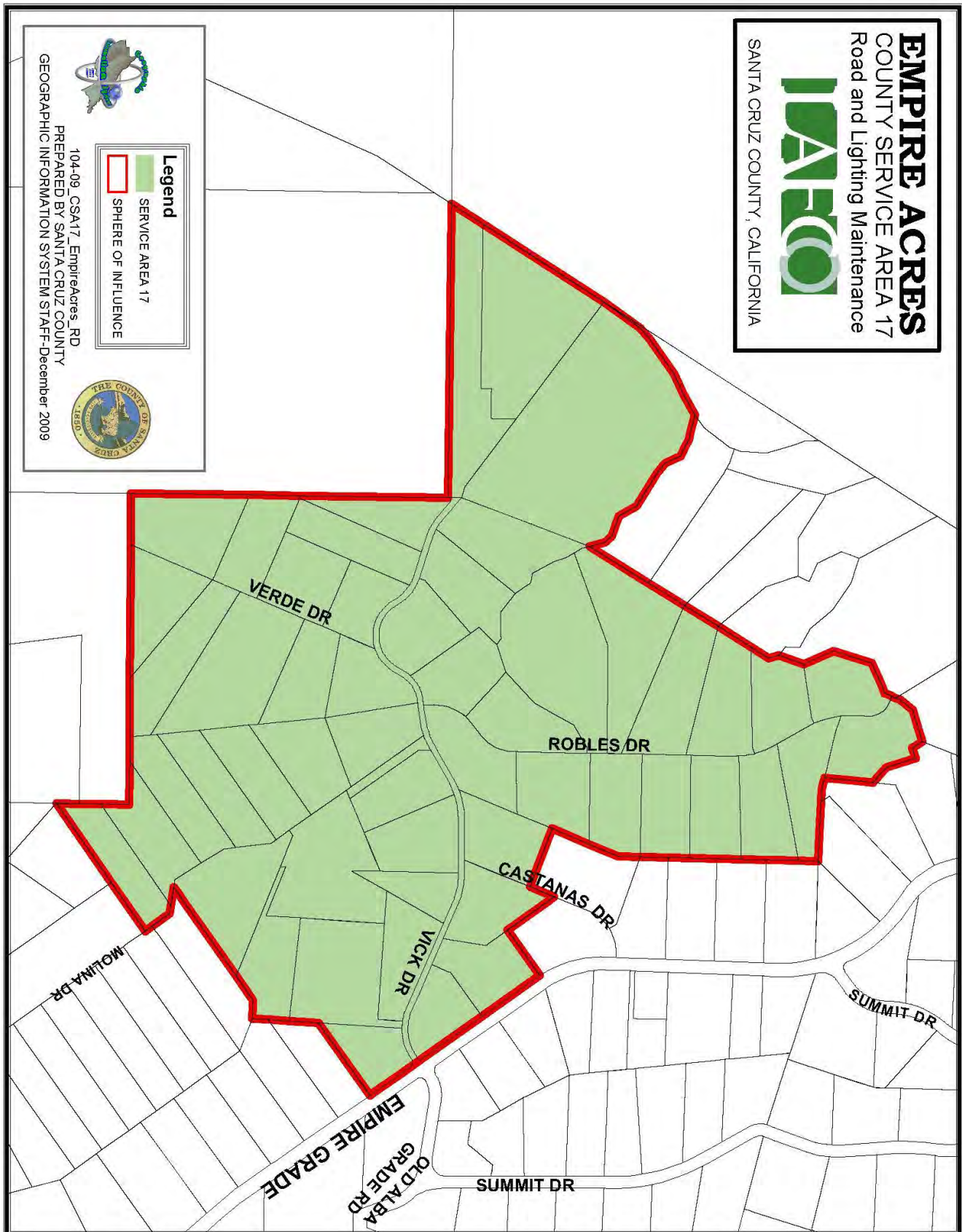
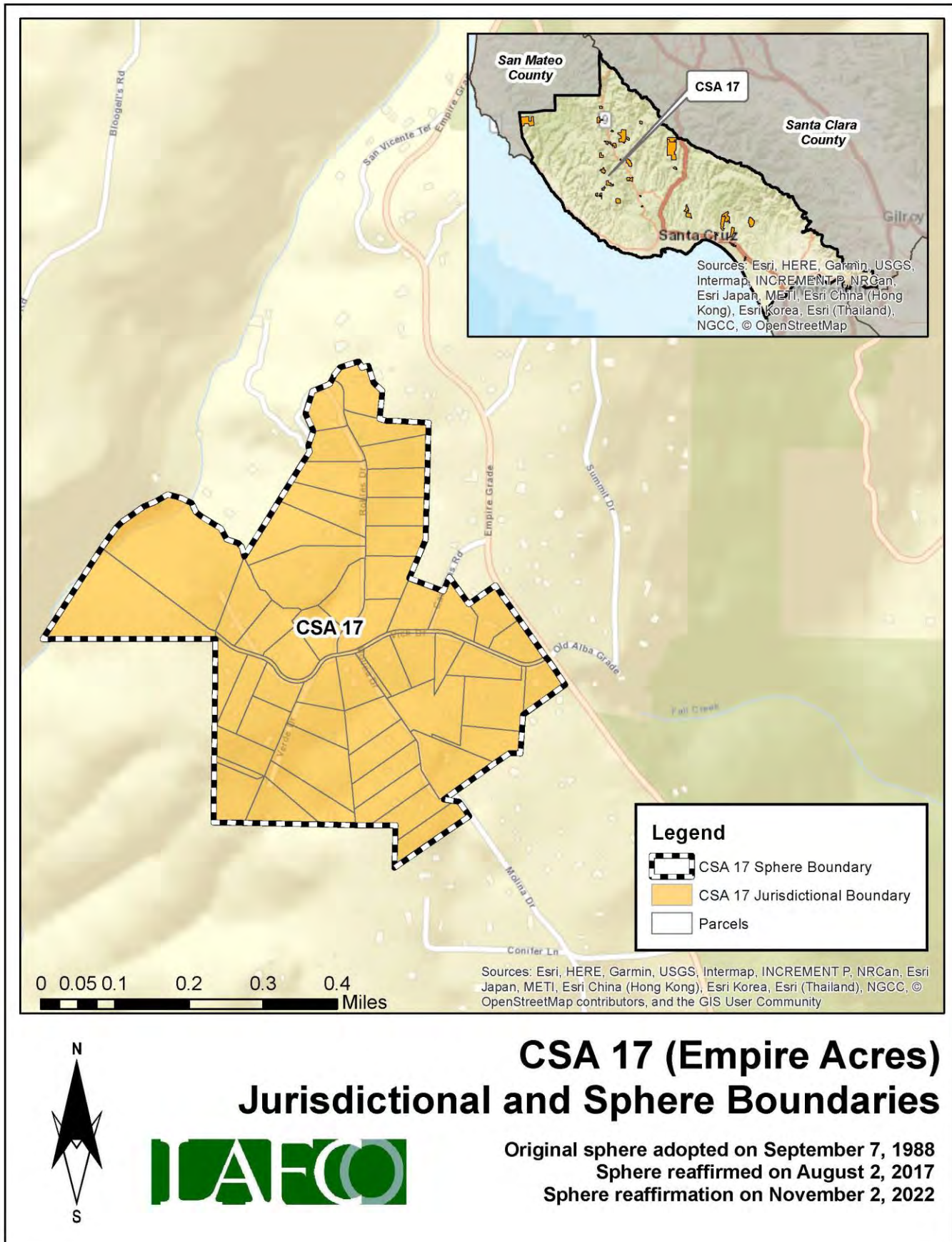


Figure 23: CSA 17's Proposed Sphere Map



District Summary

County Service Area 17	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.52 road miles
District Area	0.33 square miles (appx. 209 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$11,394</p> <p>Total Expenditure = \$290</p> <p>Net Position (Ending Balance) = \$114,362</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 17 in 2020 was estimated to be 19. Based on LAFCO's analysis, the population within the CSA will be approximately 20 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 17 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 17 is financially distressed. The CSA ended with a deficit in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$114,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 17 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 17 has 67 parcels within its jurisdictional boundary and provides extended services to approximately 1.52 miles of road for the residents.

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.

CSA 17 has a population of approximately 19. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 18 (WHITEHOUSE CANYON)

Overview

County Service Area 18 was formed on April 4, 1979 with the purpose of providing extended maintenance to 3.67 road miles. **Appendix 5** provides a copy of the formation resolution. There is a total of 54 parcels within the CSA (totaling approximately 2,000 acres). **Figure 24**, on page 62, is a vicinity map depicting CSA 18's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 21** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 18 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 18.

Table 21: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 18	\$50.00	\$125.00	\$250.00	\$50.00	\$100.00
<i>Change (%)</i>		150%	100%	-80%	100%

Population and Growth

Based on staff's analysis, the population of CSA 18 was 2020 is estimated to be 8. 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. **Table 22** shows the anticipated population within CSA 18. The average rate of change is 0.86%.

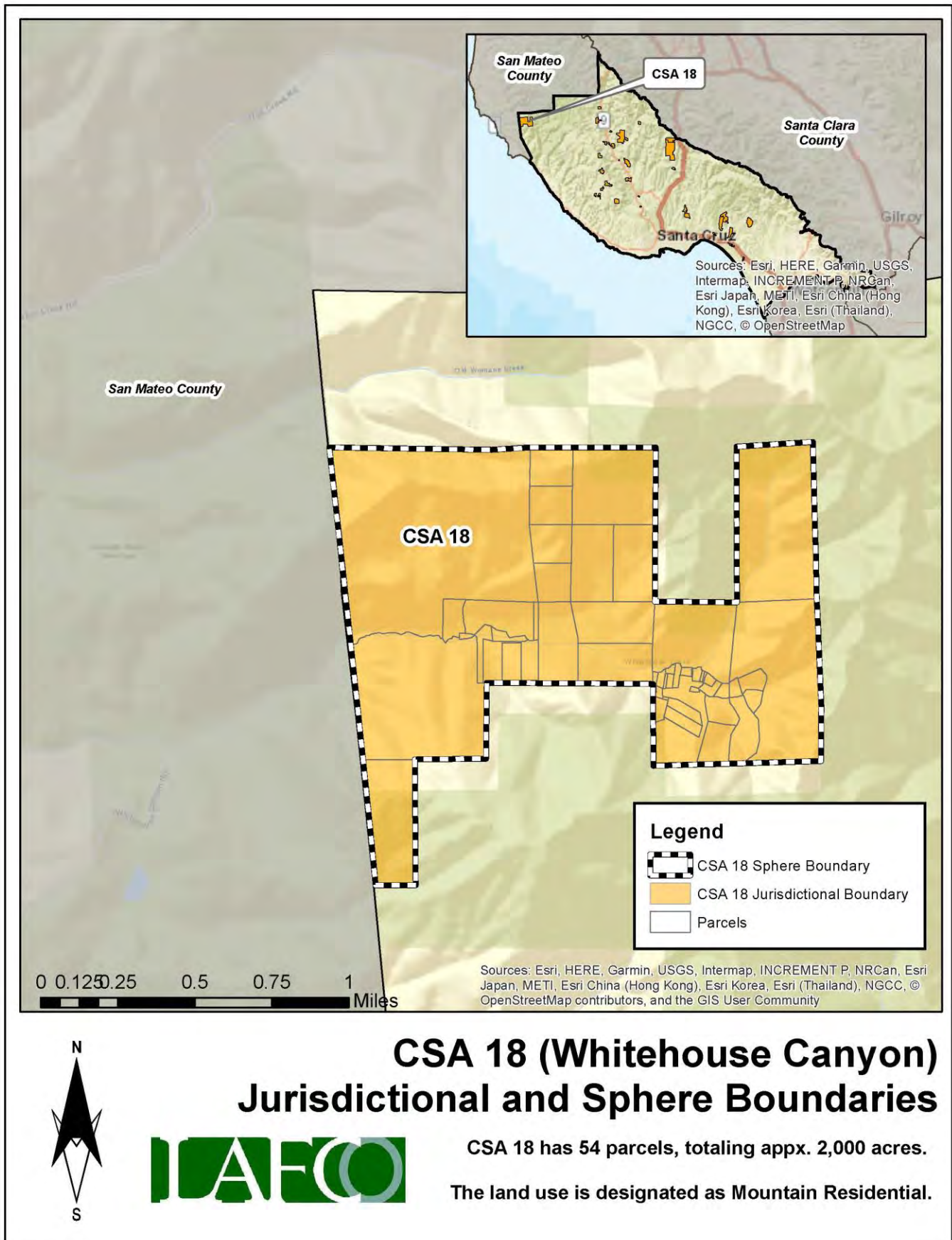
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 18. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 18 will be approximately 8 by 2040.

Table 22: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 18	8	8	8	8	8

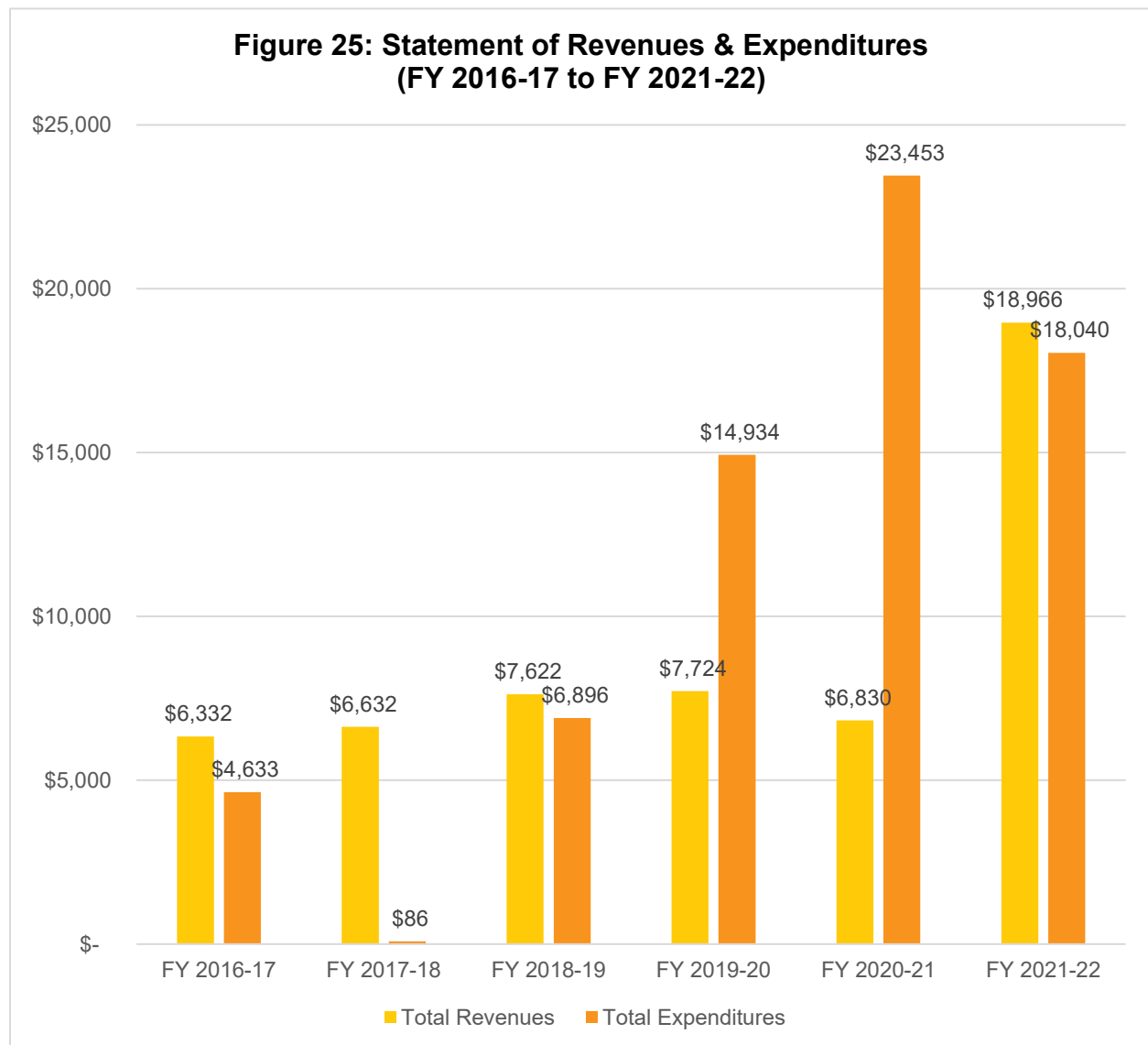
Figure 24: CSA 18's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 18's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 24** on page 65.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$19,000, representing a 178% increase from the previous year (\$7,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$18,000, which decreased by 23% from the previous year (\$23,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2019-20 and FY 2020-21, as shown in **Figure 25**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$51,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 23** and **Figure 26**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$49,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 23: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$66,307.14	\$72,853.65	\$73,579.78	\$66,369.57	\$49,746.21
Ending Balance	\$66,307	\$72,854	\$73,580	\$66,370	\$49,746	\$50,672
Change (\$)	-	\$6,547	\$726	\$(7,210)	\$(16,623)	\$926

**Figure 26: Net Position from 2016 to 2022
(Ending Balance)**

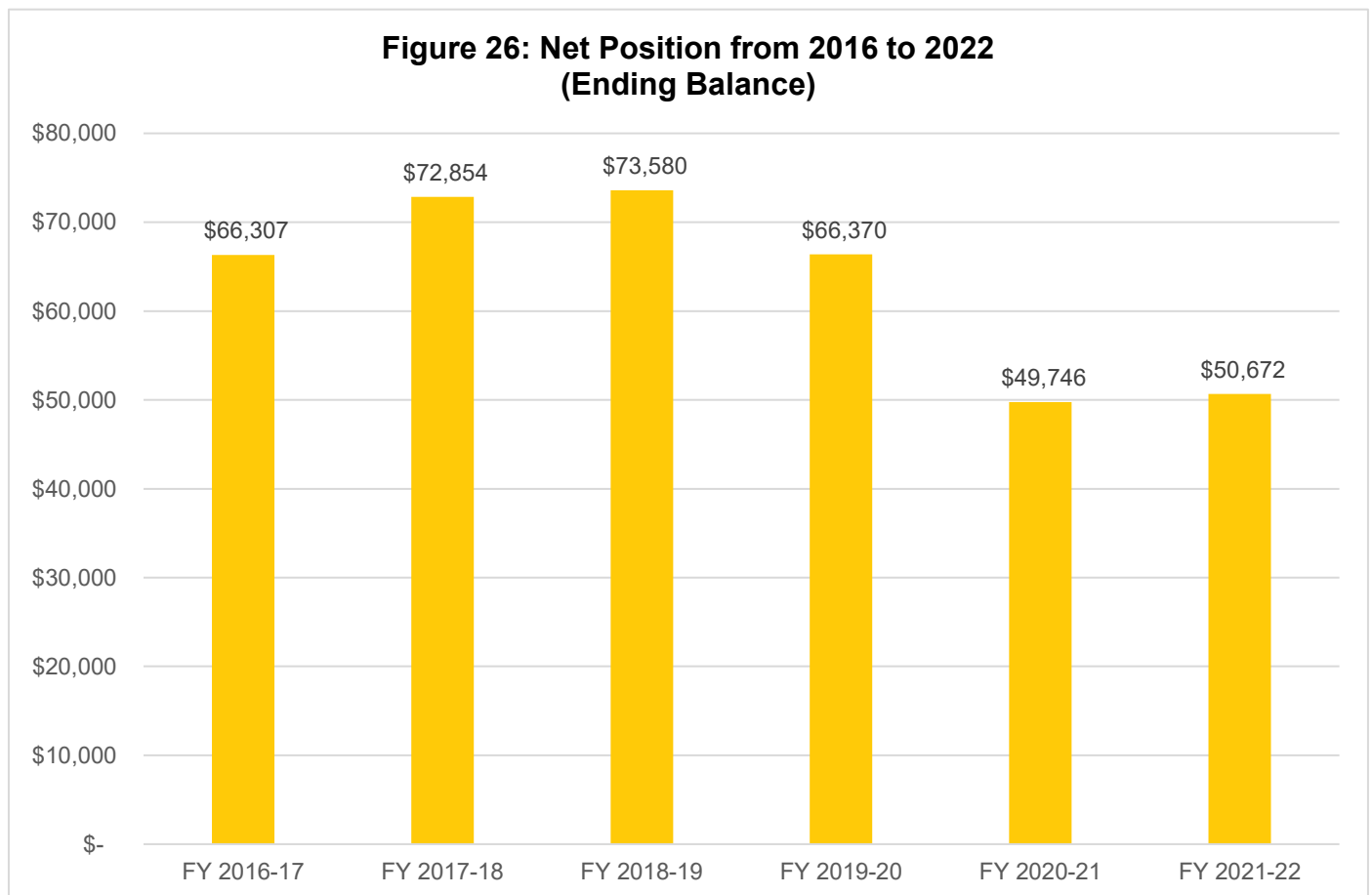


Table 24: Total Revenues & Expenditures

CSA 18	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ 3,706.78	\$ 3,795.60	\$ 4,184.54	\$ 4,234.28	\$ 4,428.90	\$ 2,606.86
Interest	\$ 571.03	\$ 833.65	\$ 1,434.55	\$ 1,487.29	\$ 416.44	\$ 275.51
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,420.00
St-Homeowners' Prop Tax Relief	\$ 24.78	\$ 22.80	\$ 23.00	\$ 22.00	\$ 22.00	\$ 22.00
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,681.56
Other Road & Street Services	\$ 2,029.50	\$ 1,980.00	\$ 1,980.00	\$ 1,980.00	\$ 1,962.55	\$ 3,960.00
Total Revenues	\$ 6,332.09	\$ 6,632.05	\$ 7,622.09	\$ 7,723.57	\$ 6,829.89	\$ 18,965.93
EXPENDITURES						
DPW Services - Whitehouse Canyon	\$ 4,494.26	\$ 85.54	\$ 245.38	\$ 12,688.12	\$ 17,920.05	\$ 15,849.66
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 5,667.93	\$ 344.39	\$ 2,856.85	\$ 148.26
Dept Overhead Costs	\$ -	\$ -	\$ 732.65	\$ 1,776.27	\$ 2,551.35	\$ 1,916.96
Total Expenditures	\$ 4,633.01	\$ 85.54	\$ 6,895.96	\$ 14,933.78	\$ 23,453.25	\$ 18,039.88
Surplus/(Deficit)	\$ 1,699.08	\$ 6,546.51	\$ 726.13	\$ (7,210.21)	\$ (16,623.36)	\$ 926.05
FUND BALANCE						
Beginning of Year	\$ -	\$ 66,307.14	\$ 72,853.65	\$ 73,579.78	\$ 66,369.57	\$ 49,746.21
End of Year	\$ 66,307.14	\$ 72,853.65	\$ 73,579.78	\$ 66,369.57	\$ 49,746.21	\$ 50,672.26

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 17's first sphere of influence on October 5, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 27** on page 66 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 54 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 28** on page 67 shows the proposed sphere boundary.

Figure 27: CSA 18's Current Sphere Map

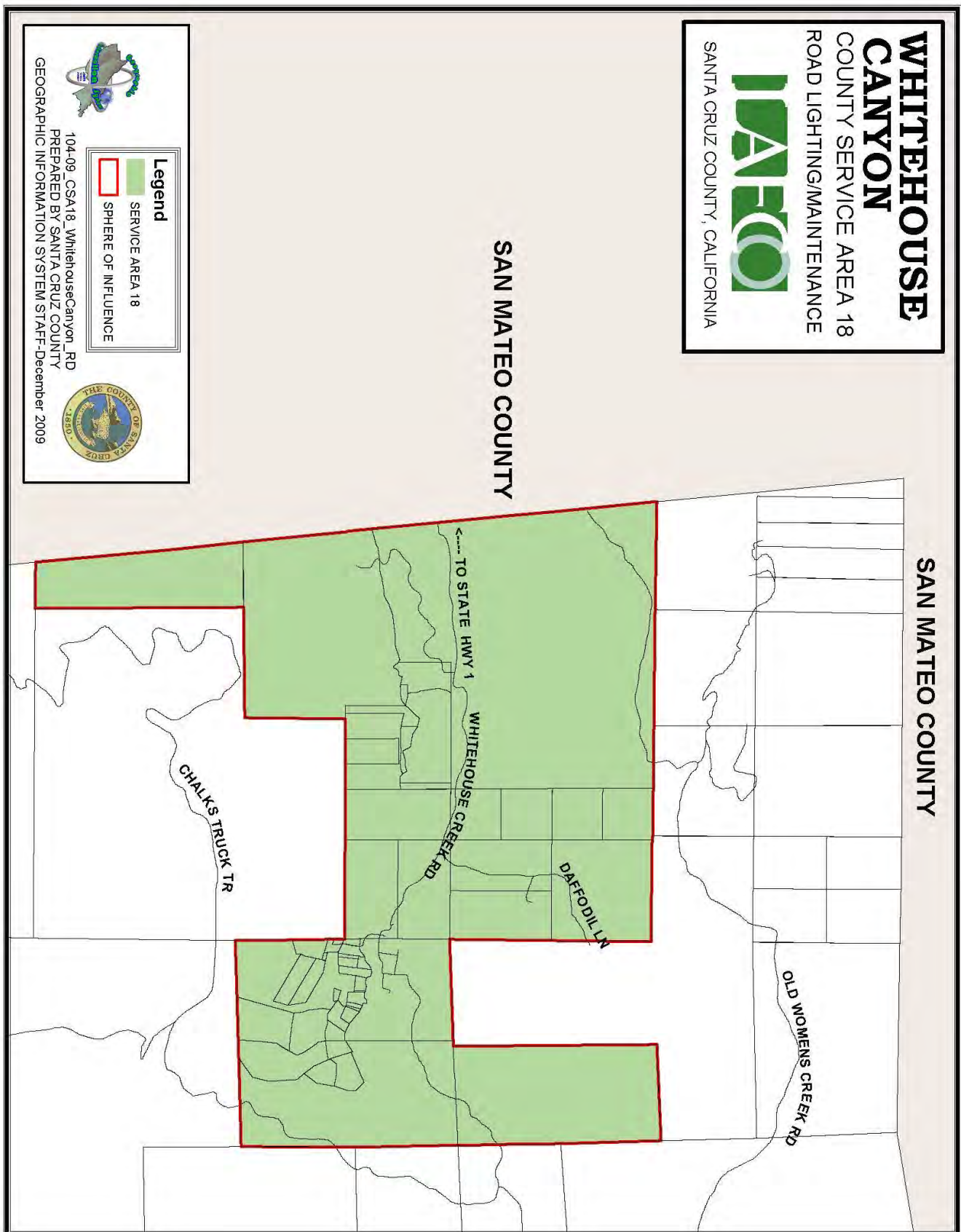
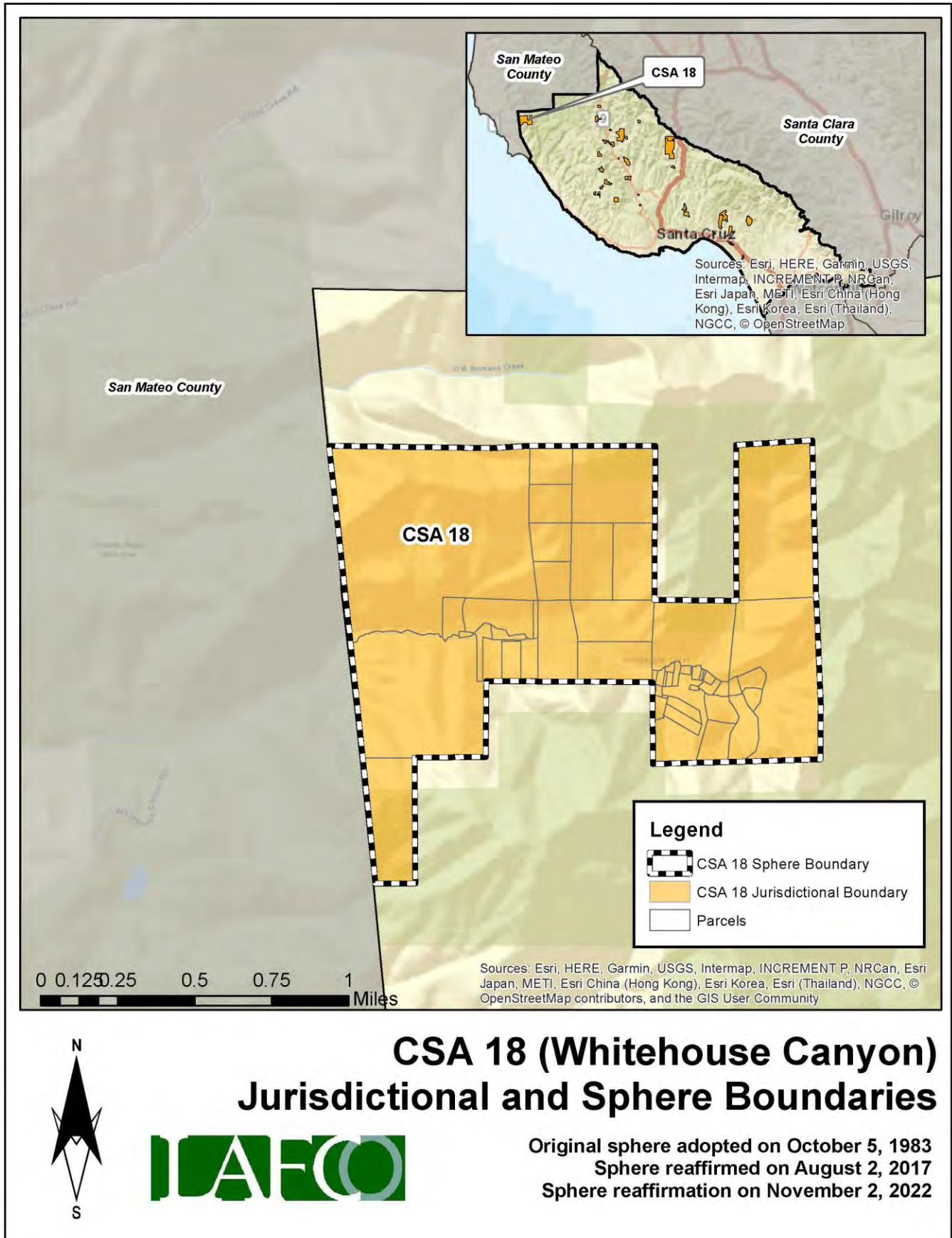


Figure 28: CSA 18's Proposed Sphere Map



District Summary

County Service Area 18	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	3.67 road miles
District Area	3.17 square miles (appx. 2,029 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$18,966</p> <p>Total Expenditure = \$18,040</p> <p>Net Position (Ending Balance) = \$50,672</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 18 in 2020 was estimated to be 8. Based on LAFCO's analysis, the population within the CSA will be approximately 8 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 18 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 18 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$51,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 18 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 18 has 54 parcels within its jurisdictional boundary and provides extended services to approximately 3.67 miles of road for the residents.

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.

CSA 18 has a population of approximately 8. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 21 (WESTDALE)

Overview

County Service Area 21 was formed on May 7, 1980 with the purpose of providing extended maintenance to 0.88 road miles. **Appendix 6** provides a copy of the formation resolution. There is a total of 39 parcels within the CSA (totaling approximately 50 acres). **Figure 29**, on page 72, is a vicinity map depicting CSA 21's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural Residential. **Table 25** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 21 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 21.

Table 25: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 21	\$103.00	\$105.98	\$110.10	\$113.72	\$115.64
Change (%)		3%	4%	3%	2%

Population and Growth

Based on staff's analysis, the population of CSA 21 was 2020 is estimated to be 69. 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. **Table 26** shows the anticipated population within CSA 21. The average rate of change is 0.86%.

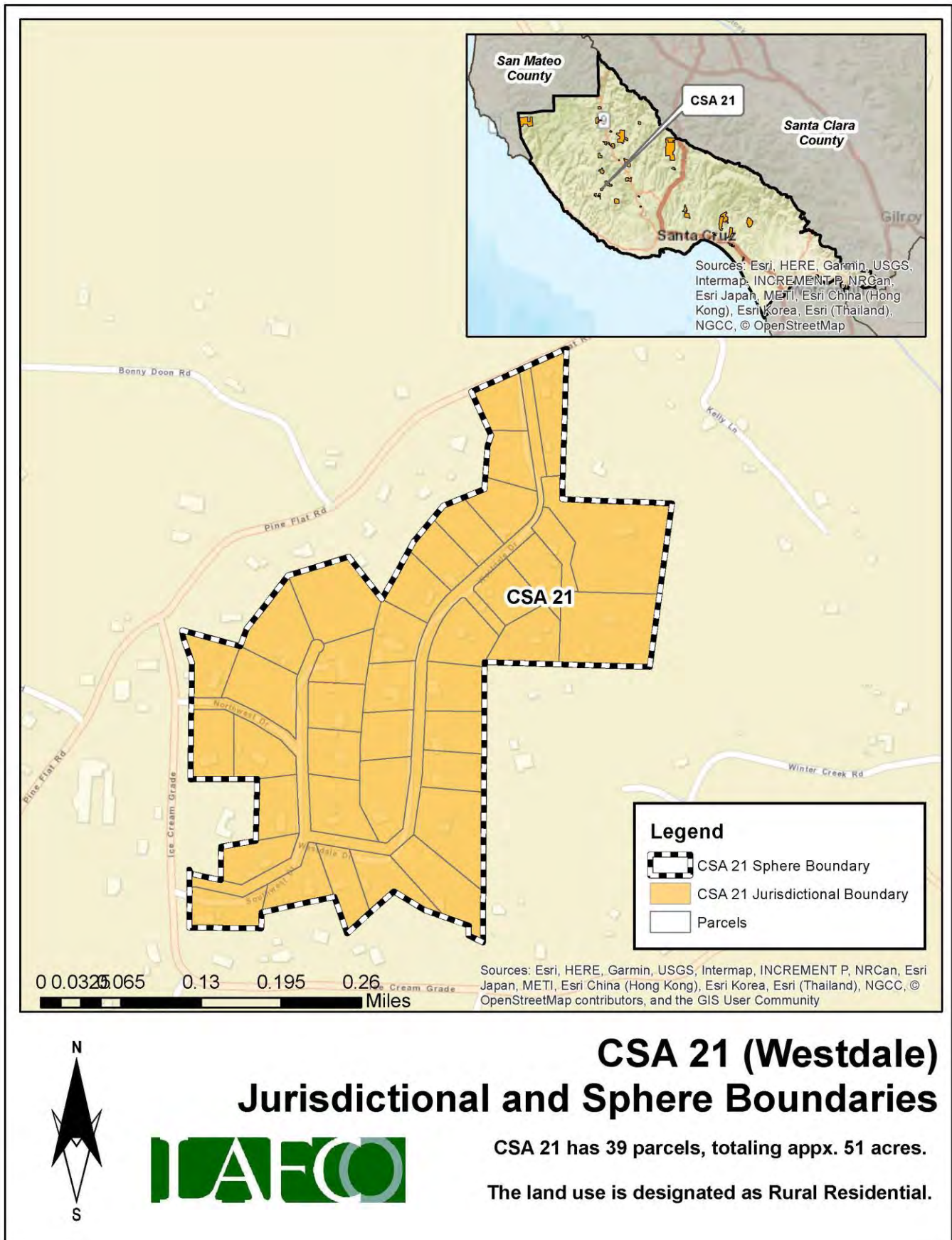
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 21. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 21 will be approximately 71 by 2040.

Table 26: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 21	69	70	70	71	71

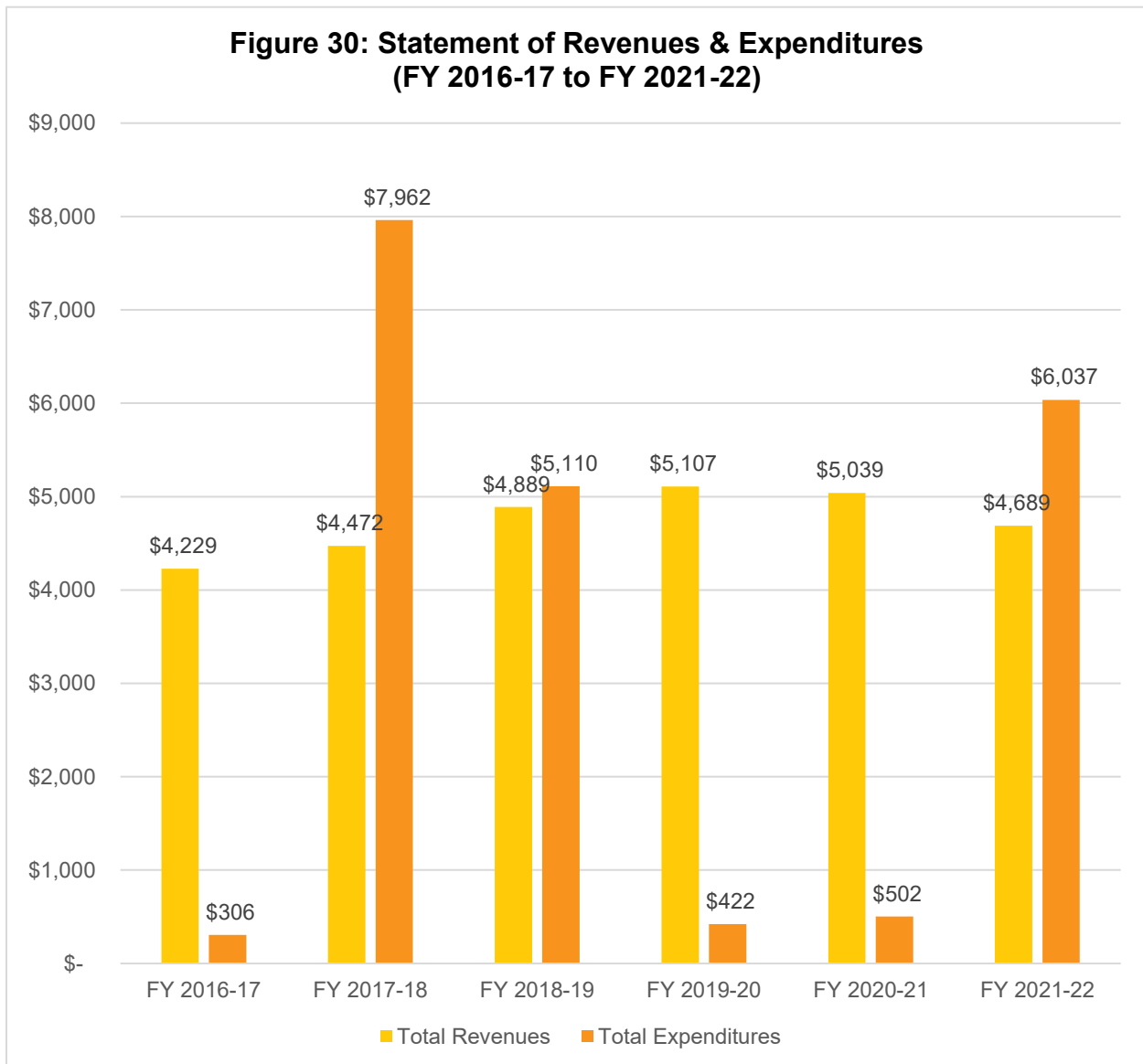
Figure 29: CSA 21's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 21's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 28** on page 75.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$4,700, representing a 7% decrease from the previous year (\$5,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$6,000, which increased by 1,102% from the previous year (\$502 in FY 20-21). Since 2016, the CSA ended in a deficit in three of the last six fiscal years, as shown in **Figure 30**. LAFCO staff believes that the overall negative trend may continue unless the County collects the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$50,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 27** and **Figure 31**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$41,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 27: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$45,396.00	\$41,906.61	\$41,685.03	\$46,369.76	\$50,905.93
Ending Balance	\$45,396	\$41,907	\$41,685	\$46,370	\$50,906	\$49,558
Change (\$)	-	\$(3,489)	\$(222)	\$4,685	\$4,536	\$(1,348)

**Figure 31: Net Position from 2016 to 2022
(Ending Balance)**

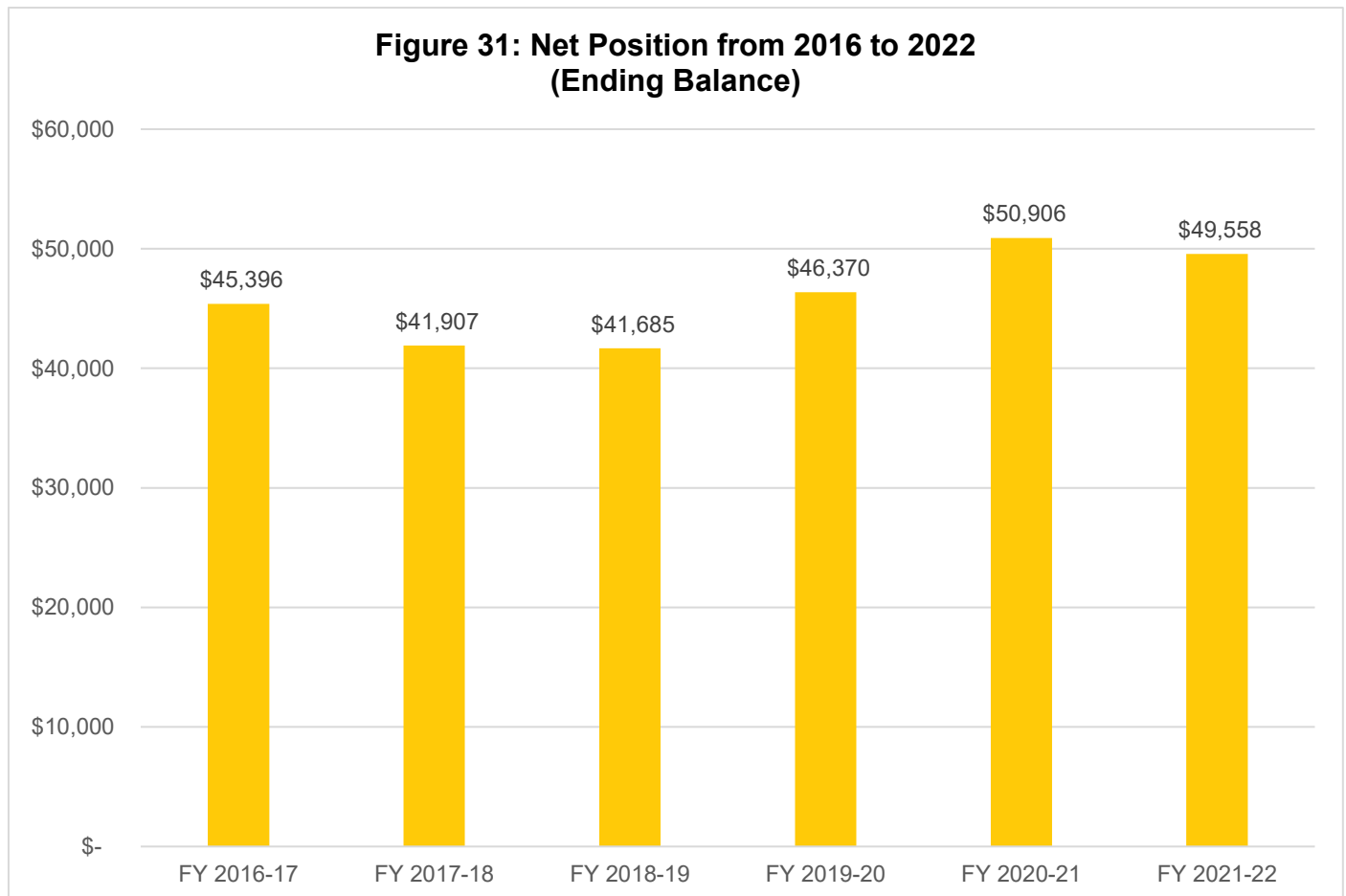


Table 28: Total Revenues & Expenditures

CSA 21	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 368.35	\$ 495.47	\$ 796.90	\$ 856.17	\$ 323.91	\$ 224.35
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 3,861.00	\$ 3,976.82	\$ 4,091.88	\$ 4,250.96	\$ 4,714.63	\$ 4,464.86
Total Revenues	\$ 4,229.35	\$ 4,472.29	\$ 4,888.78	\$ 5,107.13	\$ 5,038.54	\$ 4,689.21
EXPENDITURES						
DPW Services - Westdale	\$ 167.53	\$ 7,961.68	\$ 3,955.05	\$ 55.06	\$ 252.38	\$ 5,265.13
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 363.67	\$ 192.09	\$ 69.17	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 541.64	\$ 50.25	\$ 55.82	\$ 646.82
Total Expenditures	\$ 306.28	\$ 7,961.68	\$ 5,110.36	\$ 422.40	\$ 502.37	\$ 6,036.95
Surplus/(Deficit)	\$ 3,923.07	\$ (3,489.39)	\$ (221.58)	\$ 4,684.73	\$ 4,536.17	\$ (1,347.74)
FUND BALANCE						
Beginning of Year	\$ -	\$ 45,396.00	\$ 41,906.61	\$ 41,685.03	\$ 46,369.76	\$ 50,905.93
End of Year	\$ 45,396.00	\$ 41,906.61	\$ 41,685.03	\$ 46,369.76	\$ 50,905.93	\$ 49,558.19

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 21's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 32** on page 76 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 39 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 33** on page 77 shows the proposed sphere boundary.

Figure 32: CSA 21's Current Sphere Map

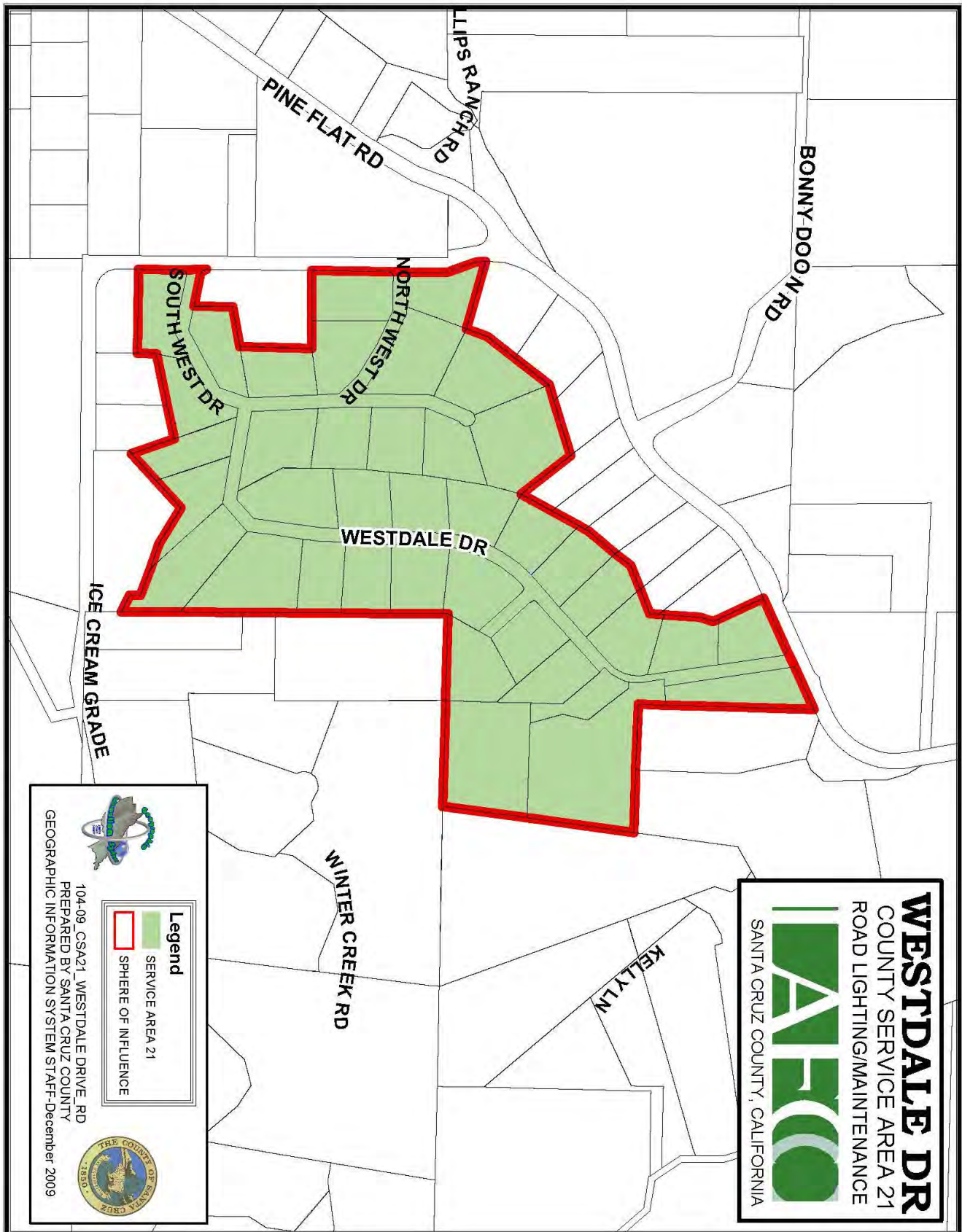
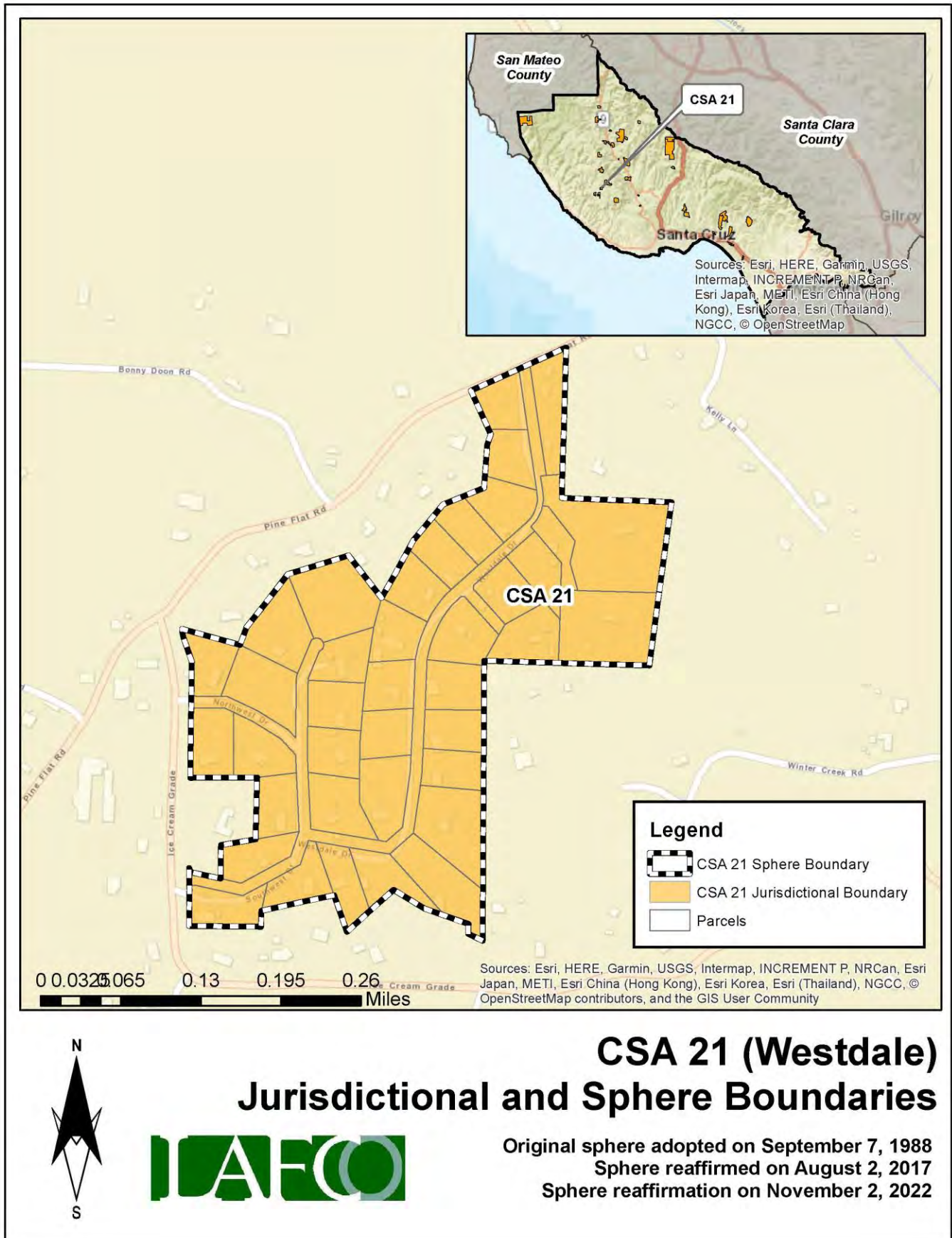


Figure 33: CSA 21's Proposed Sphere Map



District Summary

County Service Area 21	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.88 road miles
District Area	0.08 square miles (appx. 51 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$4,689</p> <p>Total Expenditure = \$6,037</p> <p>Net Position (Ending Balance) = \$49,558</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 21 in 2020 was estimated to be 69. Based on LAFCO's analysis, the population within the CSA will be approximately 71 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 21 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 21 is financially distressed. The CSA ended with a deficit in three of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$50,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 21 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 21 has 39 parcels within its jurisdictional boundary and provides extended services to approximately 0.88 miles of road for the residents.

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.

CSA 21 has a population of approximately 69. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 22 (KELLY HILL)

Overview

County Service Area 22 was formed on February 4, 1981 with the purpose of providing extended maintenance to 0.88 road miles. **Appendix 7** provides a copy of the formation resolution. There is a total of 20 parcels within the CSA (totaling approximately 60 acres). **Figure 29**, on page 82, is a vicinity map depicting CSA 22's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 29** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 22 has four funding zones (Zones 1-4). All four zones continue to pay the same service charge since FY 2017-18. **Figure 30** on page 83 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 22.

Table 29: Benefit Assessment Rates (2017 to 2021)

CSA 22	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone 1	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Zone 2	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
Zone 3	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00
Zone 4	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
Change (%)		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 22 was 2020 is estimated to be 10. 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. **Table 30** shows the anticipated population within CSA 22. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 22. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 22 will be approximately 10 by 2040.

Table 30: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 22	10	10	10	10	10

Figure 29: CSA 22's Vicinity Map

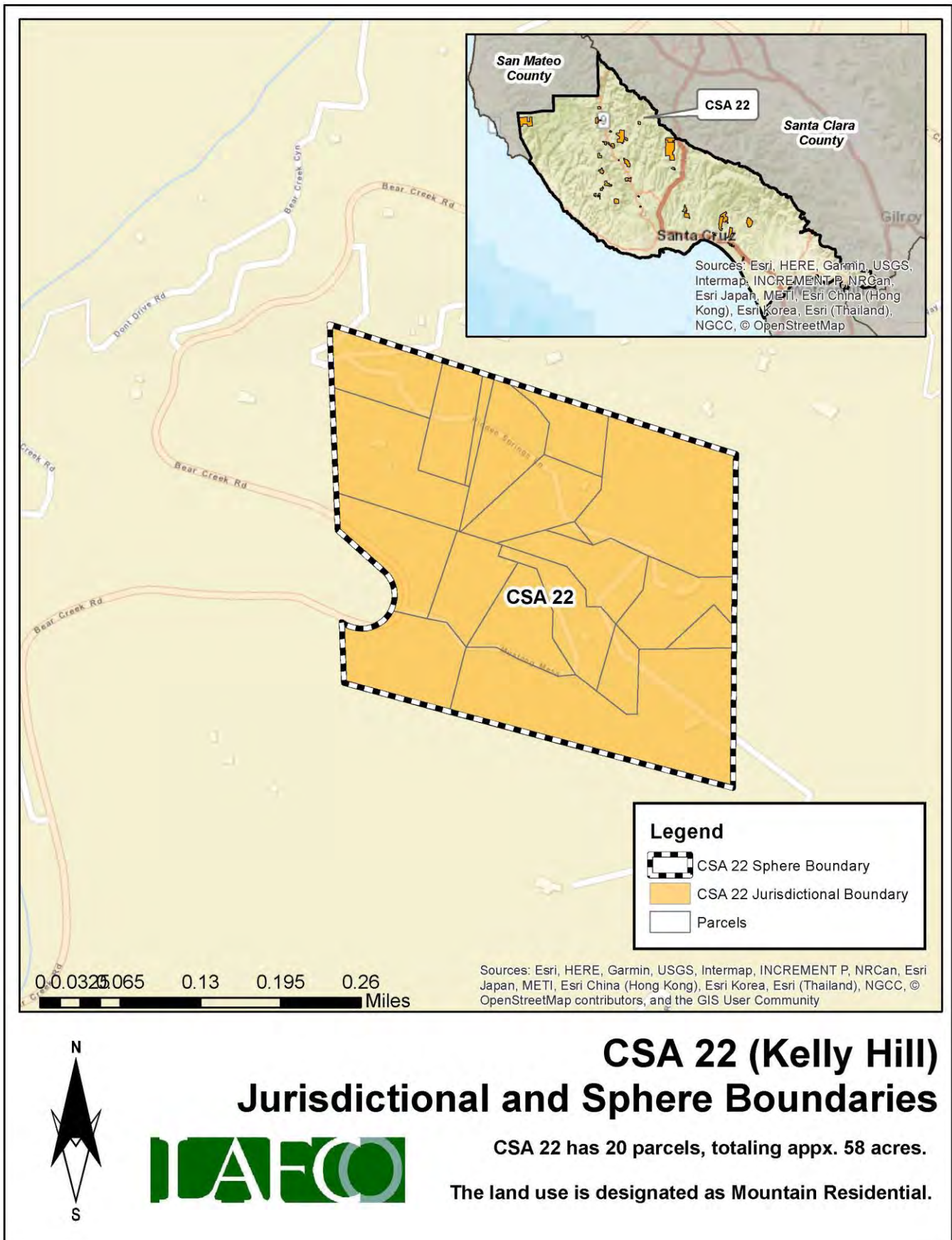
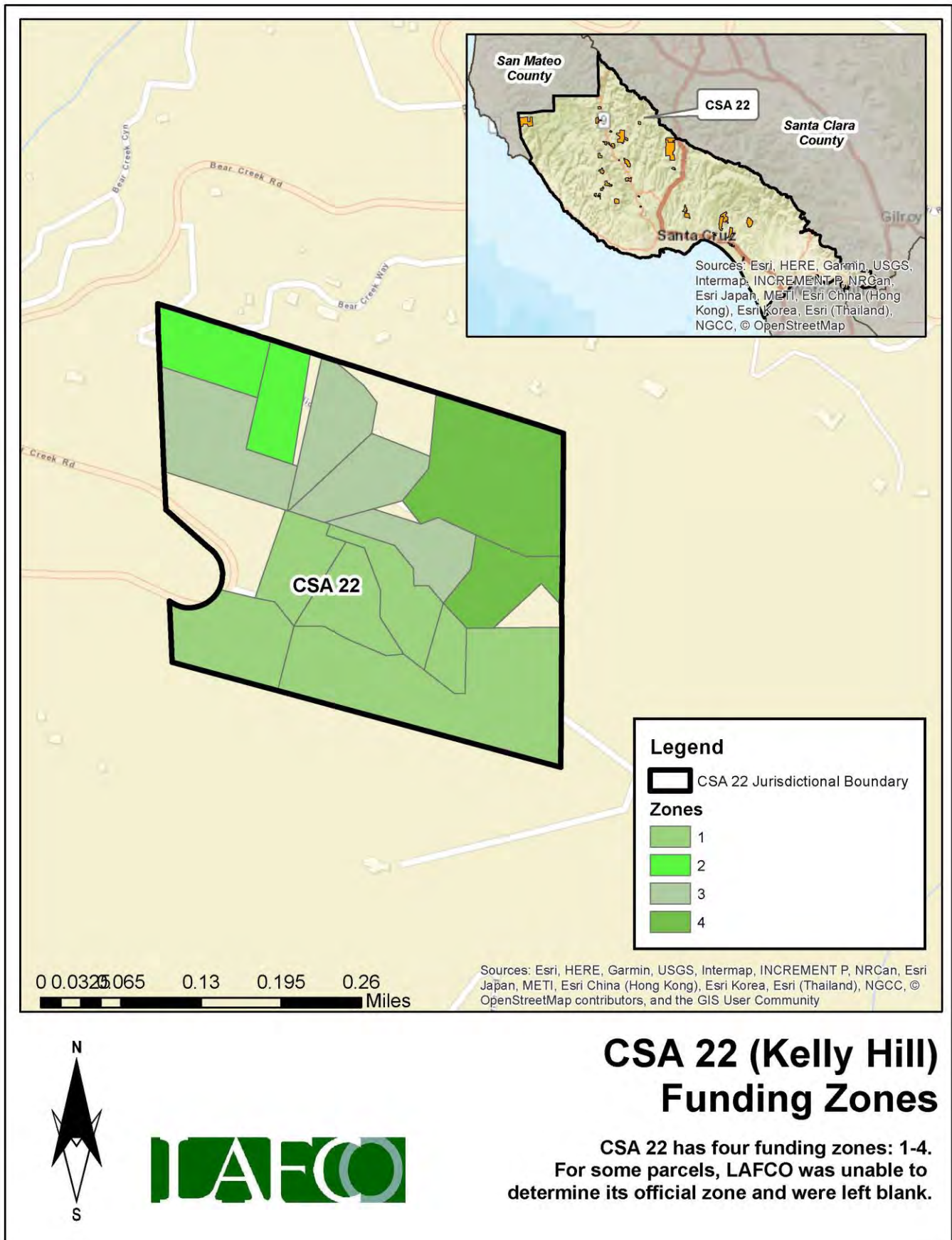


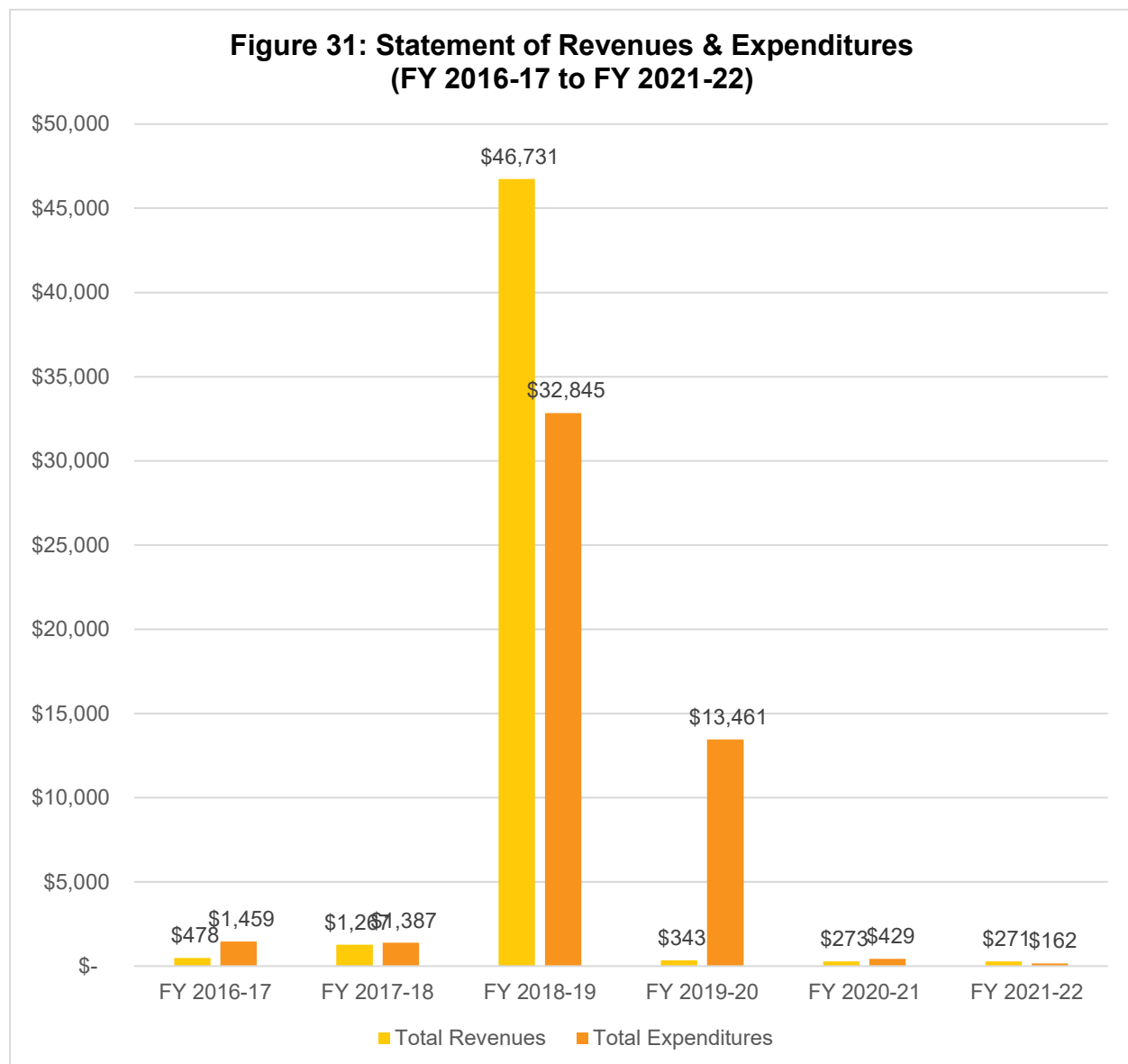
Figure 30: CSA 22's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 22's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 32** on page 86.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$271, representing a 0.73% decrease from the previous year (\$273 in FY 20-21). Total expenses for FY 2021-22 were approximately \$162, which decreased by 62% from the previous year (\$429 in FY 20-21). Since 2016, the CSA ended in a deficit in four of the last six fiscal years, as shown in **Figure 31**. LAFCO staff believes that the overall negative trend may continue unless the County collects the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$808. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 31** and **Figure 32**, the CSA's fund balance has negatively fluctuated over the years and has maintained an annual balance above \$85. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 31: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$206.31	\$87.03	\$13,973.23	\$855.28	\$698.75
Ending Balance	\$206	\$87	\$13,973	\$855	\$699	\$808
Change (\$)	-	\$(119)	\$13,886	\$(13,118)	\$(157)	\$109

**Figure 32: Net Position from 2016 to 2022
(Ending Balance)**

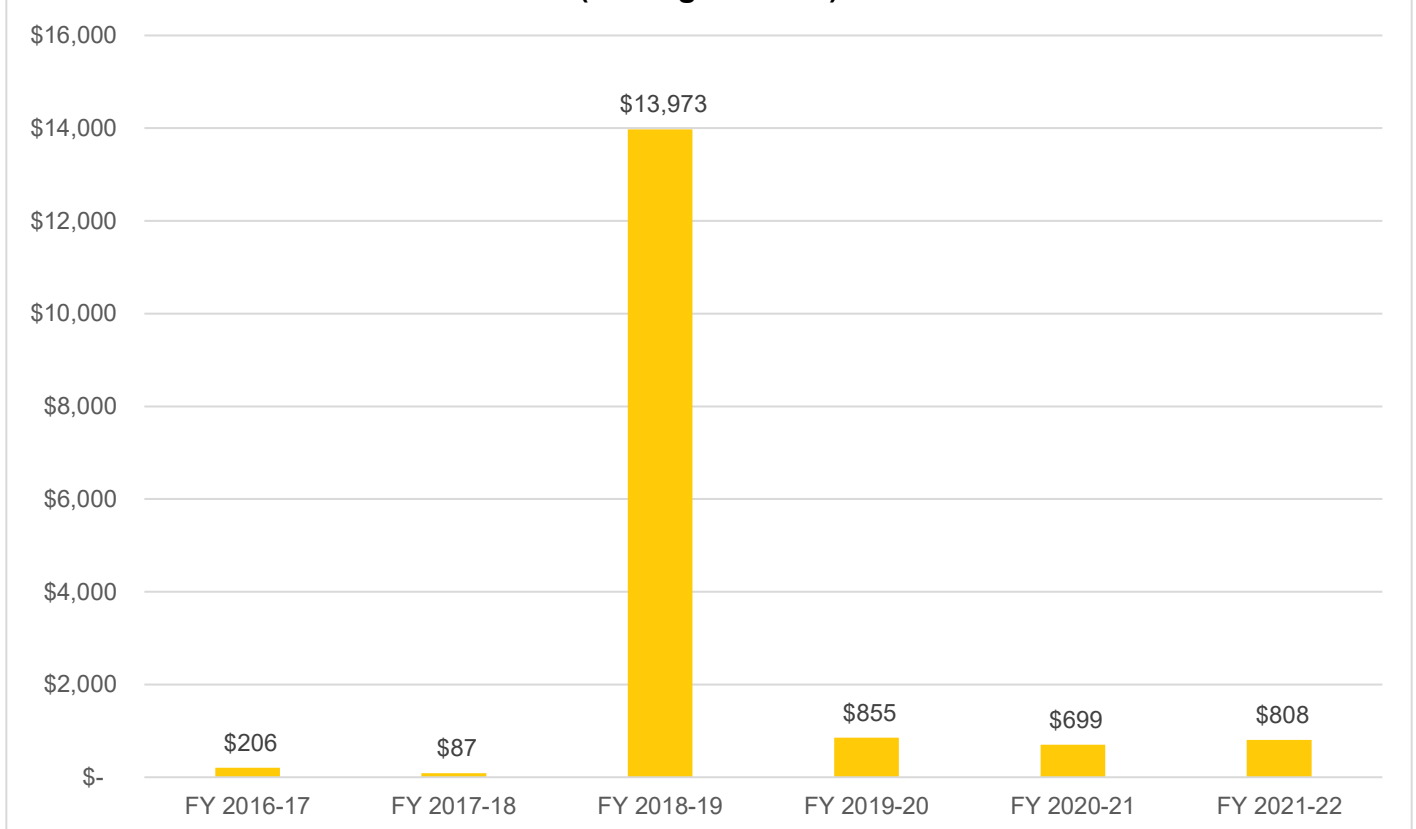


Table 32: Total Revenues & Expenditures

CSA 22	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -		\$ -	\$ -
Interest	\$ 10.99	\$ -	\$ 538.17	\$ 75.70	\$ 5.67	\$ 3.67
St-Natural Disaster Assistance	\$ -	\$ -	\$ 6,184.00	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ 24,742.00	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 467.24	\$ 1,267.30	\$ 267.29	\$ 267.29	\$ 267.29	\$ 267.29
Total Revenues	\$ 478.23	\$ 1,267.30	\$ 46,731.46	\$ 342.99	\$ 272.96	\$ 270.96
EXPENDITURES						
DPW Services - Kelly Hill	\$ 1,320.25	\$ 1,386.58	\$ 25,596.29	\$ 13,135.83	\$ 118.42	\$ 19.76
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 3,479.83	\$ 157.71	\$ 138.34	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 3,519.14	\$ 42.40	\$ 47.73	\$ 17.37
Total Expenditures	\$ 1,459.00	\$ 1,386.58	\$ 32,845.26	\$ 13,460.94	\$ 429.49	\$ 162.13
Surplus/(Deficit)	\$ (980.77)	\$ (119.28)	\$ 13,886.20	\$ (13,117.95)	\$ (156.53)	\$ 108.83
FUND BALANCE						
Beginning of Year	\$ -	\$ 206.31	\$ 87.03	\$ 13,973.23	\$ 855.28	\$ 698.75
End of Year	\$ 206.31	\$ 87.03	\$ 13,973.23	\$ 855.28	\$ 698.75	\$ 807.58

Sphere of Influence

Current Sphere Boundary

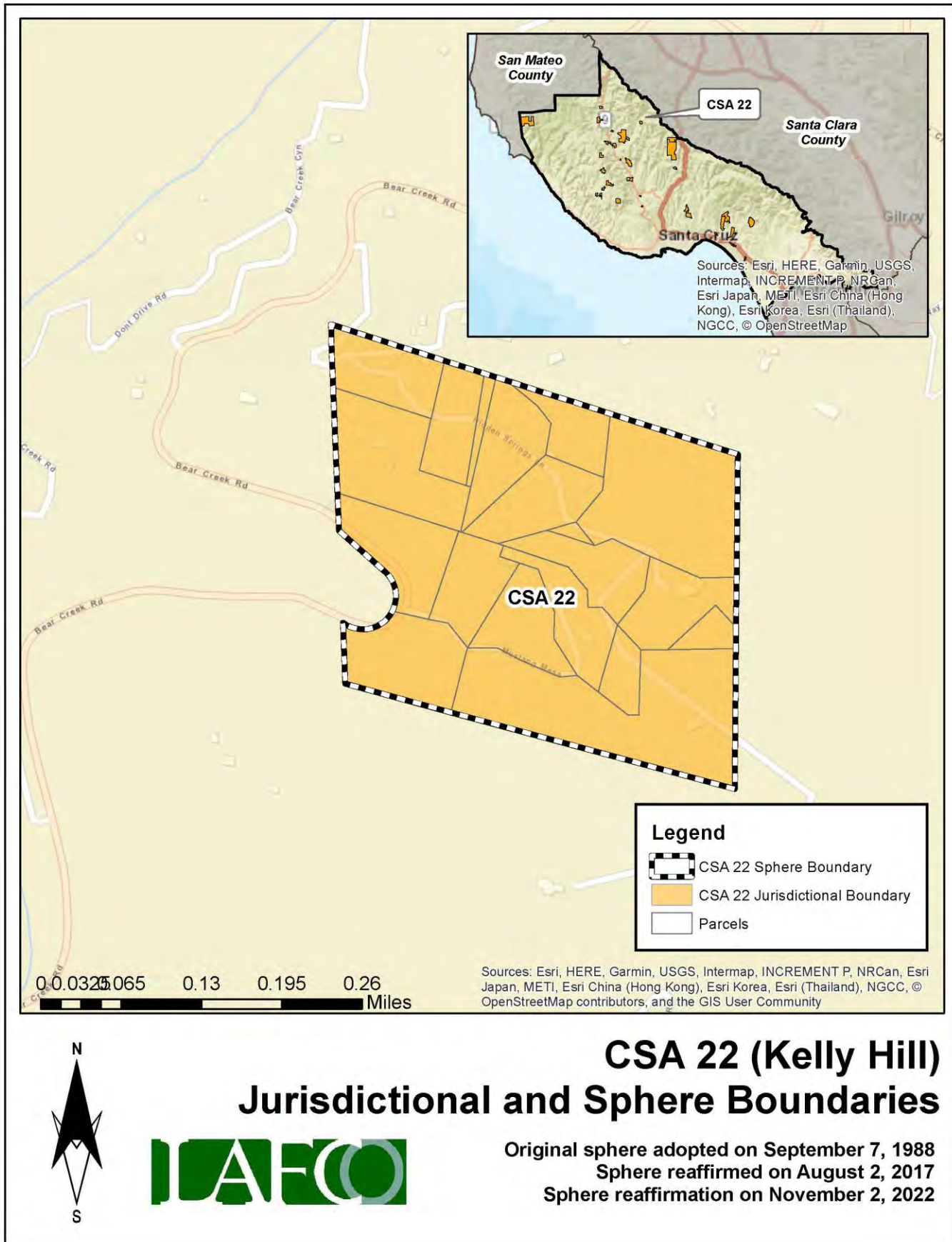
Santa Cruz LAFCO adopted CSA 22's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 33** on page 87 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 20 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 34** on page 88 shows the proposed sphere boundary.

[illegible]

Figure 34: CSA 22's Proposed Sphere Map



District Summary

County Service Area 22	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.88 road miles
District Area	0.09 square miles (appx. 58 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$271</p> <p>Total Expenditure = \$162</p> <p>Net Position (Ending Balance) = \$808</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 22 in 2020 was estimated to be 10. Based on LAFCO's analysis, the population within the CSA will be approximately 10 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 22 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 22 is financially distressed. The CSA ended with a deficit in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$808.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 22 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 22 has 20 parcels within its jurisdictional boundary and provides extended services to approximately 0.88 miles of road for the residents.

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.

CSA 22 has a population of approximately 10. The constituents fund the CSA through four zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 23 (OLD RANCH ROAD)

Overview

County Service Area 23 was formed on January 7, 1981 with the purpose of providing extended maintenance to 2.99 road miles. **Appendix 8** provides a copy of the formation resolution. There is a total of 44 parcels within the CSA (totaling approximately 250 acres). **Figure 36**, on page 93, is a vicinity map depicting CSA 23's current jurisdictional boundary. Only one boundary change has occurred since its inception, in which two parcels were annexed into CSA 23 back in 2005. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 34** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 23 has four funding zones (Zones A-C and MBR). All four zones pay a different rate. **Figure 37** on page 94 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 23.

Table 34: Benefit Assessment Rates (2017 to 2021)

CSA 23	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$185.40	\$370.80	\$370.80	\$383.04	\$389.54
Change (%)		100%	0%	3%	2%
Zone B	\$329.60	\$659.20	\$659.20	\$680.94	\$692.50
Change (%)		100%	0%	3%	2%
Zone C	\$432.60	\$865.20	\$865.20	\$893.74	\$908.92
Change (%)		100%	0%	3%	2%
Zone MBR	-	\$5,370.80	\$2,870.80	\$2,883.04	\$2,889.54
Change (%)		-	-47%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 23 was 2020 is estimated to be 179. 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. **Table 35** shows the anticipated population within CSA 23. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 23. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 23 will be approximately 185 by 2040.

Table 35: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 23	179	181	182	184	185

Figure 36: CSA 23's Vicinity Map

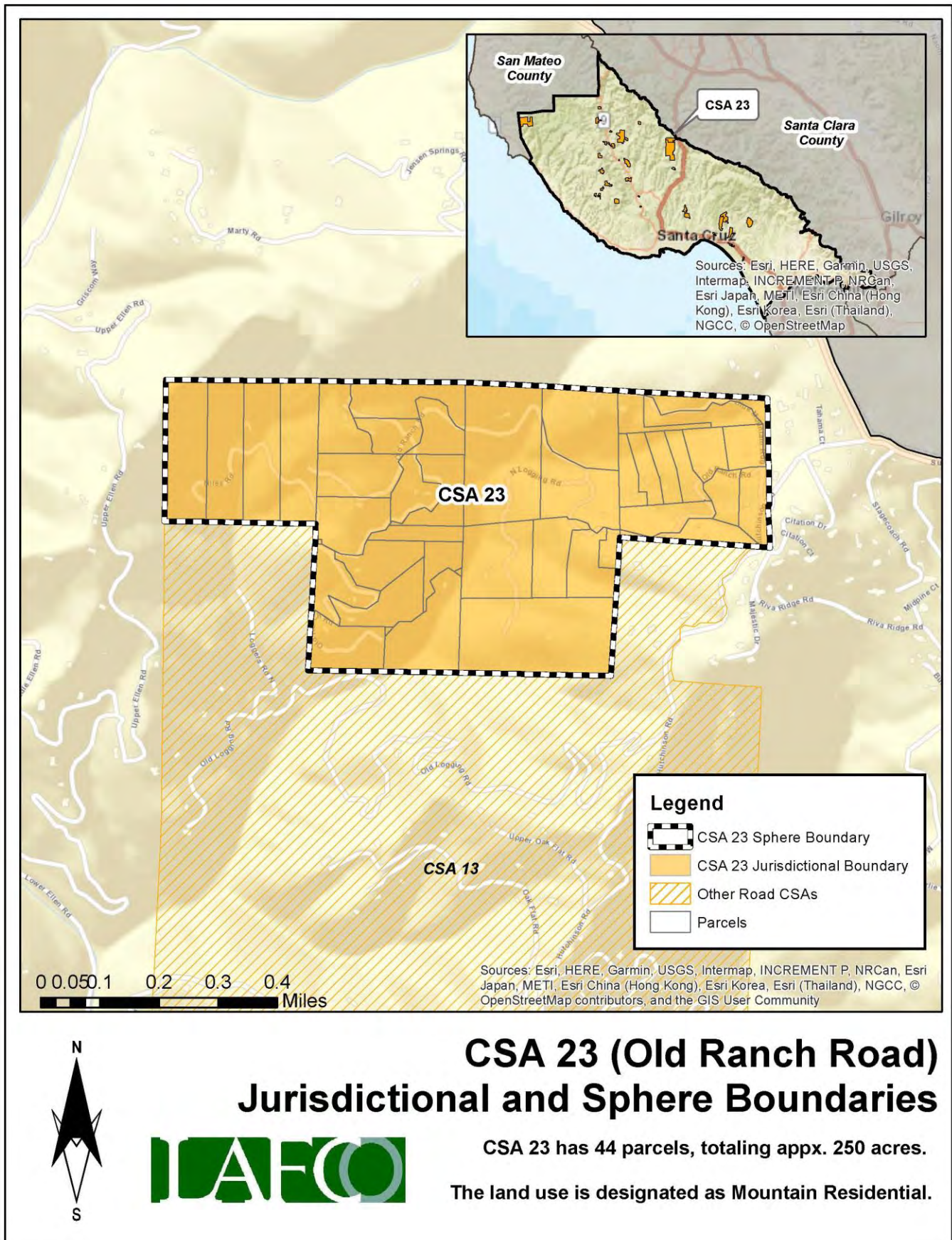
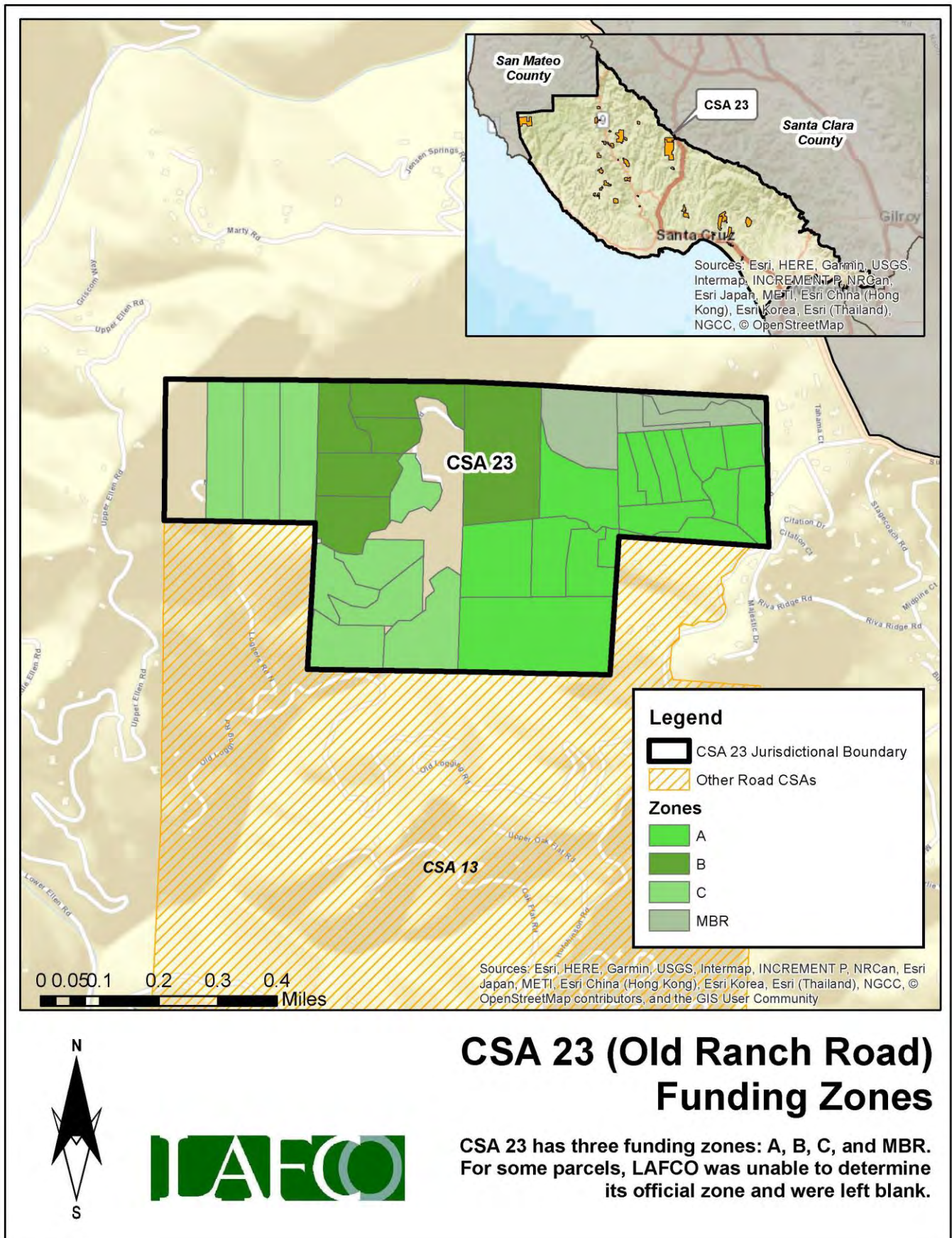


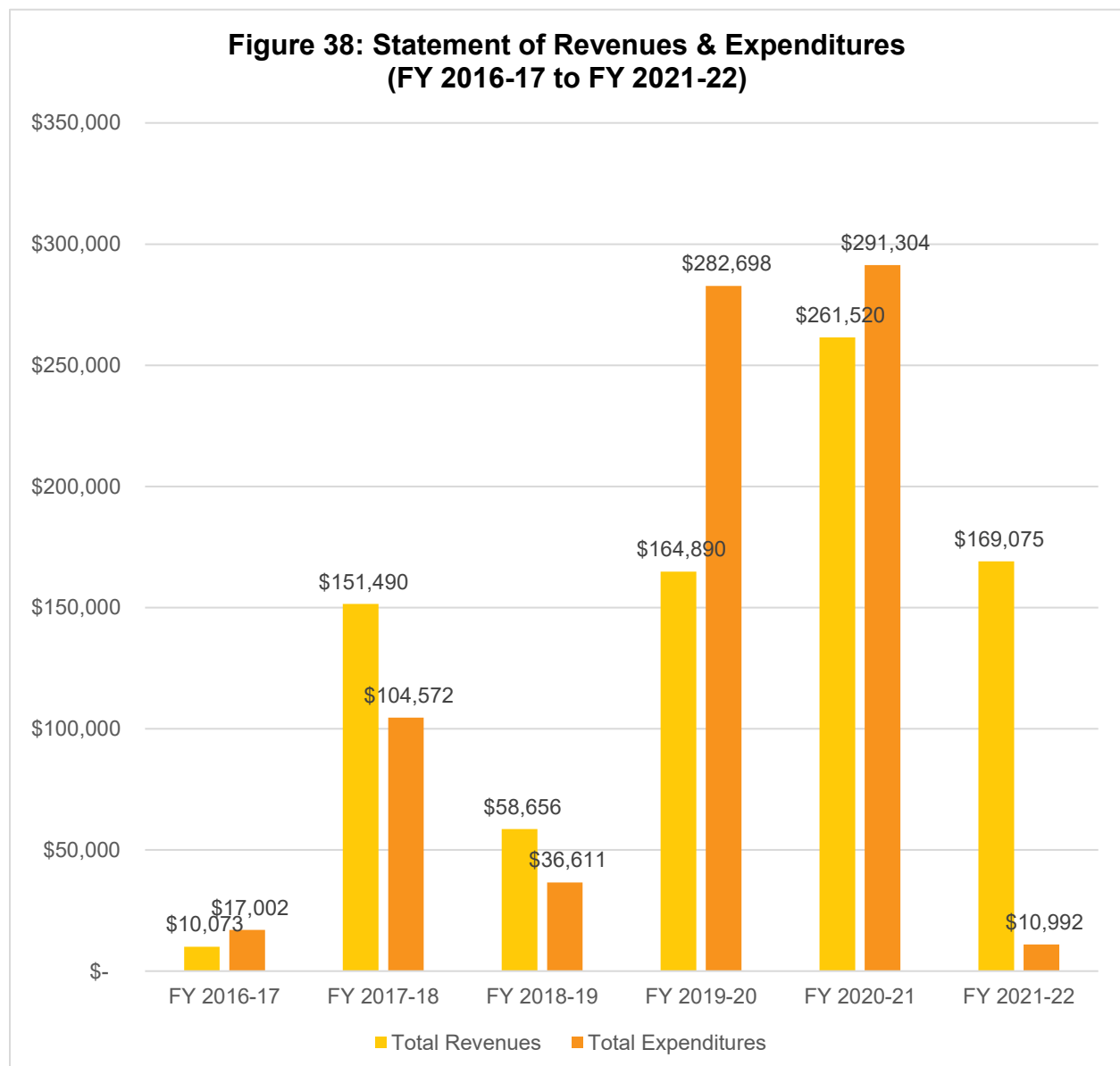
Figure 37: CSA 23's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 23's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 37** on page 97.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$169,000, representing a 35% decrease from the previous year (\$262,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$11,000, which decreased by 96% from the previous year (\$291,000 in FY 20-21). Since 2016, the CSA ended in a deficit in three of the last six fiscal years, as shown in **Figure 38**. LAFCO staff believes that the overall negative trend may continue unless the County collects the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$118,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 36** and **Figure 39**, the CSA's fund balance has fluctuated over the years and has reached a negative balance twice (FY 2019-20 and FY 2020-21). Based on this historical trend, LAFCO staff believes the current positive balance may deplete once again unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 36: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$38,337.97	\$85,255.87	\$107,300.90	\$(10,506.16)	\$(40,290.31)
Ending Balance	\$38,338	\$85,256	\$107,301	\$(10,506)	\$(40,290)	\$117,793
Change (\$)	-	\$46,918	\$22,045	\$(117,807)	\$(29,784)	\$158,083

**Figure 39: Net Position from 2016 to 2022
(Ending Balance)**

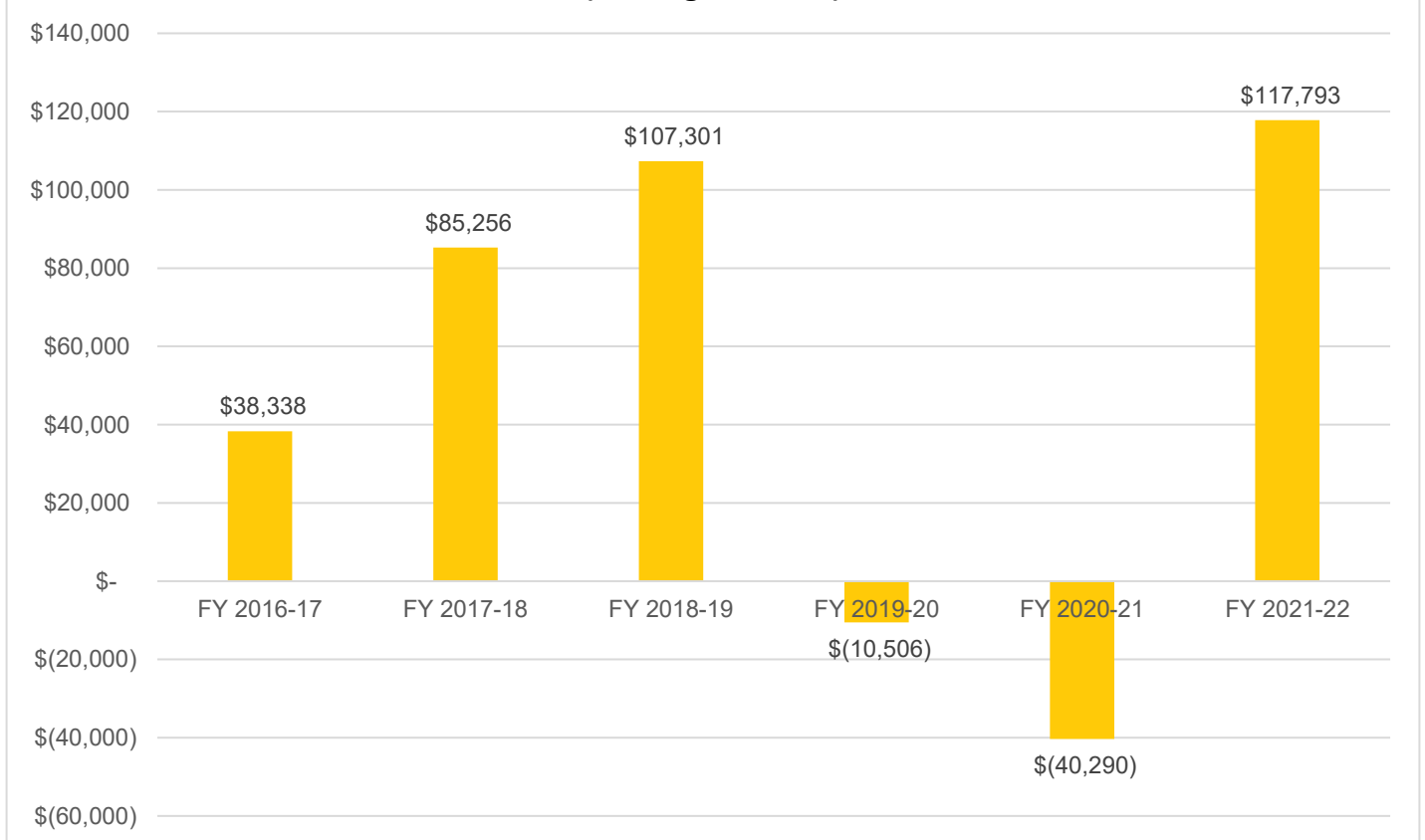


Table 37: Total Revenues & Expenditures

CSA 23	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 449.80	\$ 419.06	\$ 2,131.92	\$ 2,424.52	\$ (1,002.93)	\$ 125.00
St-Natural Disaster Assistance	\$ -	\$ 18,254.25	\$ 3,143.00	\$ 20,167.00	\$ 46,607.75	\$ 26,017.28
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ 73,017.00	\$ 13,758.00	\$ 30,000.00	\$ 186,429.00	\$ 113,107.75
Other Revenue	\$ -	\$ 46,000.00	\$ -	\$ 82,576.00	\$ -	\$ -
Other Road & Street Services	\$ 9,622.80	\$ 13,799.48	\$ 39,622.97	\$ 29,722.97	\$ 29,486.35	\$ 29,824.82
Total Revenues	\$ 10,072.60	\$ 151,489.79	\$ 58,655.89	\$ 164,890.49	\$261,520.17	\$169,074.85
EXPENDITURES						
DPW Services - Old Ranch Road	\$ 16,863.20	\$ 104,571.89	\$ 24,746.72	\$ 9,091.80	\$ 11,211.33	\$ 10,202.92
FEMA Labor	\$ -	\$ -	\$ -	\$ 229,582.37	\$ 240,634.53	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 324.62	\$ 156.12	\$ 500.00	\$ 500.00
Division Overhead - Admin	\$ -	\$ -	\$ 8,353.04	\$ 12,443.86	\$ 8,511.19	\$ 50.82
Dept Overhead Costs	\$ -	\$ -	\$ 3,186.48	\$ 31,423.40	\$ 30,447.27	\$ 237.78
Total Expenditures	\$ 17,001.95	\$ 104,571.89	\$ 36,610.86	\$ 282,697.55	\$291,304.32	\$ 10,991.52
Surplus/(Deficit)	\$ (6,929.35)	\$ 46,917.90	\$ 22,045.03	\$ (117,807.06)	\$ (29,784.15)	\$158,083.33
FUND BALANCE						
Beginning of Year	\$ -	\$ 38,337.97	\$ 85,255.87	\$ 107,300.90	\$ (10,506.16)	\$ (40,290.31)
End of Year	\$ 38,337.97	\$ 85,255.87	\$107,300.90	\$ (10,506.16)	\$ (40,290.31)	\$117,793.02

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 23's first sphere of influence on November 2, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 40** on page 98 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 44 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 41** on page 99 shows the proposed sphere boundary.

Figure 40: CSA 23's Current Sphere Map

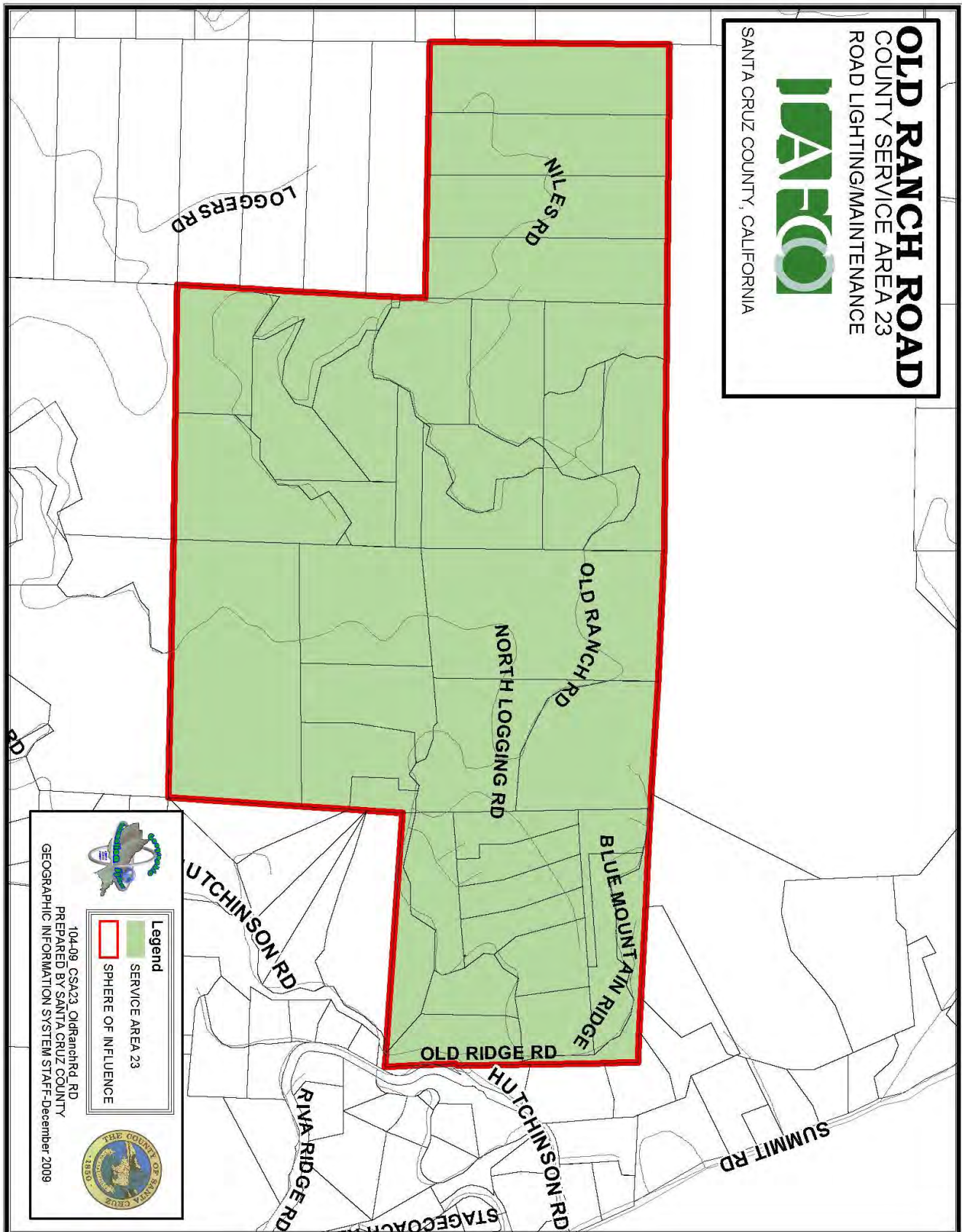
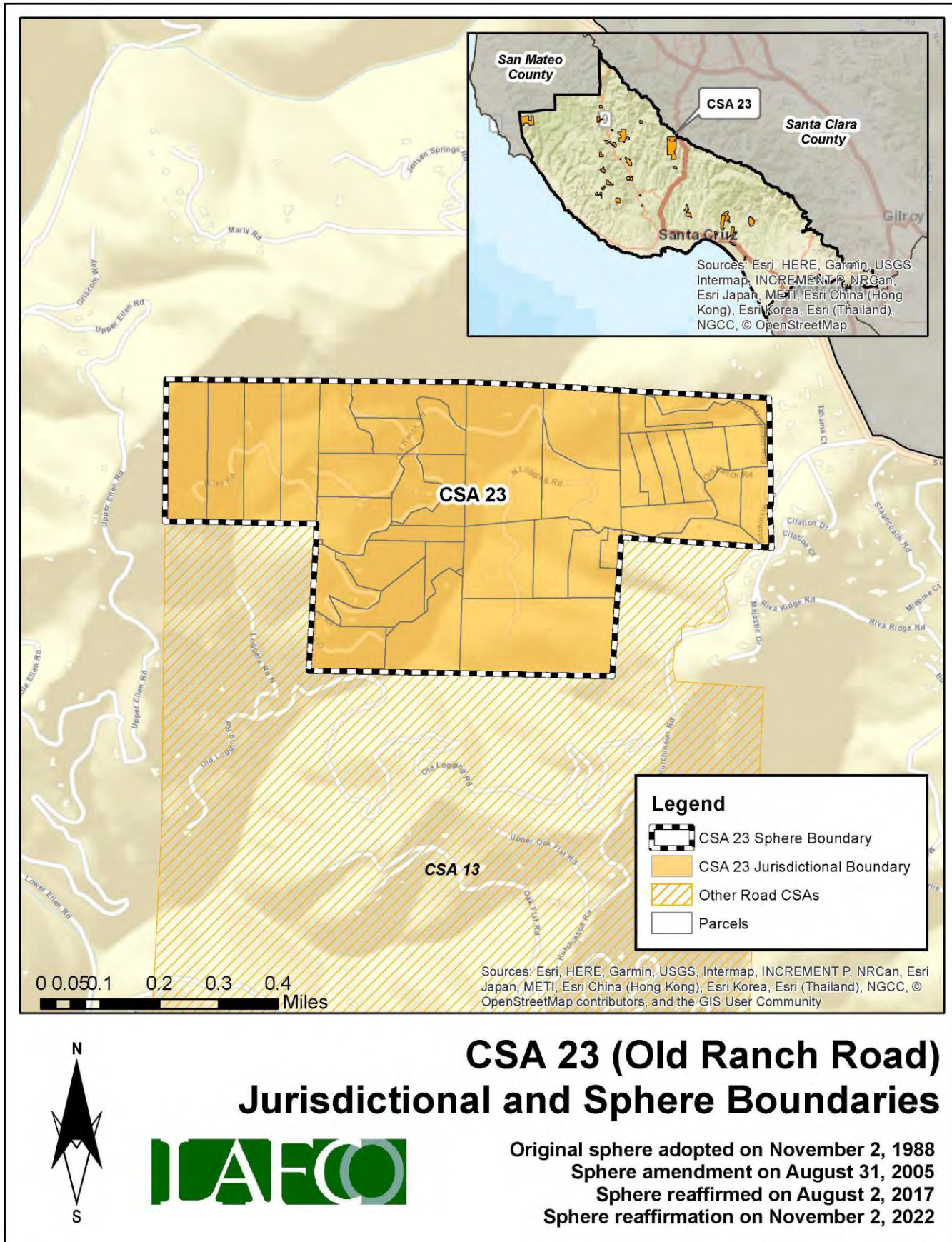


Figure 41: CSA 23's Proposed Sphere Map



District Summary

County Service Area 23	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.99 road miles
District Area	0.39 square miles (appx. 250 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$169,075</p> <p>Total Expenditure = \$10,992</p> <p>Net Position (Ending Balance) = \$117,793</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 23 in 2020 was estimated to be 179. Based on LAFCO's analysis, the population within the CSA will be approximately 185 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 23 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 23 is financially distressed. The CSA ended with a deficit in three of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$118,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 23 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 23 has 44 parcels within its jurisdictional boundary and provides extended services to approximately 2.99 miles of road for the residents.

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.

CSA 23 has a population of approximately 179. The constituents fund the CSA through four zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 24 (PINERIDGE)

Overview

County Service Area 24 was formed on January 7, 1981 with the purpose of providing extended maintenance to 2.34 road miles. **Appendix 9** provides a copy of the formation resolution. There is a total of 100 parcels within the CSA (totaling approximately 175 acres). **Figure 42**, on page 104, is a vicinity map depicting CSA 24's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural and Mountain Residential. **Table 38** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 24 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 24.

Table 38: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 24	\$200.00	\$200.00	\$243.80	\$251.84	\$256.12
Change (%)		0%	22%	3%	2%

Population and Growth

Based on staff's analysis, the population of CSA 24 was 2020 is estimated to be 50. 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. **Table 39** shows the anticipated population within CSA 24. The average rate of change is 0.86%.

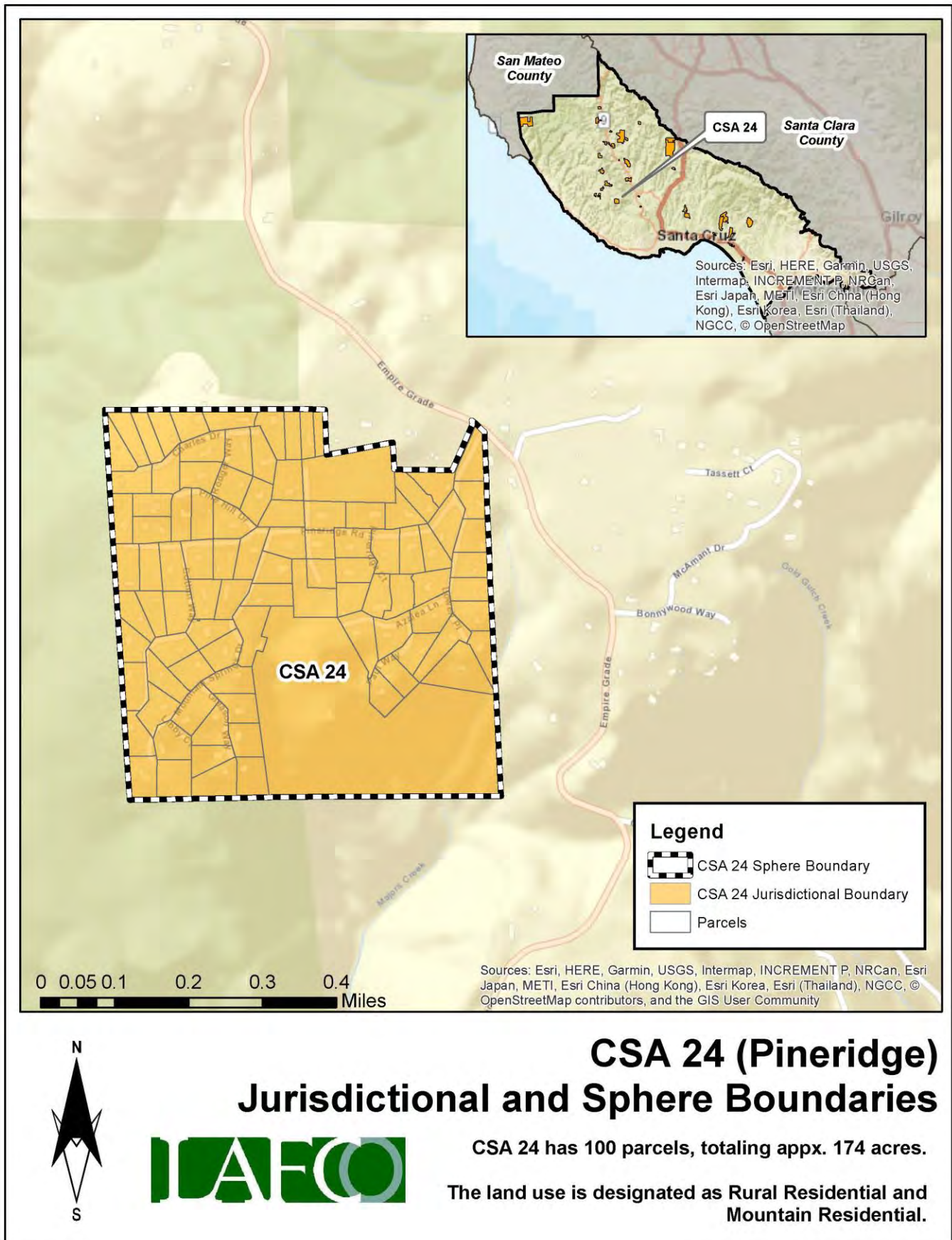
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 24. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 24 will be approximately 51 by 2040.

Table 39: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 24	50	50	51	51	51

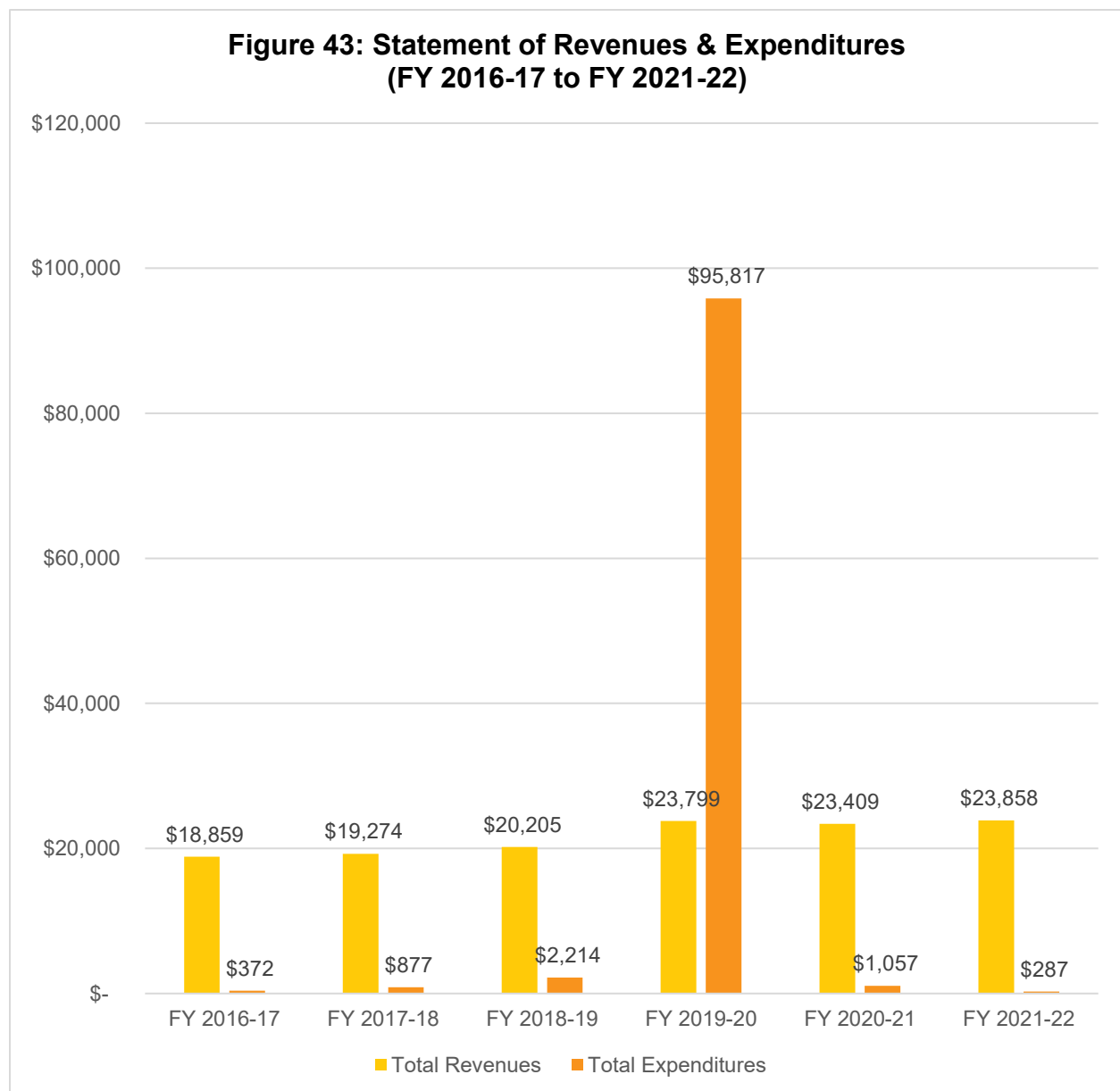
Figure 42: CSA 24's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 24's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 41** on page 107.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$24,000, representing a 2% increase from the previous year (\$23,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$287, which decreased by 73% from the previous year (\$1,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2019-20, as shown in **Figure 43**. The deficit was due to a scheduled road improvement project that cost approximately \$84,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$73,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 40** and **Figure 44**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$25,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 40: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$62,933.74	\$81,330.38	\$99,321.54	\$27,303.75	\$49,656.22
Ending Balance	\$62,934	\$81,330	\$99,322	\$27,304	\$49,656	\$73,228
Change (\$)	-	\$18,397	\$17,991	\$(72,018)	\$22,352	\$23,571

**Figure 44: Net Position from 2016 to 2022
(Ending Balance)**

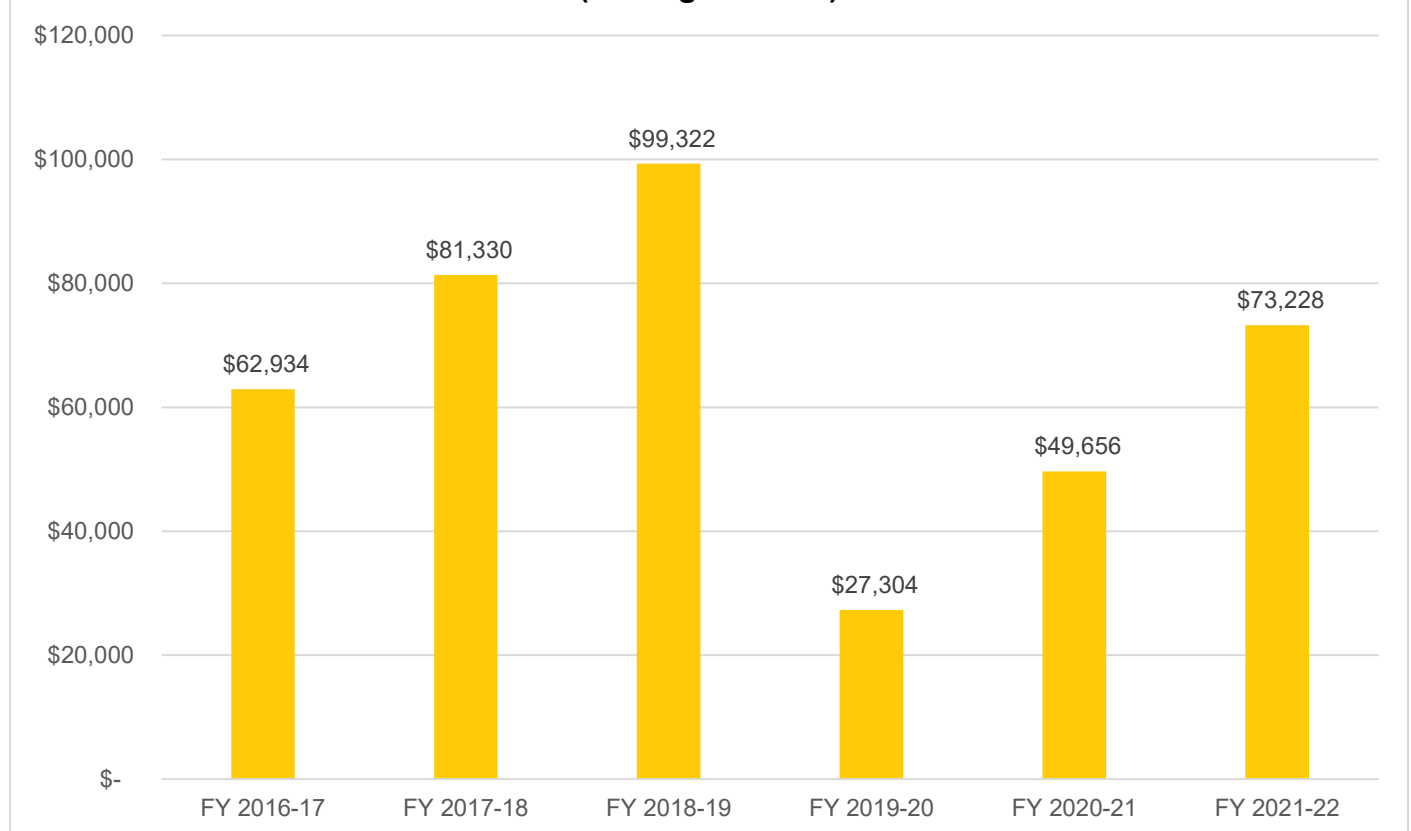


Table 41: Total Revenues & Expenditures

CSA 24	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 444.74	\$ 859.94	\$ 1,790.84	\$ 1,352.61	\$ 226.77	\$ 277.40
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 18,414.00	\$ 18,414.00	\$ 18,414.00	\$ 22,446.66	\$ 23,182.60	\$ 23,580.96
Total Revenues	\$ 18,858.74	\$ 19,273.94	\$ 20,204.84	\$ 23,799.27	\$ 23,409.37	\$ 23,858.36
EXPENDITURES						
DPW Services - Pineridge	\$ 232.75	\$ 877.30	\$ 131.28	\$ 84,283.14	\$ 328.61	\$ 131.28
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,609.29	\$ 13.82	\$ 485.85	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 223.11	\$ 11,395.10	\$ 117.44	\$ 30.75
Total Expenditures	\$ 371.50	\$ 877.30	\$ 2,213.68	\$ 95,817.06	\$ 1,056.90	\$ 287.03
Surplus/(Deficit)	\$ 18,487.24	\$ 18,396.64	\$ 17,991.16	\$ (72,017.79)	\$ 22,352.47	\$ 23,571.33
FUND BALANCE						
Beginning of Year	\$ -	\$ 62,933.74	\$ 81,330.38	\$ 99,321.54	\$ 27,303.75	\$ 49,656.22
End of Year	\$ 62,933.74	\$ 81,330.38	\$ 99,321.54	\$ 27,303.75	\$ 49,656.22	\$ 73,227.55

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 24's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 45** on page 108 shows the current sphere of influence boundary.

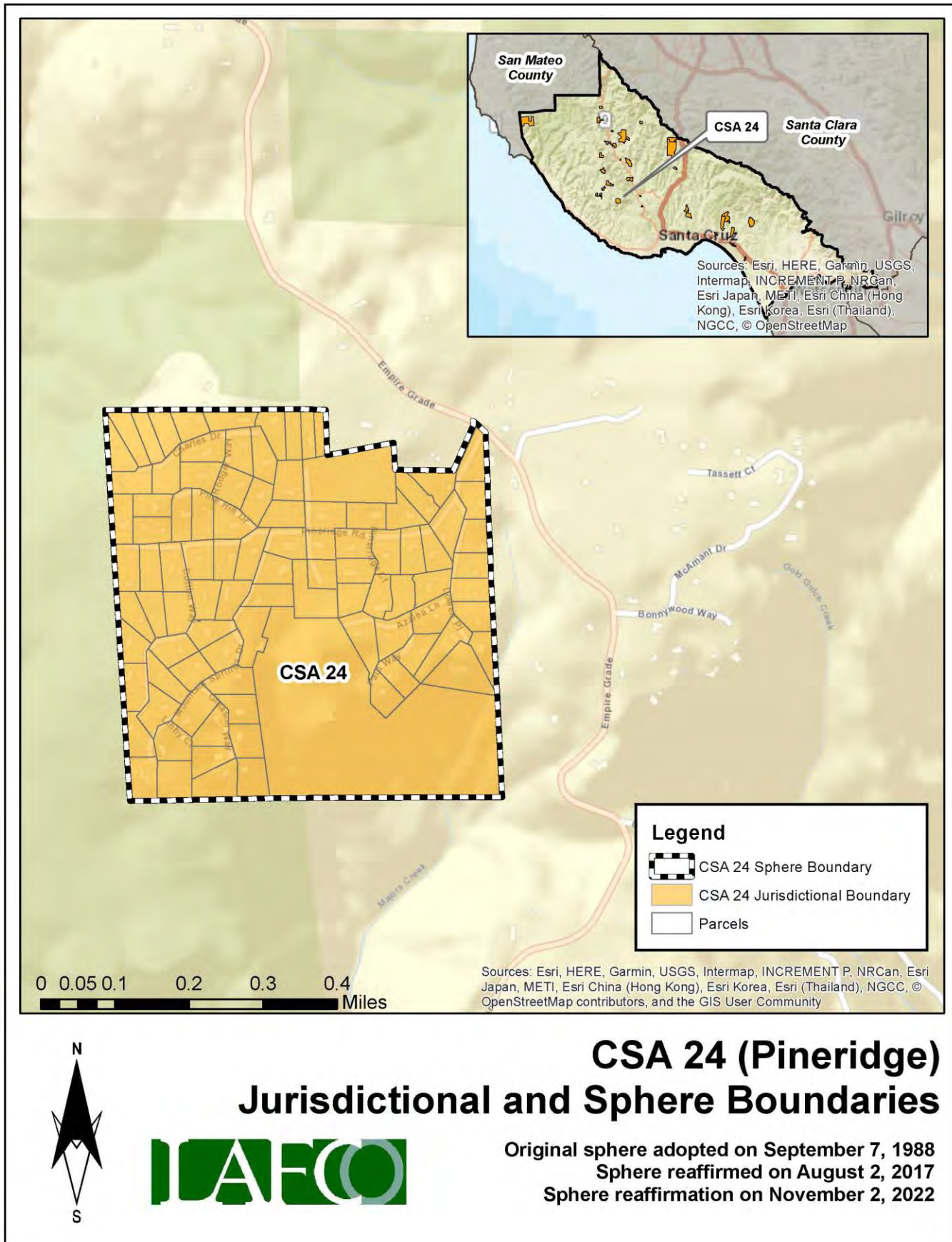
Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 100 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 46** on page 109 shows the proposed sphere boundary.

Figure 45: CSA 24's Current Sphere Map



Figure 46: CSA 24's Proposed Sphere Map



District Summary

County Service Area 24	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.34 road miles
District Area	0.27 square miles (appx. 174 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$23,858</p> <p>Total Expenditure = \$287</p> <p>Net Position (Ending Balance) = \$73,228</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 24 in 2020 was estimated to be 50. Based on LAFCO's analysis, the population within the CSA will be approximately 51 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 24 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 24 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$73,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural and Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 24 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 24 has 100 parcels within its jurisdictional boundary and provides extended services to approximately 2.34 miles of road for the residents.

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.

CSA 24 has a population of approximately 50. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 25 (VIEW POINT ROAD)

Overview

County Service Area 25 was formed on June 3, 1981 with the purpose of providing extended maintenance to 0.54 road miles. **Appendix 10** provides a copy of the formation resolution. There is a total of 57 parcels within the CSA (totaling approximately 30 acres). **Figure 47**, on page 114, is a vicinity map depicting CSA 25's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Urban Low Residential. **Table 42** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 25 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 25.

Table 42: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 25	\$200.00	\$200.00	\$243.80	\$251.84	\$256.12
<i>Change (%)</i>		0%	22%	-18%	0%

Population and Growth

Based on staff's analysis, the population of CSA 25 was 2020 is estimated to be 29. 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. **Table 43** shows the anticipated population within CSA 25. The average rate of change is 0.86%.

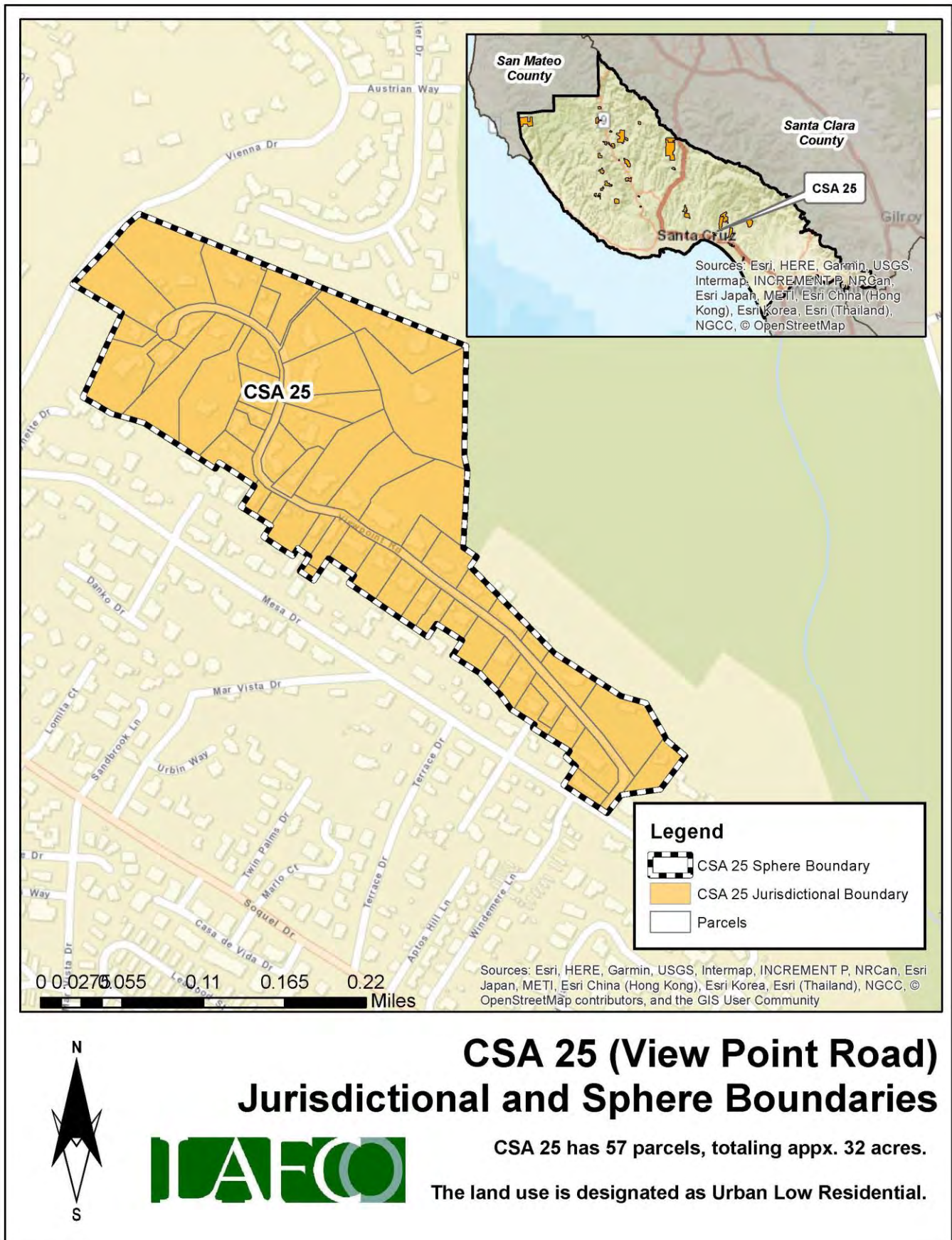
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 25. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 25 will be approximately 29 by 2040.

Table 43: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 25	29	29	29	29	29

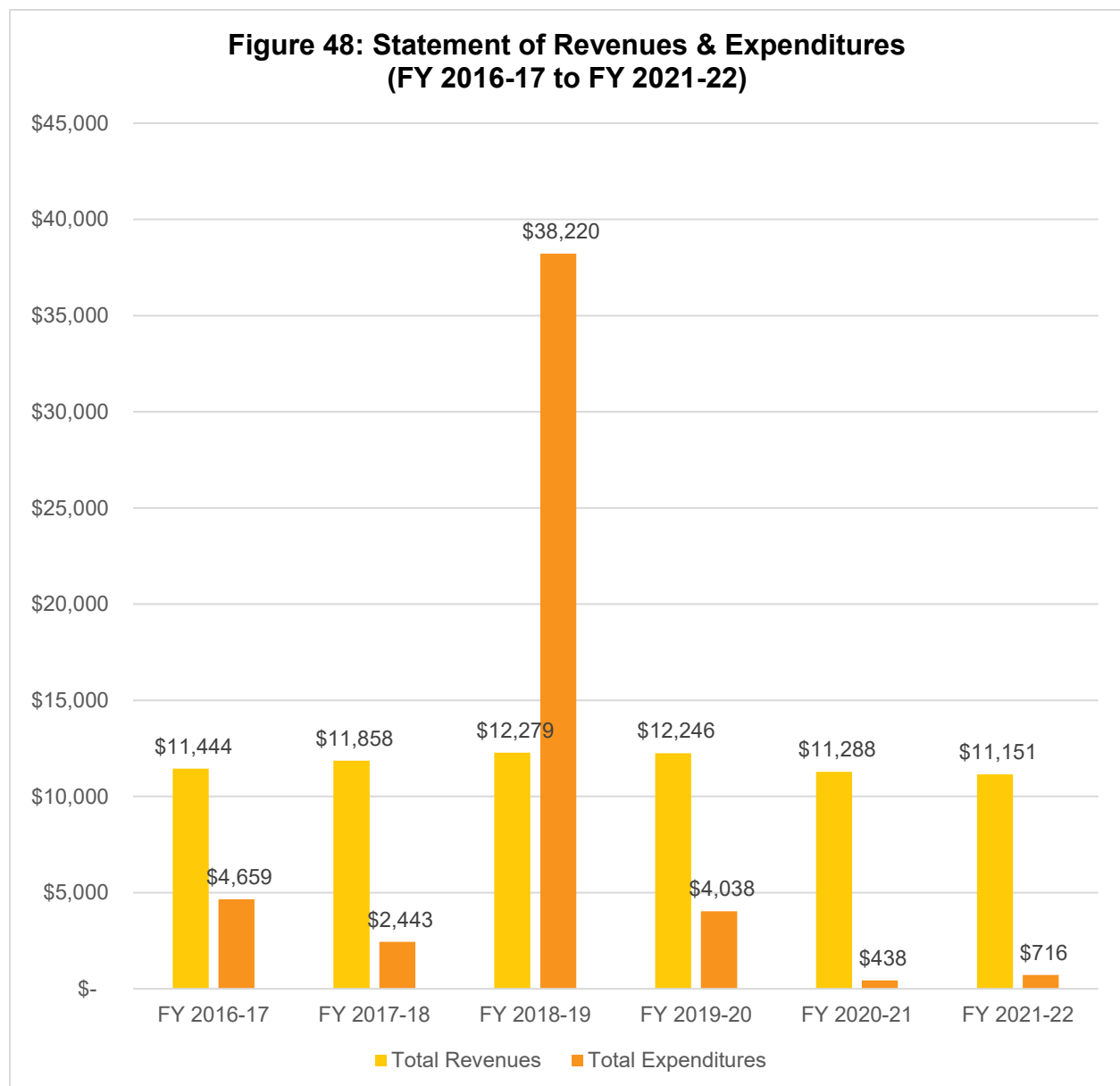
Figure 47: CSA 25's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 25's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 45** on page 117.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$11,200, representing a 1% decrease from the previous year (\$11,300 in FY 20-21). Total expenses for FY 2021-22 were approximately \$716, which increased by 64% from the previous year (\$438 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2018-19, as shown in **Figure 48**. The deficit was due to a scheduled road improvement project that cost approximately \$33,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$106,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 44** and **Figure 49**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$90,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 44: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$92,829.46	\$102,244.24	\$76,302.93	\$84,510.74	\$95,361.25
Ending Balance	\$92,829	\$102,244	\$76,303	\$84,511	\$95,361	\$105,796
Change (\$)	-	\$9,415	\$(25,941)	\$8,208	\$10,851	\$10,435

**Figure 49: Net Position from 2016 to 2022
(Ending Balance)**

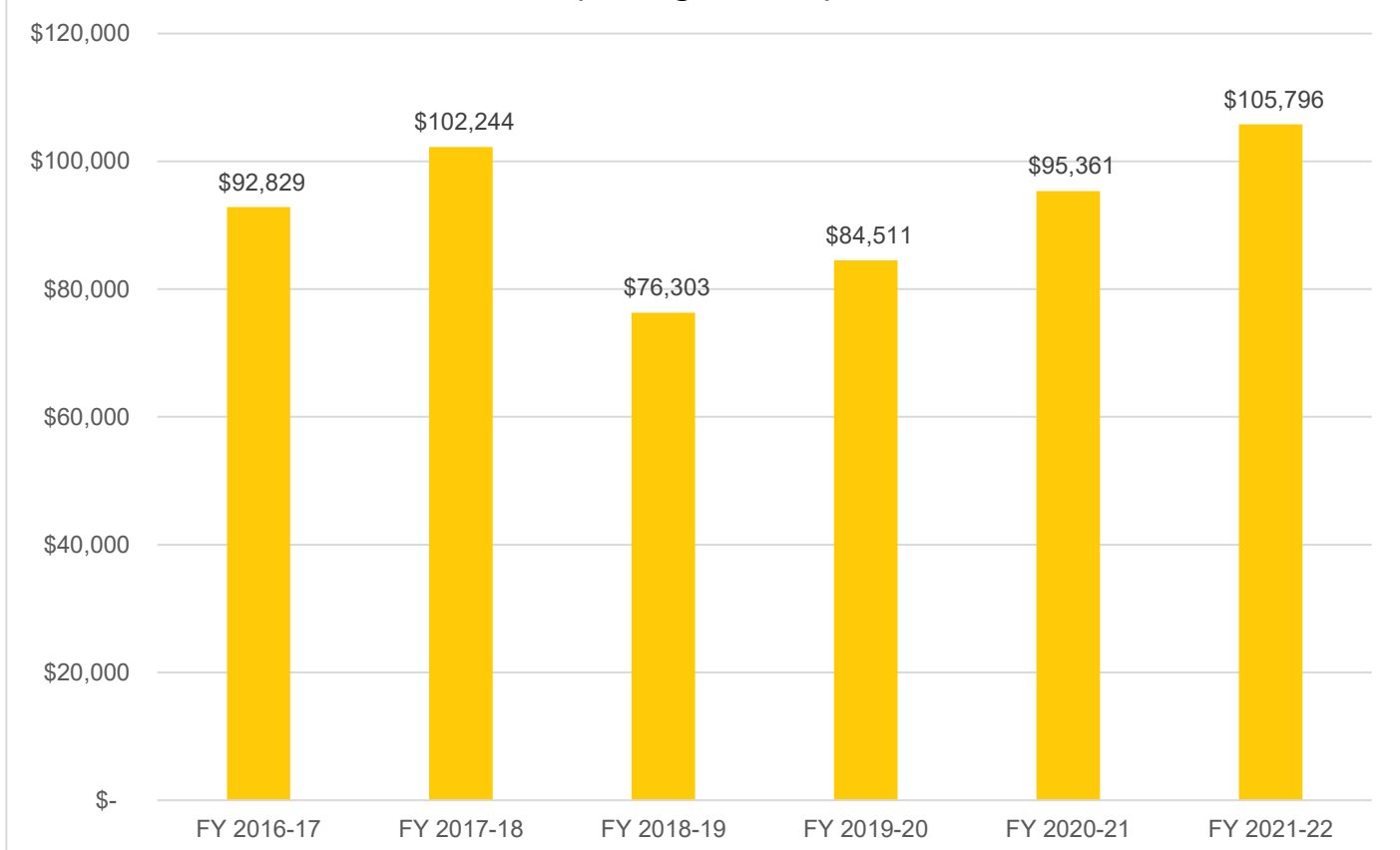


Table 45: Total Revenues & Expenditures

CSA 25	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 751.87	\$ 1,165.56	\$ 1,586.88	\$ 1,553.68	\$ 596.03	\$ 458.59
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 10,692.00	\$ 10,692.00	\$ 10,692.00	\$ 10,692.00	\$ 10,692.00	\$ 10,692.00
Total Revenues	\$ 11,443.87	\$ 11,857.56	\$ 12,278.88	\$ 12,245.68	\$ 11,288.03	\$ 11,150.59
EXPENDITURES						
DPW Services - View Point Road	\$ 4,520.62	\$ 2,442.78	\$ 32,911.23	\$ 2,956.22	\$ 174.89	\$ 437.84
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 972.11	\$ 476.37	\$ 89.01	\$ 76.22
Dept Overhead Costs	\$ -	\$ -	\$ 4,086.85	\$ 480.28	\$ 48.62	\$ 76.69
Total Expenditures	\$ 4,659.37	\$ 2,442.78	\$ 38,220.19	\$ 4,037.87	\$ 437.52	\$ 715.75
Surplus/(Deficit)	\$ 6,784.50	\$ 9,414.78	\$ (25,941.31)	\$ 8,207.81	\$ 10,850.51	\$ 10,434.84
FUND BALANCE						
Beginning of Year	\$ -	\$ 92,829.46	\$ 102,244.24	\$ 76,302.93	\$ 84,510.74	\$ 95,361.25
End of Year	\$ 92,829.46	\$ 102,244.24	\$ 76,302.93	\$ 84,510.74	\$ 95,361.25	\$ 105,796.09

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 25's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 50** on page 118 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 57 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 51** on page 119 shows the proposed sphere boundary.

Figure 50: CSA 25's Current Sphere Map

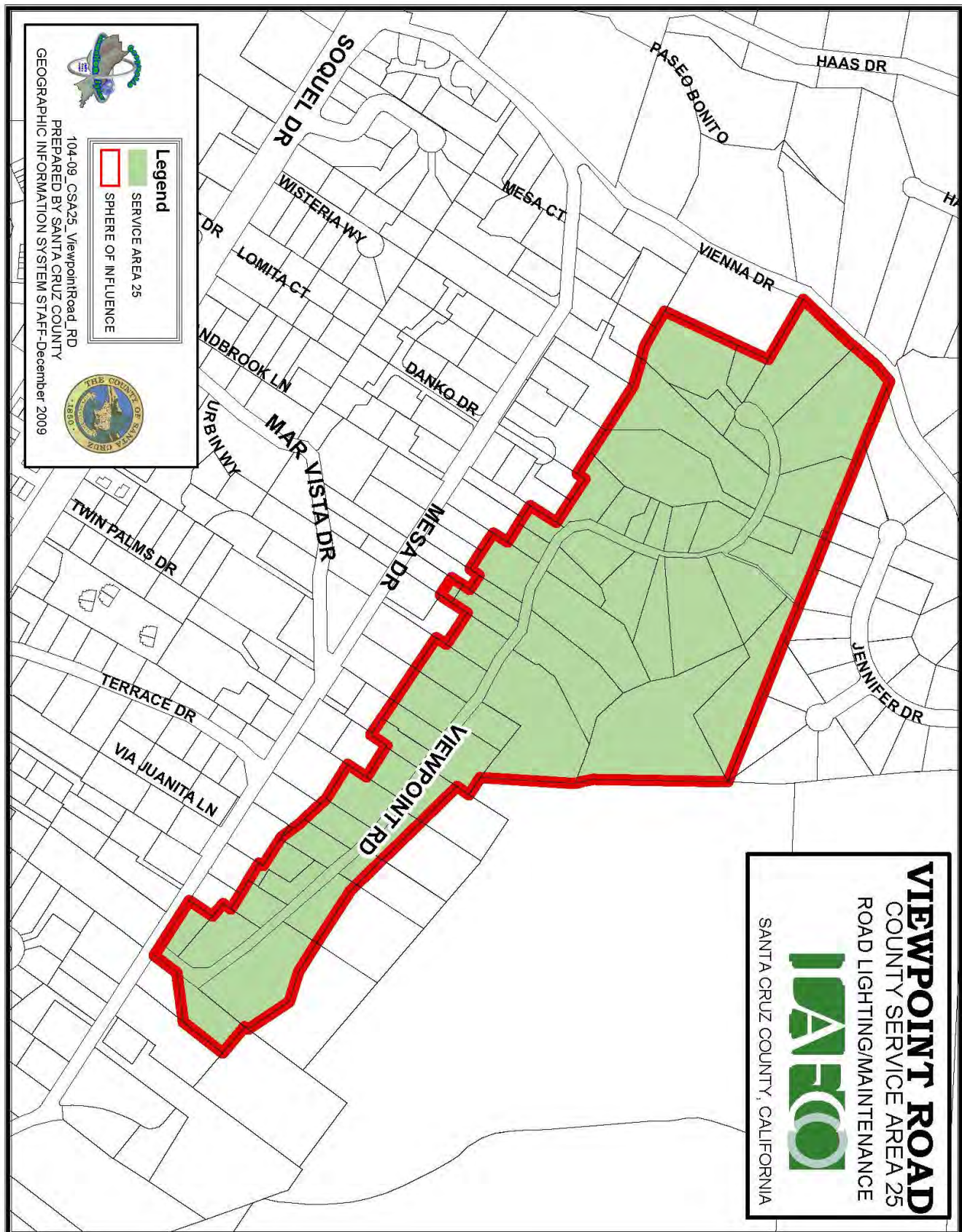
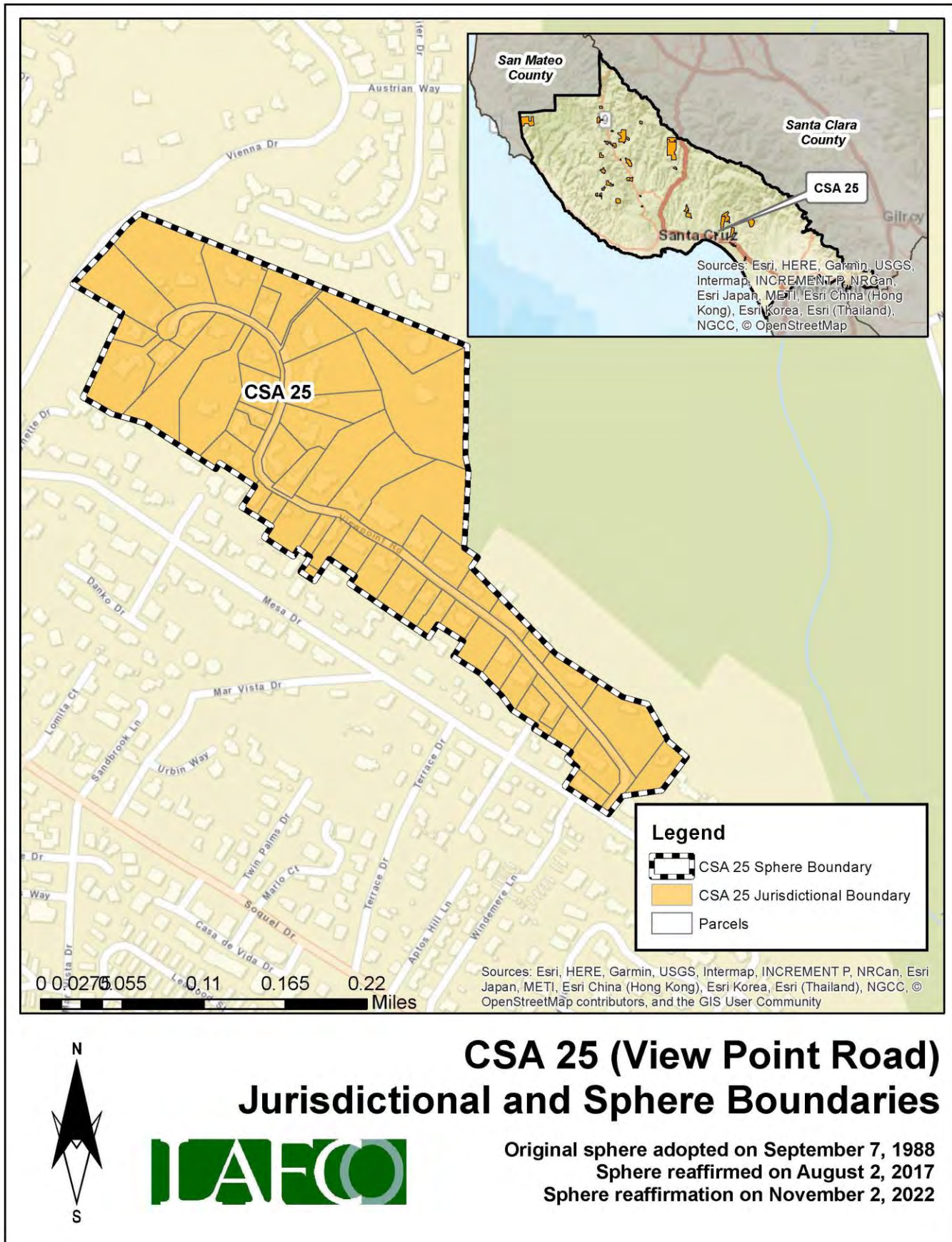


Figure 51: CSA 25's Proposed Sphere Map



District Summary

County Service Area 25	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.54road miles
District Area	0.05 square miles (appx. 32 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$11,151</p> <p>Total Expenditure = \$716</p> <p>Net Position (Ending Balance) = \$105,796</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 25 in 2020 was estimated to be 29. Based on LAFCO's analysis, the population within the CSA will be approximately 29 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 25 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 25 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$106,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Urban Low Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 25 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 25 has 57 parcels within its jurisdictional boundary and provides extended services to approximately 0.54 miles of road for the residents.

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.

CSA 25 has a population of approximately 29. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 26 (HIDDEN VALLEY ROAD)

Overview

County Service Area 26 was formed on August 4, 1982 with the purpose of providing extended maintenance to 2.82 road miles. **Appendix 11** provides a copy of the formation resolution. There is a total of 91 parcels within the CSA (totaling approximately 355 acres). **Figure 52**, on page 125, is a vicinity map depicting CSA 26's current jurisdictional boundary. Only one boundary change has occurred since its inception, in which one parcel was detached from CSA 26 back in 1984. At present, the majority of land within the CSA is designated as Rural and Mountain Residential. **Table 46** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 26 has 17 funding zones (Zones A-Q). **Figure 53** on page 126 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 26.

Table 46: Benefit Assessment Rates (2017 to 2021)

CSA 26	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$124.30	\$127.90	\$132.88	\$192.88	\$196.14
Zone B	\$248.62	\$255.82	\$265.76	\$385.76	\$392.28
Zone C	\$372.94	\$383.74	\$398.64	\$578.64	\$588.42
Zone D	\$497.28	\$511.70	\$531.52	\$771.52	\$784.56
Zone E	\$621.60	\$639.62	\$664.40	\$964.40	\$980.70
Zone F	\$745.94	\$767.56	\$797.28	\$1,157.28	\$1,176.84
Zone G	\$870.26	\$895.48	\$930.16	\$1,350.16	\$1,372.98
Change (%)		3%	4%	45%	2%
Zone H	-	-	\$224.88	\$284.88	\$288.14
Change (%)				27%	1%
Zone I	-	-	\$230.88	\$290.88	\$294.14
Change (%)				26%	1%
Zone J	-	-	\$328.88	\$388.88	\$392.14
Change (%)				18%	1%
Zone K	-	-	\$412.88	\$472.88	\$476.14
Change (%)				15%	1%
Zone L	-	-	\$424.88	\$484.88	\$488.14
Change (%)				14%	1%
Zone M	-	-	\$446.88	\$506.88	\$510.14
Change (%)				13%	1%
Zone N	-	-	\$470.88	\$530.88	\$534.14
Change (%)				13%	1%
Zone O	-	-	\$766.88	\$730.88	\$734.14
Change (%)				-5%	0%
Zone P	-	-	\$806.88	\$826.88	\$830.14
Change (%)				2%	0%
Zone Q	-	-	\$806.88	\$866.88	\$870.14
Change (%)				7%	0%

Population and Growth

Based on staff's analysis, the population of CSA 26 was 2020 is estimated to be 46. 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. **Table 47** shows the anticipated population within CSA 26. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 26. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 26 will be approximately 47 by 2040.

Table 47: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 26	46	46	46	47	47

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Figure 52: CSA 26's Vicinity Map

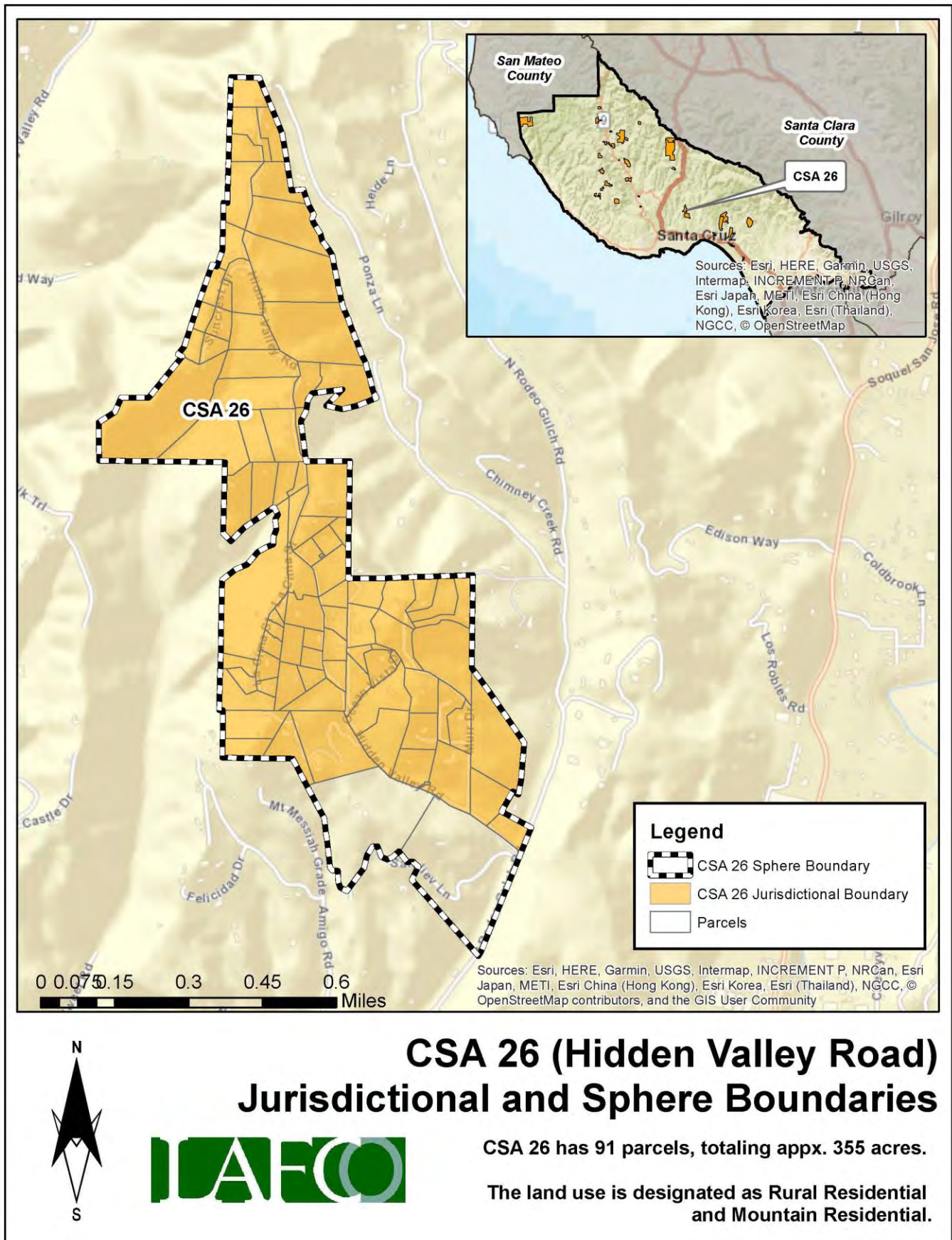
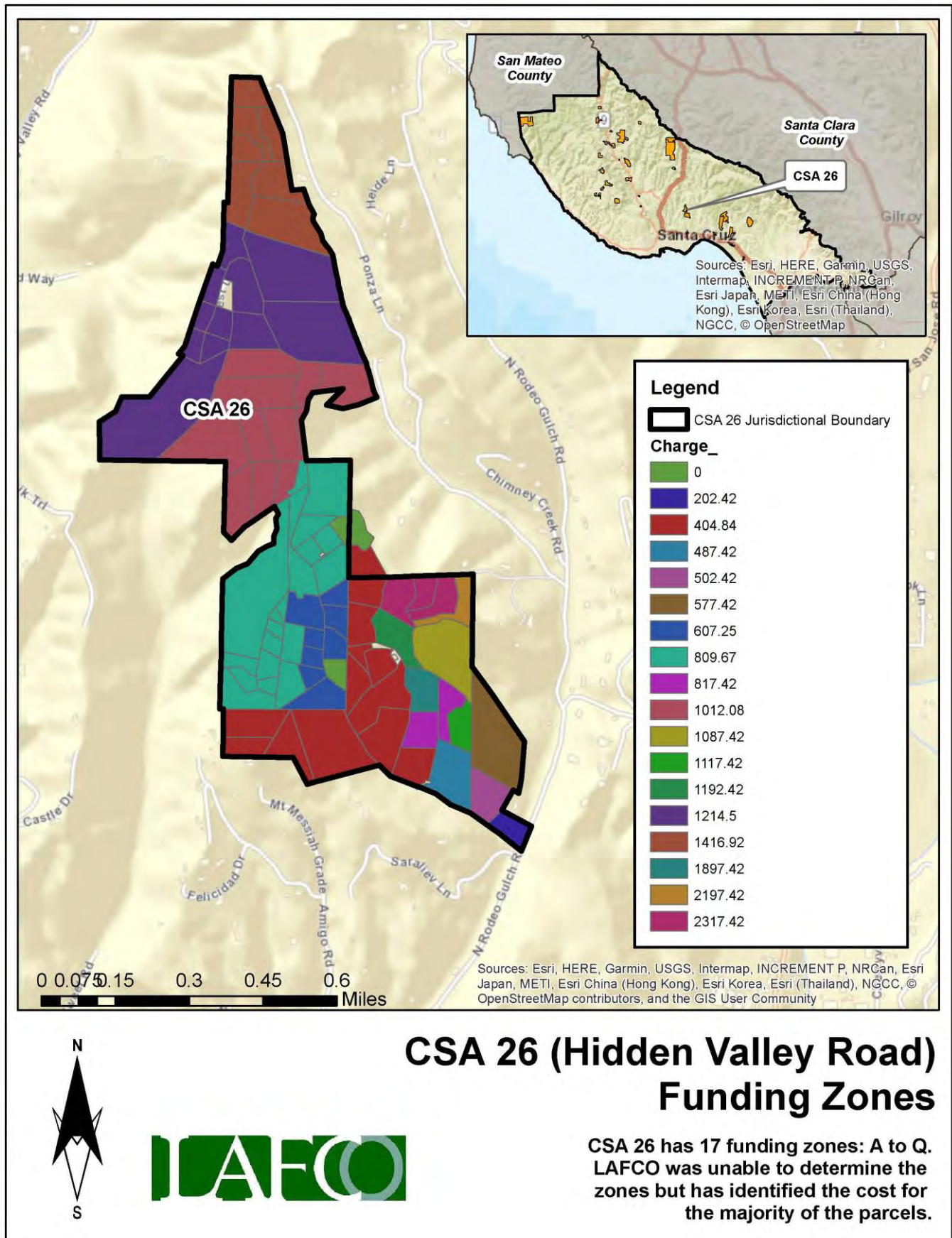


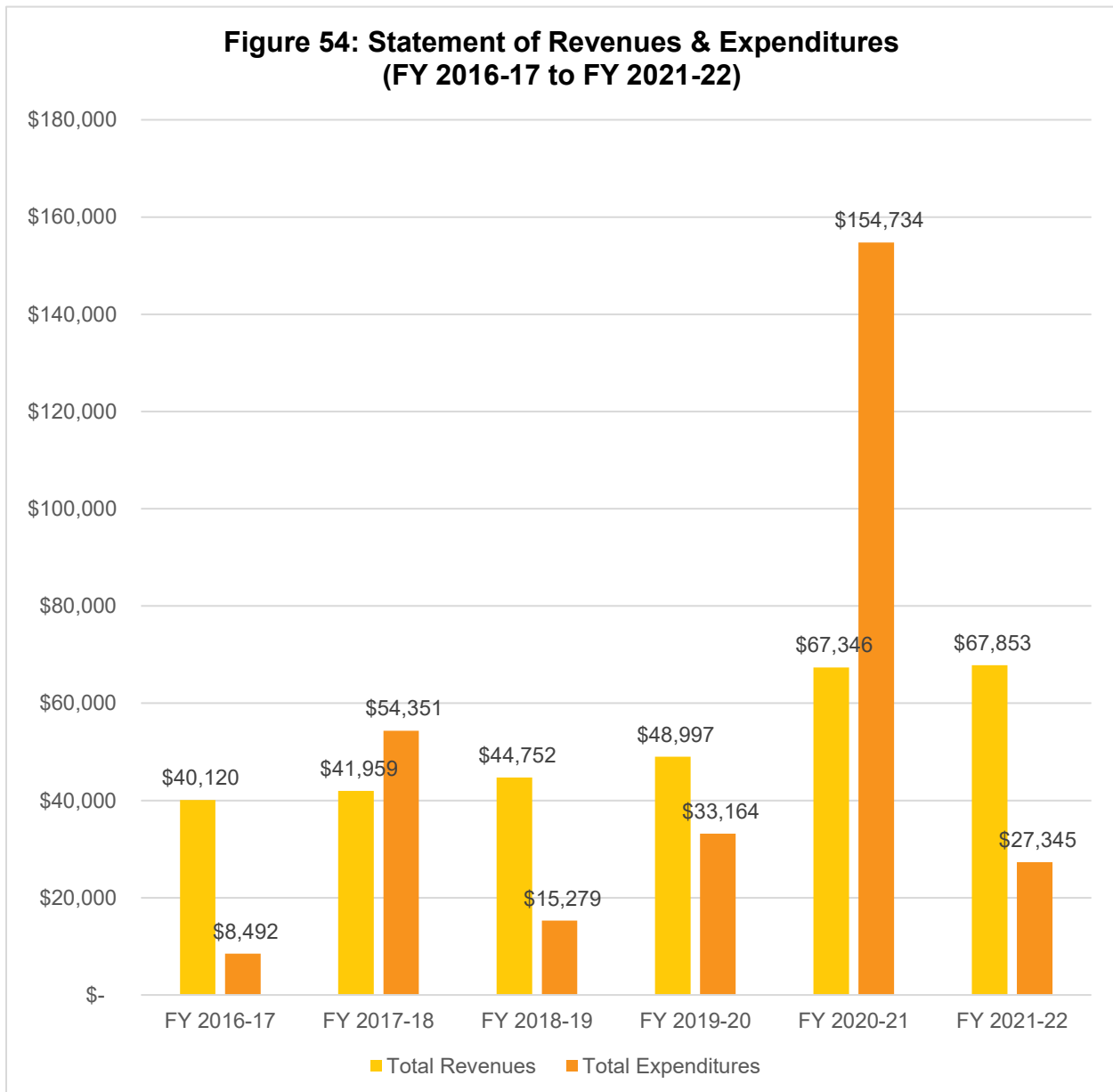
Figure 53: CSA 26's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 26's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 49** on page 129.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$68,000, representing a 1% increase from the previous year (\$67,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$27,000, which decreased by 82% from the previous year (\$155,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2017-18 and FY 2020-21, as shown in **Figure 54**. The deficit was due to a scheduled road improvement project that cost approximately \$132,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$185,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 48** and **Figure 55**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$140,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 48: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$199,175.47	\$186,782.82	\$216,255.72	\$232,089.26	\$144,701.14
Ending Balance	\$199,175	\$186,783	\$216,256	\$232,089	\$144,701	\$185,208
Change (\$)	-	\$(12,393)	\$29,473	\$15,834	\$(87,388)	\$40,507

**Figure 55: Net Position from 2016 to 2022
(Ending Balance)**

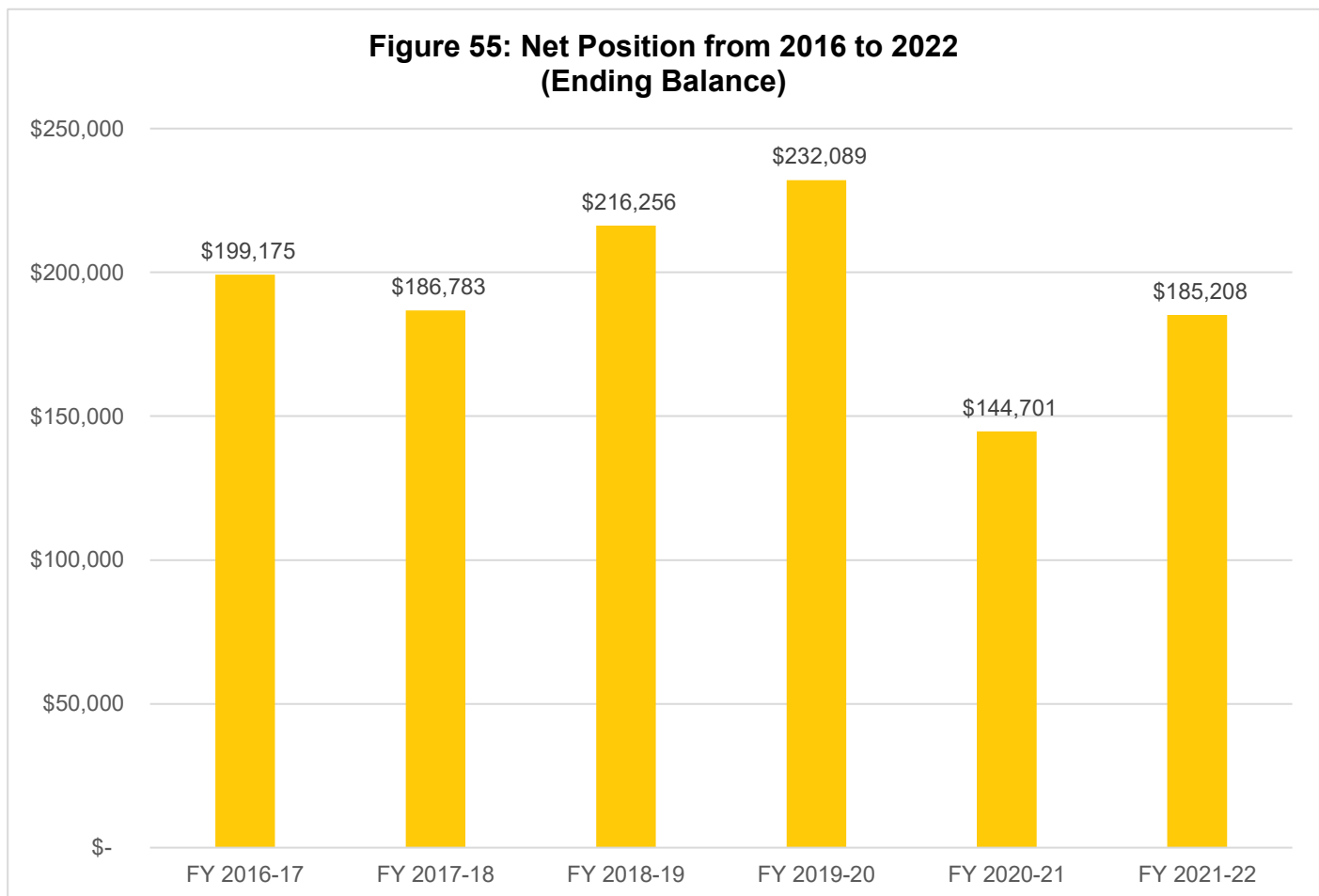


Table 49: Total Revenues & Expenditures

CSA 26	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 1,559.43	\$ 2,361.63	\$ 4,031.16	\$ 4,318.81	\$ 1,291.25	\$ 765.44
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 38,560.92	\$ 39,597.18	\$ 40,721.03	\$ 44,678.47	\$ 66,054.38	\$ 67,087.16
Total Revenues	\$ 40,120.35	\$ 41,958.81	\$ 44,752.19	\$ 48,997.28	\$ 67,345.63	\$ 67,852.60
EXPENDITURES						
DPW Services - Hidden Valley	\$ 5,797.96	\$ 52,031.14	\$ 6,117.17	\$ 20,303.16	\$ 132,316.04	\$ 20,403.31
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 2,475.30	\$ 2,320.32	\$ 2,088.00	\$ 2,108.00	\$ 2,289.00	\$ 2,443.88
Acct & Audit Fees	\$ 218.46	\$ -	\$ 415.11	\$ 238.39	\$ 238.39	\$ 342.44
Division Overhead - Admin	\$ -	\$ -	\$ 5,034.50	\$ 6,576.99	\$ 2,697.67	\$ 1,108.65
Dept Overhead Costs	\$ -	\$ -	\$ 1,624.51	\$ 3,937.20	\$ 17,192.65	\$ 3,047.01
Total Expenditures	\$ 8,491.72	\$ 54,351.46	\$ 15,279.29	\$ 33,163.74	\$154,733.75	\$ 27,345.29
Surplus/(Deficit)	\$ 31,628.63	\$ (12,392.65)	\$ 29,472.90	\$ 15,833.54	\$ (87,388.12)	\$ 40,507.31
FUND BALANCE						
Beginning of Year	\$ -	\$ 199,175.47	\$ 186,782.82	\$ 216,255.72	\$ 232,089.26	\$ 144,701.14
End of Year	\$199,175.47	\$ 186,782.82	\$216,255.72	\$ 232,089.26	\$144,701.14	\$185,208.45

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 26's first sphere of influence on September 7, 1988. The current sphere is slightly larger than the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 56** on page 130 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 91 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. However, LAFCO staff is recommending that the sphere boundary be expanded to address two split parcels, shown in Figure 53. The County should consider annexing the two split parcels as well as two additional parcels currently within the CSA's sphere but outside its jurisdictional boundary in the near future. **Figure 57** on page 131 shows the proposed sphere boundary.

Figure 56: CSA 26's Current Sphere Map

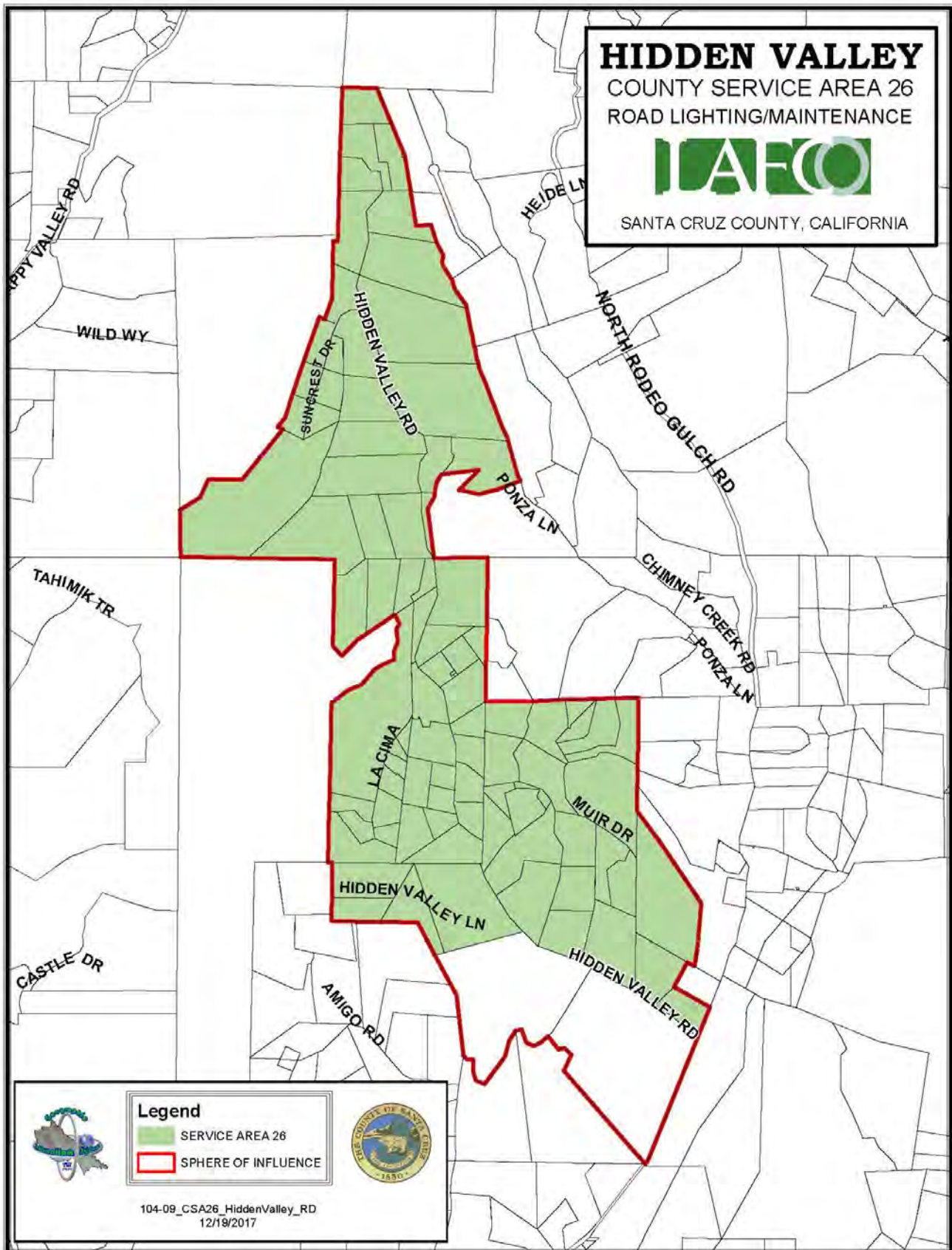
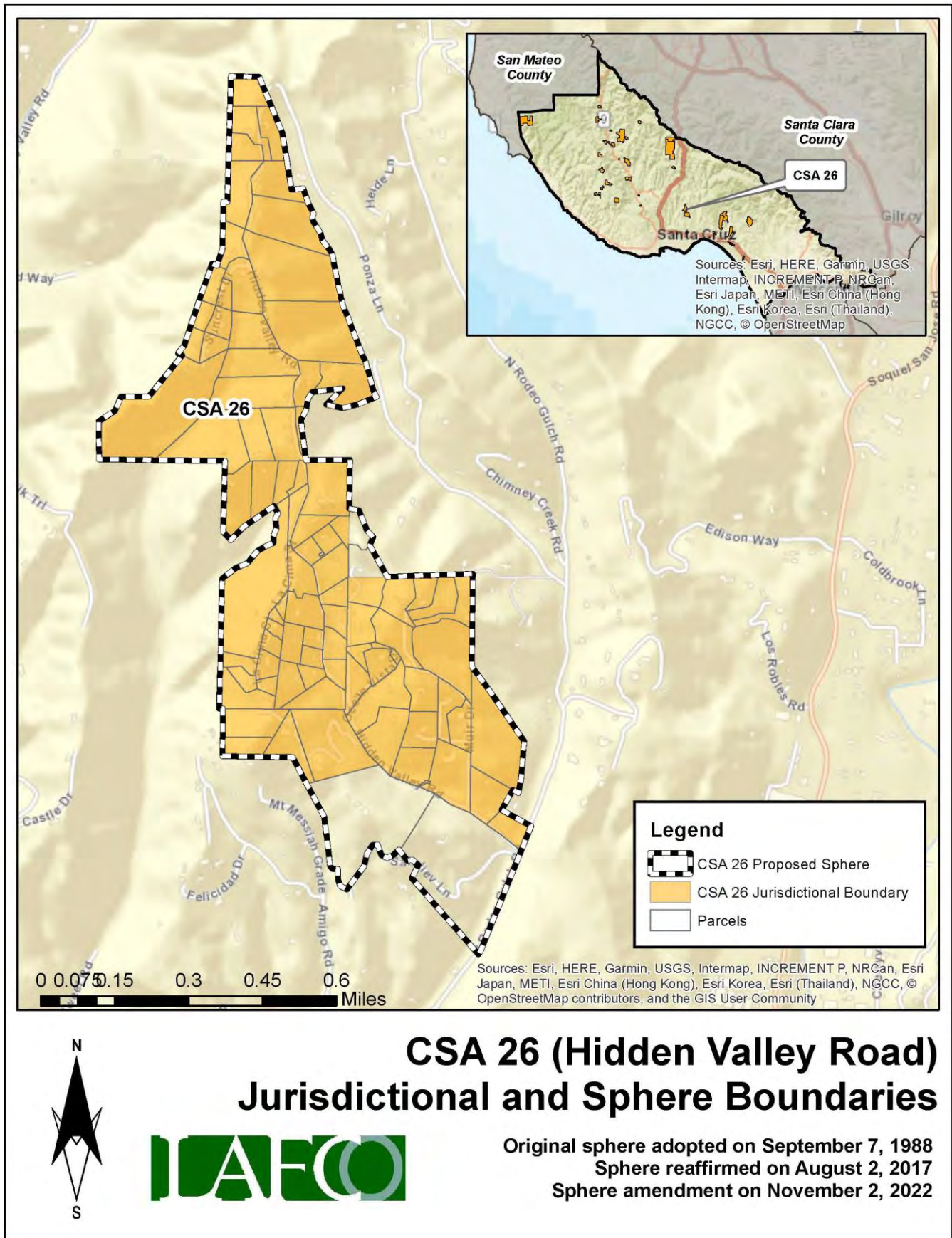


Figure 57: CSA 26's Proposed Sphere Map



District Summary

County Service Area 26	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.82 road miles
District Area	0.55 square miles (appx 355 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$67,853</p> <p>Total Expenditure = \$27,345</p> <p>Net Position (Ending Balance) = \$185,208</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 26 in 2020 was estimated to be 46. Based on LAFCO's analysis, the population within the CSA will be approximately 47 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 26 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 26 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$185,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural and Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 26 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 26 has 91 parcels within its jurisdictional boundary and provides extended services to approximately 2.82 miles of road for the residents.

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.

CSA 26 has a population of approximately 46. The constituents fund the CSA through 17 zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 28 (LOMOND TERRACE)

Overview

County Service Area 28 was formed on August 7, 1982 with the purpose of providing extended maintenance to 2.77 road miles. **Appendix 12** provides a copy of the formation resolution. There is a total of 94 parcels within the CSA (totaling approximately 145 acres). **Figure 58**, on page 136, is a vicinity map depicting CSA 28's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural and Mountain Residential. **Table 50** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 28 has two funding zones (Unimproved and Improved). **Figure 59** on page 137 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 28.

Table 50: Benefit Assessment Rates (2017 to 2021)

CSA 28	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Unimproved Parcels	\$200.00	\$200.00	\$200.00	\$200.00	\$350.00
Change (%)		0%	0%	0%	75%
Improved Parcels	\$400.00	\$500.00	\$500.00	\$500.00	\$700.00
Change (%)		25%	0%	0%	40%

Population and Growth

Based on staff's analysis, the population of CSA 28 was 2020 is estimated to be 349. 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. **Table 51** shows the anticipated population within CSA 28. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 28. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 28 will be approximately 360 by 2040.

Table 51: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 228	349	352	355	358	361

Figure 58: CSA 28's Vicinity Map

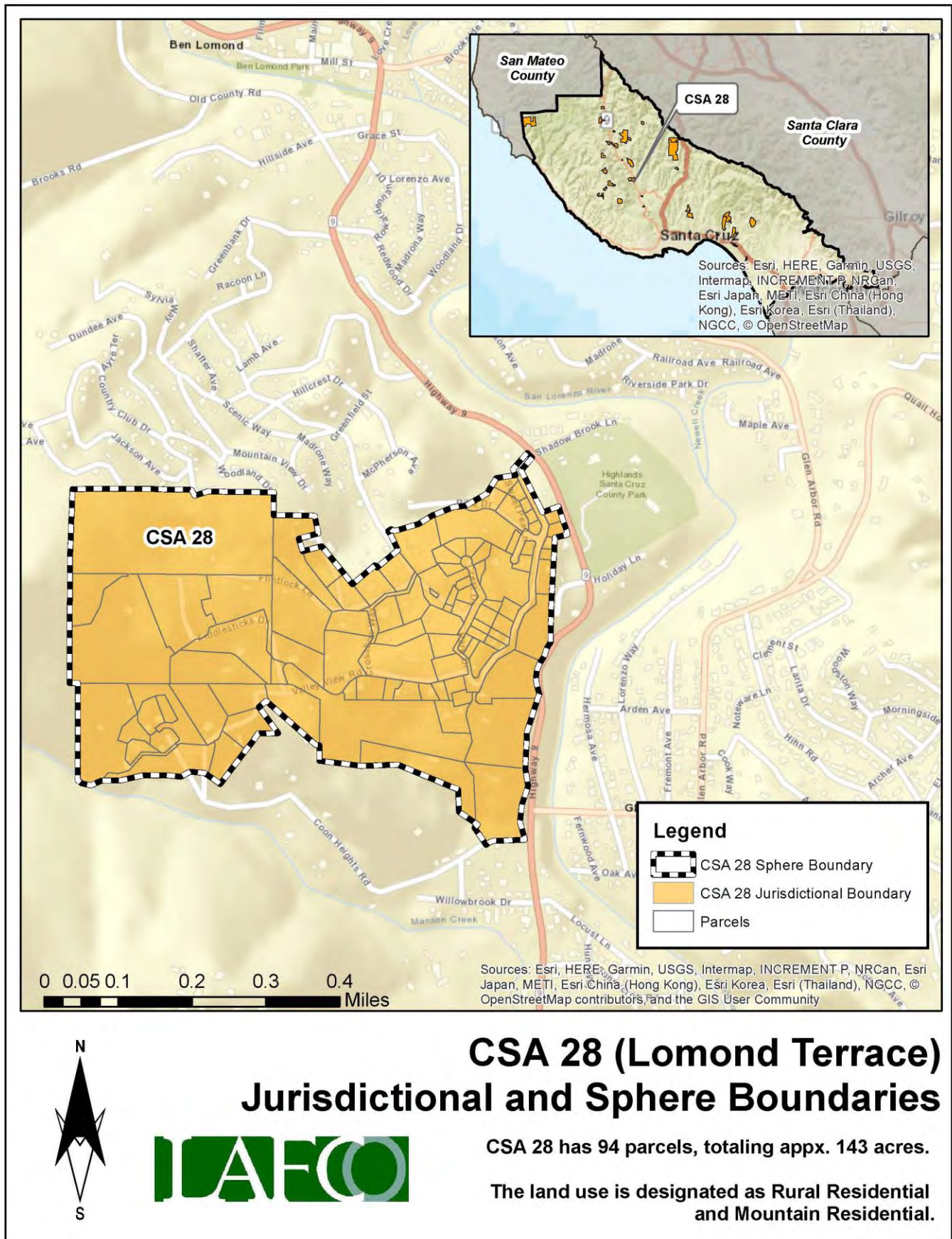
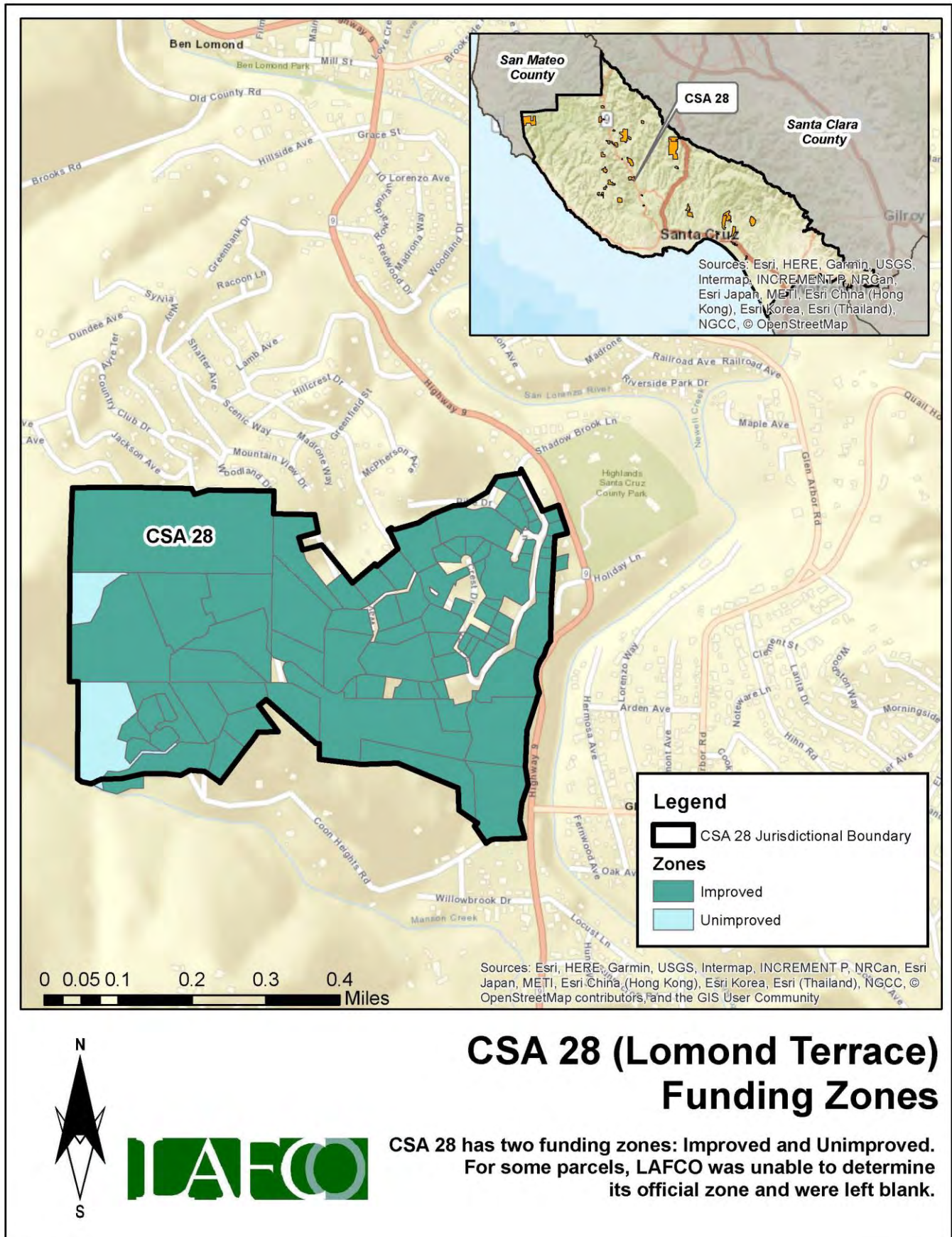


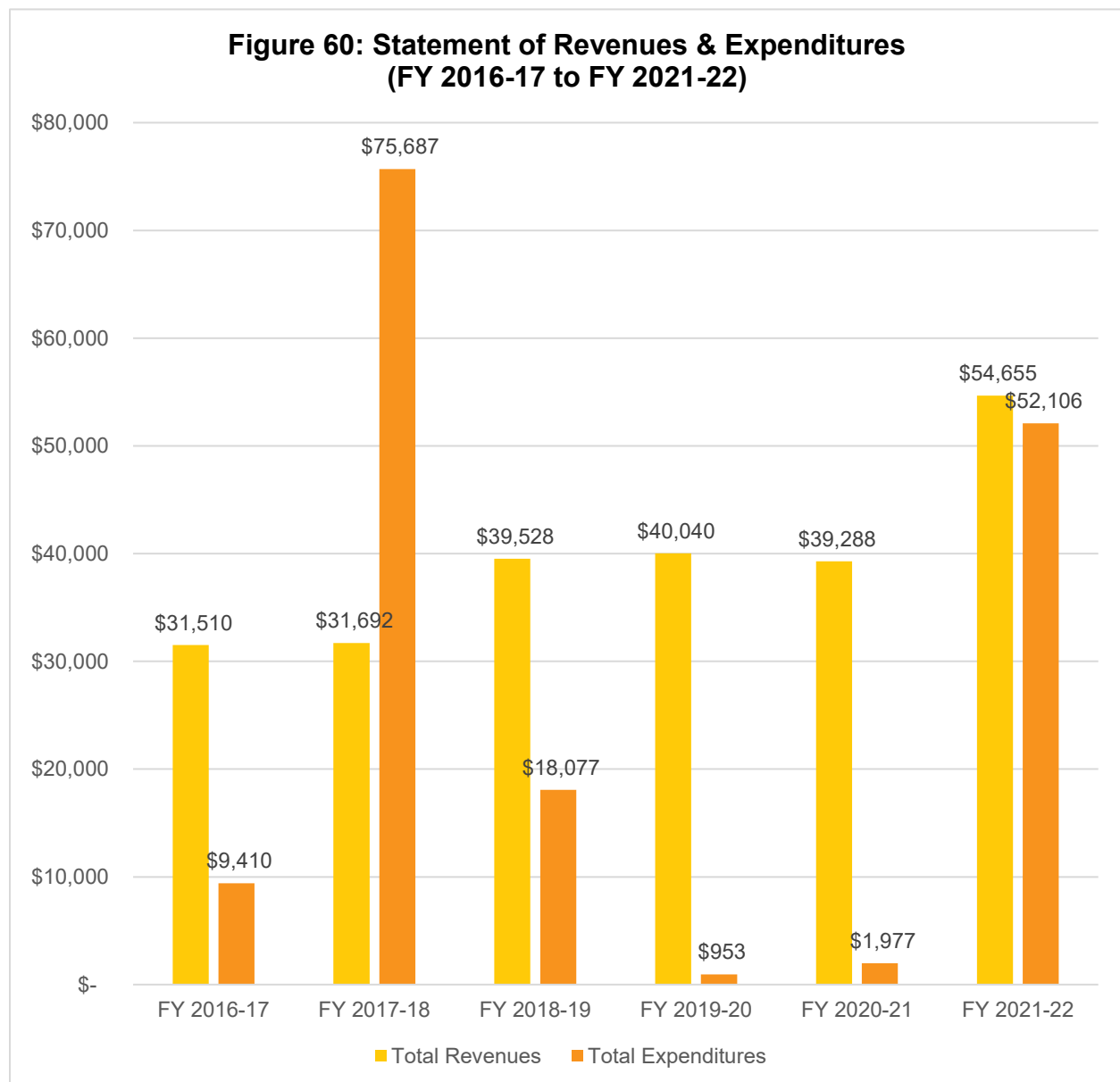
Figure 59: CSA 28's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 28's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 53** on page 140.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$55,000, representing a 39% increase from the previous year (\$39,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$52,000, which increased by 2,600% from the previous year (\$2,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2017-18, as shown in **Figure 60**. The deficit was due to a scheduled road improvement project that cost approximately \$76,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$144,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 52** and **Figure 61**, the CSA's fund balance has increased over the years but has maintained an annual balance above \$40,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 52: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$87,311.29	\$43,316.34	\$64,767.08	\$103,853.90	\$141,164.41
Ending Balance	\$87,311	\$43,316	\$64,767	\$103,854	\$141,164	\$143,714
Change (\$)	-	\$(43,995)	\$21,451	\$39,087	\$37,311	\$2,549

**Figure 61: Net Position from 2016 to 2022
(Ending Balance)**

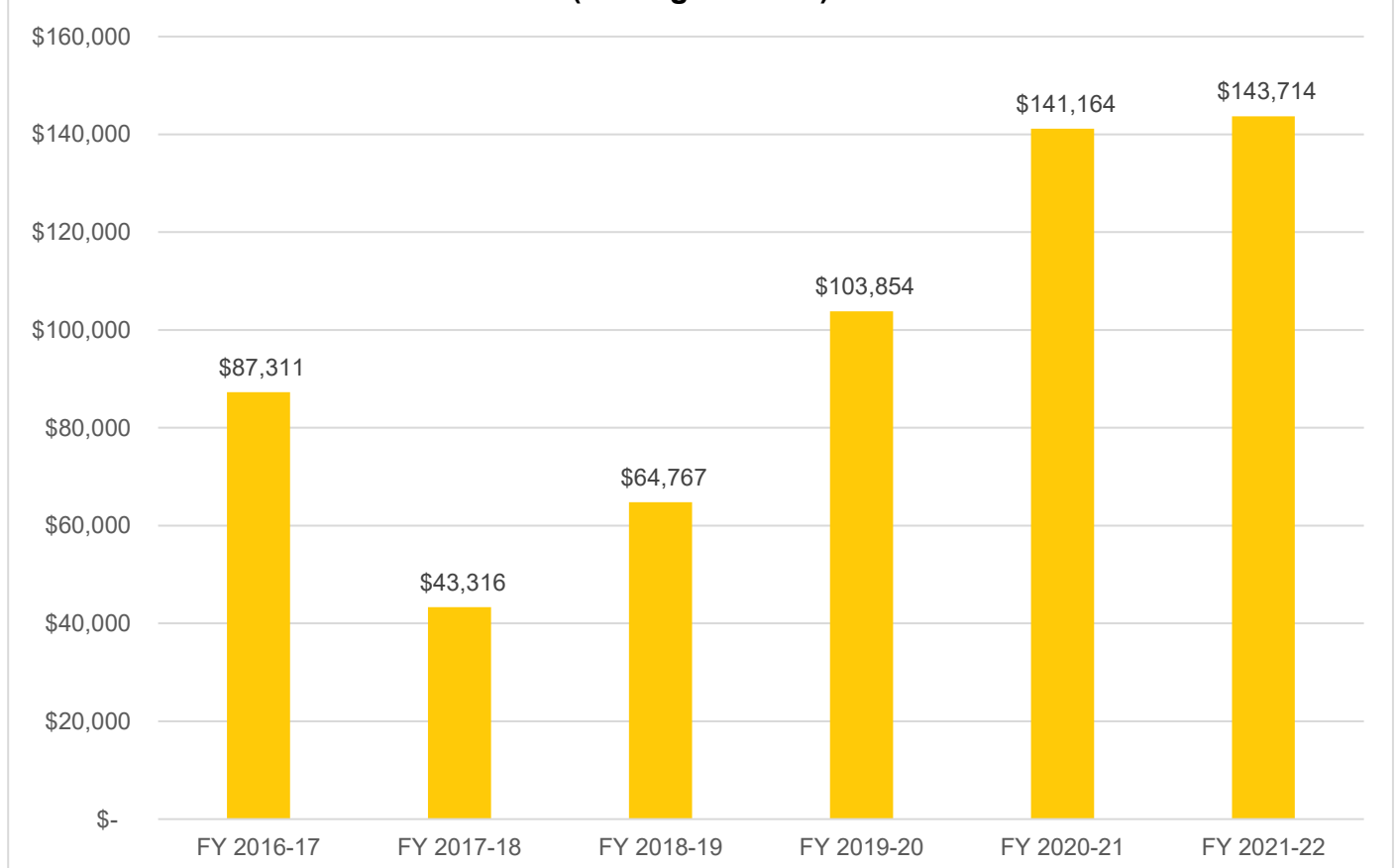


Table 53: Total Revenues & Expenditures

CSA 28	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 622.36	\$ 803.82	\$ 1,016.93	\$ 1,529.28	\$ 776.58	\$ 600.61
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 30,888.00	\$ 30,888.00	\$ 38,511.00	\$ 38,511.00	\$ 38,511.00	\$ 54,054.00
Total Revenues	\$ 31,510.36	\$ 31,691.82	\$ 39,527.93	\$ 40,040.28	\$ 39,287.58	\$ 54,654.61
EXPENDITURES						
DPW Services - Lomond Terrace	\$ 9,237.28	\$ 75,686.77	\$ 14,605.27	\$ 111.52	\$ 1,254.85	\$ 46,246.52
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 173.09	\$ -	\$ 352.99	\$ 195.31	\$ 195.31	\$ 276.27
Division Overhead - Admin	\$ -	\$ -	\$ 1,194.04	\$ 533.22	\$ 307.24	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 1,924.89	\$ 113.41	\$ 219.67	\$ 5,582.73
Total Expenditures	\$ 9,410.37	\$ 75,686.77	\$ 18,077.19	\$ 953.46	\$ 1,977.07	\$ 52,105.52
Surplus/(Deficit)	\$ 22,099.99	\$ (43,994.95)	\$ 21,450.74	\$ 39,086.82	\$ 37,310.51	\$ 2,549.09
FUND BALANCE						
Beginning of Year	\$ -	\$ 87,311.29	\$ 43,316.34	\$ 64,767.08	\$ 103,853.90	\$ 141,164.41
End of Year	\$ 87,311.29	\$ 43,316.34	\$ 64,767.08	\$ 103,853.90	\$141,164.41	\$143,713.50

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 28's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 62** on page 141 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 94 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. However, LAFCO staff is recommending that the sphere boundary be expanded to address the two split parcels, shown in Figure 59. The County should consider annexing the two split parcels in the near future. **Figure 63** on page 142 shows the proposed sphere boundary.

Figure 62: CSA 28's Current Sphere Map

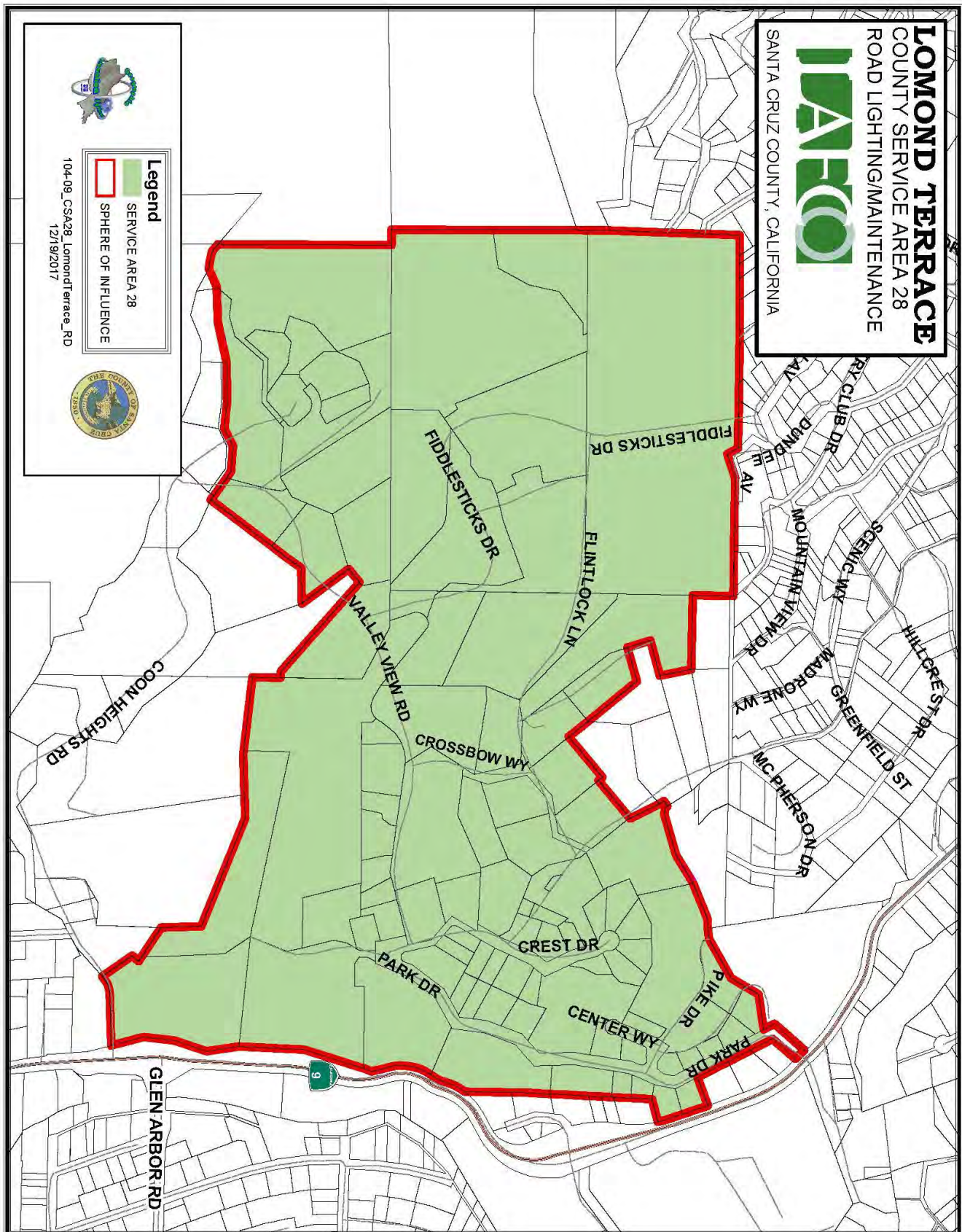
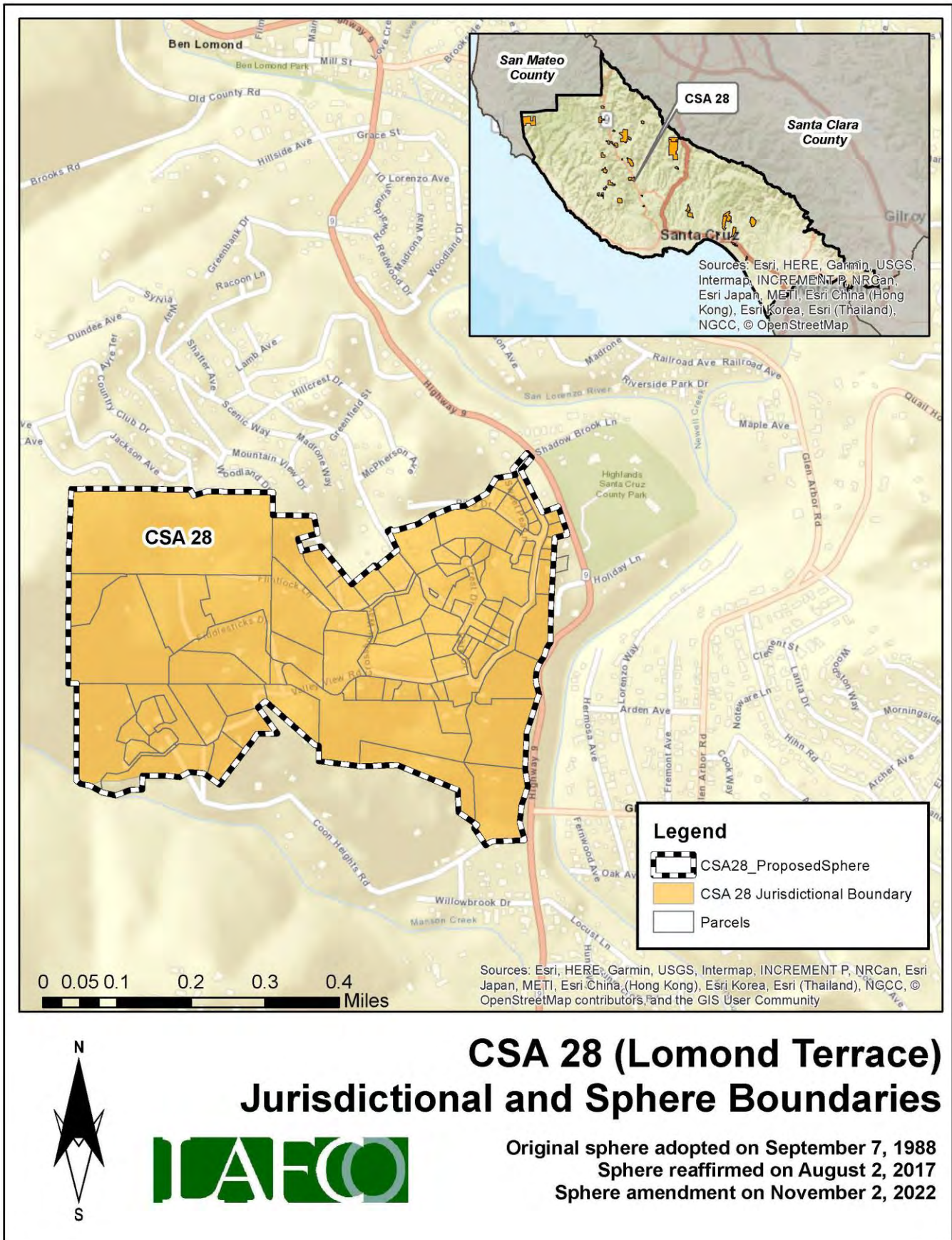


Figure 63: CSA 28's Proposed Sphere Map



District Summary

County Service Area 28	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.77 road miles
District Area	0.22 square miles (appx. 143 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary the extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$54,655</p> <p>Total Expenditure = \$52,106</p> <p>Net Position (Ending Balance) = \$143,714</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 28 in 2020 was estimated to be 349. Based on LAFCO's analysis, the population within the CSA will be approximately 361 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 28 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 28 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$144,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural and Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 28 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 28 has 94 parcels within its jurisdictional boundary and provides extended services to approximately 2.77 miles of road for the residents.

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.

CSA 28 has a population of approximately 349. The constituents fund the CSA through two zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 30 (GLENWOOD ACRES)

Overview

County Service Area 30 was formed on December 1, 1982 with the purpose of providing extended maintenance to 0.89 road miles. **Appendix 13** provides a copy of the formation resolution. There is a total of 26 parcels within the CSA (totaling approximately 120 acres). **Figure 64**, on page 147, is a vicinity map depicting CSA 30's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 54** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 30 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 30.

Table 54: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 30	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Change (%)		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 30 was 2020 is estimated to be 13. 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. **Table 55** shows the anticipated population within CSA 30. The average rate of change is 0.86%.

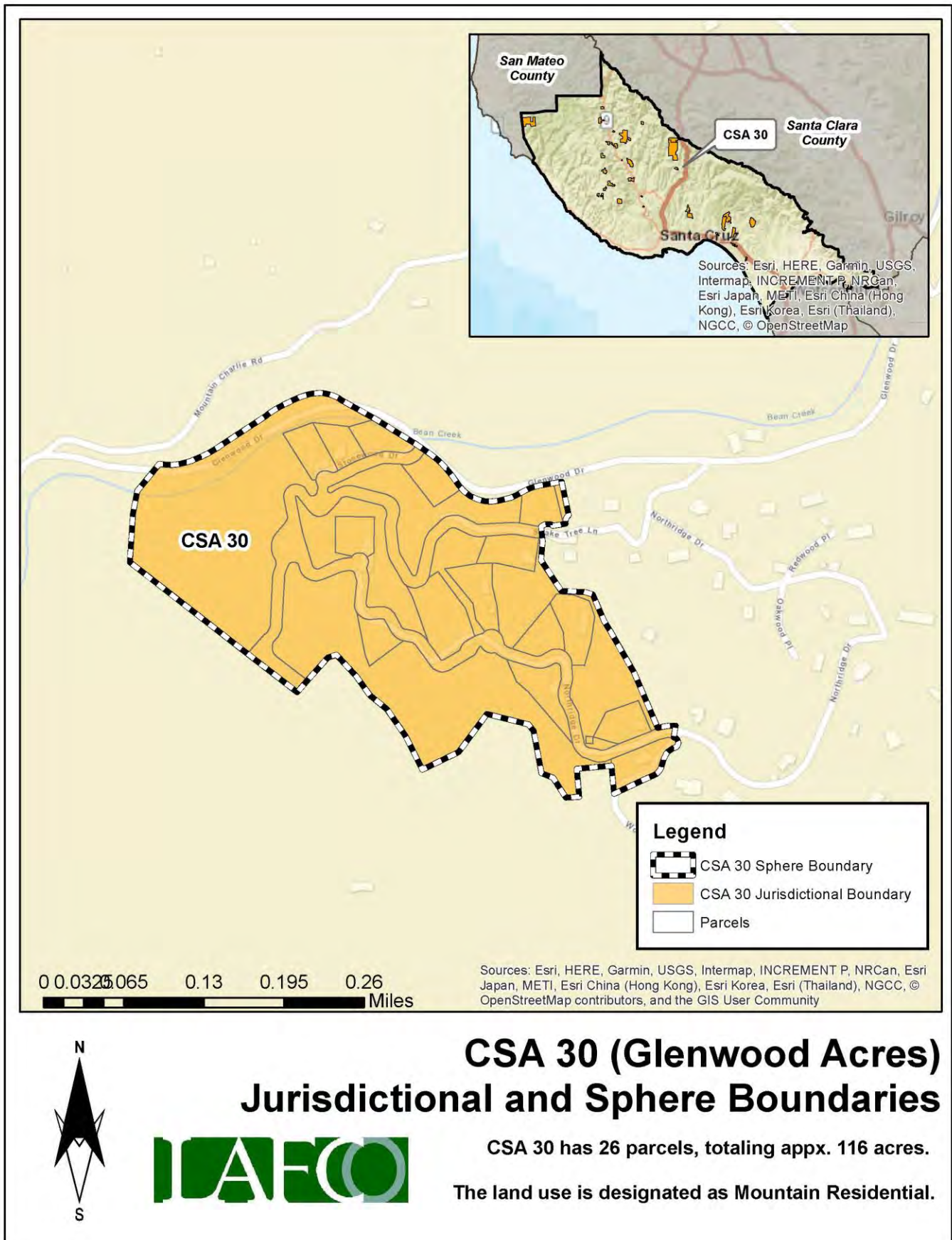
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 30. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 30 will be approximately 13 by 2040.

Table 55: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 30	13	13	13	13	13

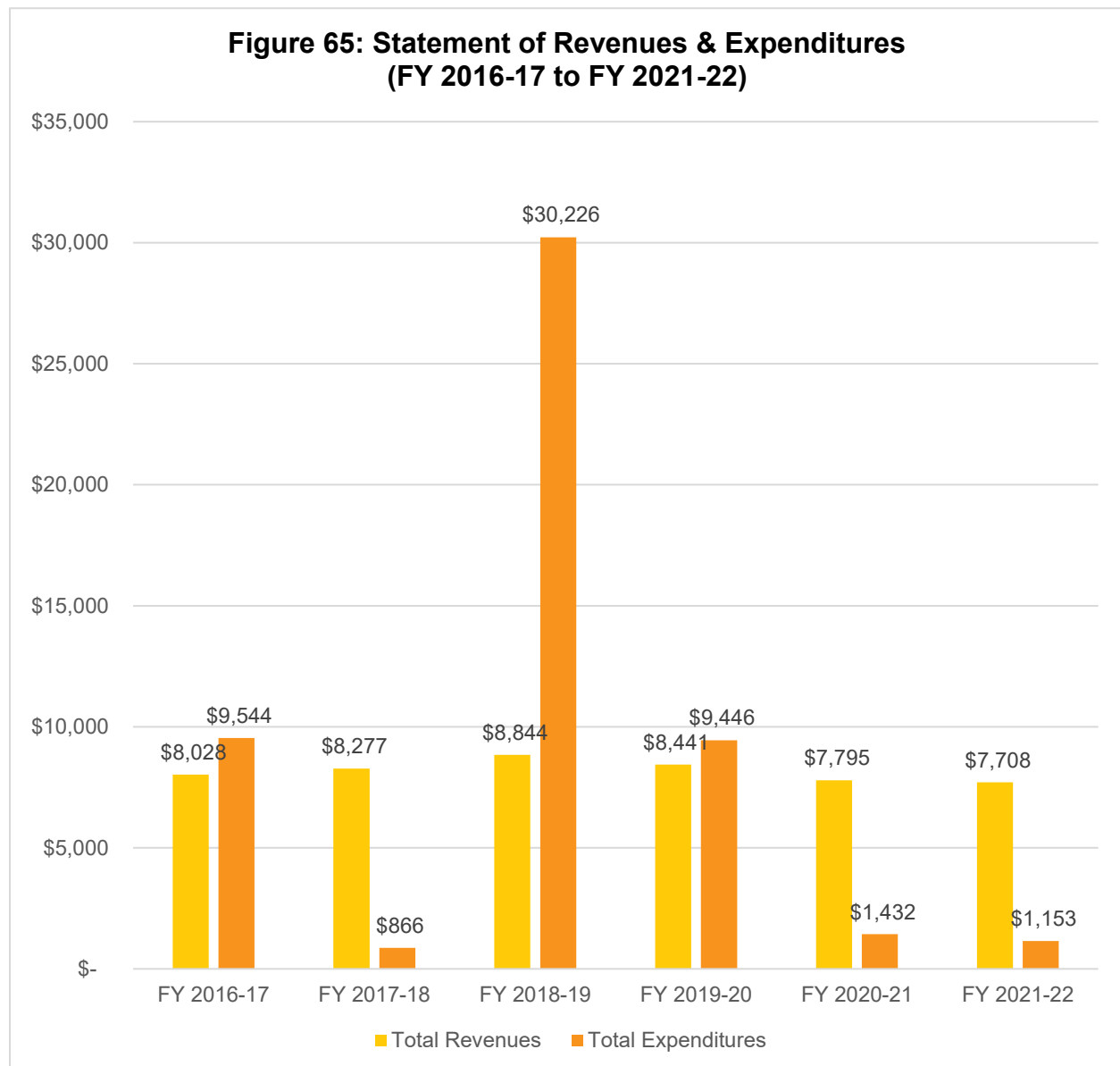
Figure 64: CSA 30's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 30's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 57** on page 150.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$7,700, representing a 1% decrease from the previous year (\$7,800 in FY 20-21). Total expenses for FY 2021-22 were approximately \$1,200 which decreased by 19% from the previous year (\$1,400 in FY 20-21). Since 2016, the CSA ended in a deficit in three of the last six fiscal years, as shown in **Figure 65**. The deficit in FY 2018-19 was due to a scheduled road improvement project that cost approximately \$24,000 to complete. LAFCO staff believes that the overall negative trend may continue unless the County collects the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$66,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 56** and **Figure 66**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$50,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 56: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$67,846.30	\$75,257.39	\$53,875.40	\$52,870.61	\$59,233.65
Ending Balance	\$67,846	\$75,257	\$53,875	\$52,871	\$59,234	\$65,789
Change (\$)	-	\$7,411	\$(21,382)	\$(1,005)	\$6,363	\$6,555

**Figure 66: Net Position from 2016 to 2022
(Ending Balance)**

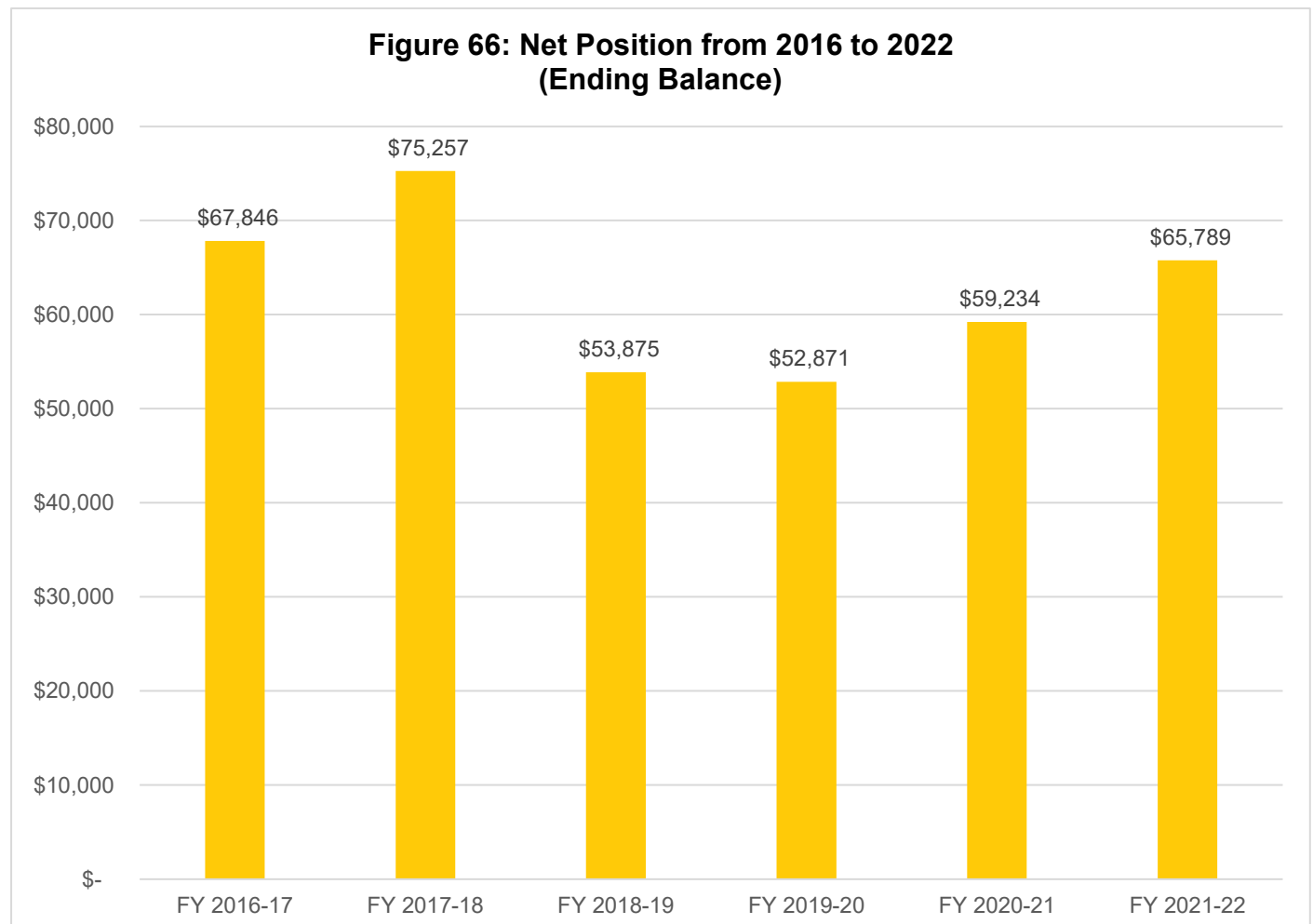


Table 57: Total Revenues & Expenditures

CSA 30	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 602.98	\$ 852.41	\$ 1,419.02	\$ 1,016.18	\$ 369.86	\$ 283.14
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 7,425.00	\$ 7,425.00	\$ 7,425.00	\$ 7,425.00	\$ 7,425.00	\$ 7,425.00
Total Revenues	\$ 8,027.98	\$ 8,277.41	\$ 8,844.02	\$ 8,441.18	\$ 7,794.86	\$ 7,708.14
EXPENDITURES						
DPW Services - Glenwood Acres	\$ 8,525.38	\$ 85.82	\$ 24,421.17	\$ 5,971.18	\$ 119.84	\$ 104.57
FEMA Labor	\$ -	\$ -	\$ -		\$ -	\$ -
Insurance	\$ 880.23	\$ 780.50	\$ 700.00	\$ 700.00	\$ 800.00	\$ 800.00
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,618.61	\$ 1,526.26	\$ 227.88	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 3,236.23	\$ 1,123.53	\$ 159.10	\$ 123.55
Total Expenditures	\$ 9,544.36	\$ 866.32	\$ 30,226.01	\$ 9,445.97	\$ 1,431.82	\$ 1,153.12
Surplus/(Deficit)	\$ (1,516.38)	\$ 7,411.09	\$ (21,381.99)	\$ (1,004.79)	\$ 6,363.04	\$ 6,555.02
FUND BALANCE						
Beginning of Year	\$ -	\$ 67,846.30	\$ 75,257.39	\$ 53,875.40	\$ 52,870.61	\$ 59,233.65
End of Year	\$ 67,846.30	\$ 75,257.39	\$ 53,875.40	\$ 52,870.61	\$ 59,233.65	\$ 65,788.67

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 30's first sphere of influence on September 7, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 67** on page 151 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 26 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 68** on page 152 shows the proposed sphere boundary.

Figure 67: CSA 30's Current Sphere Map

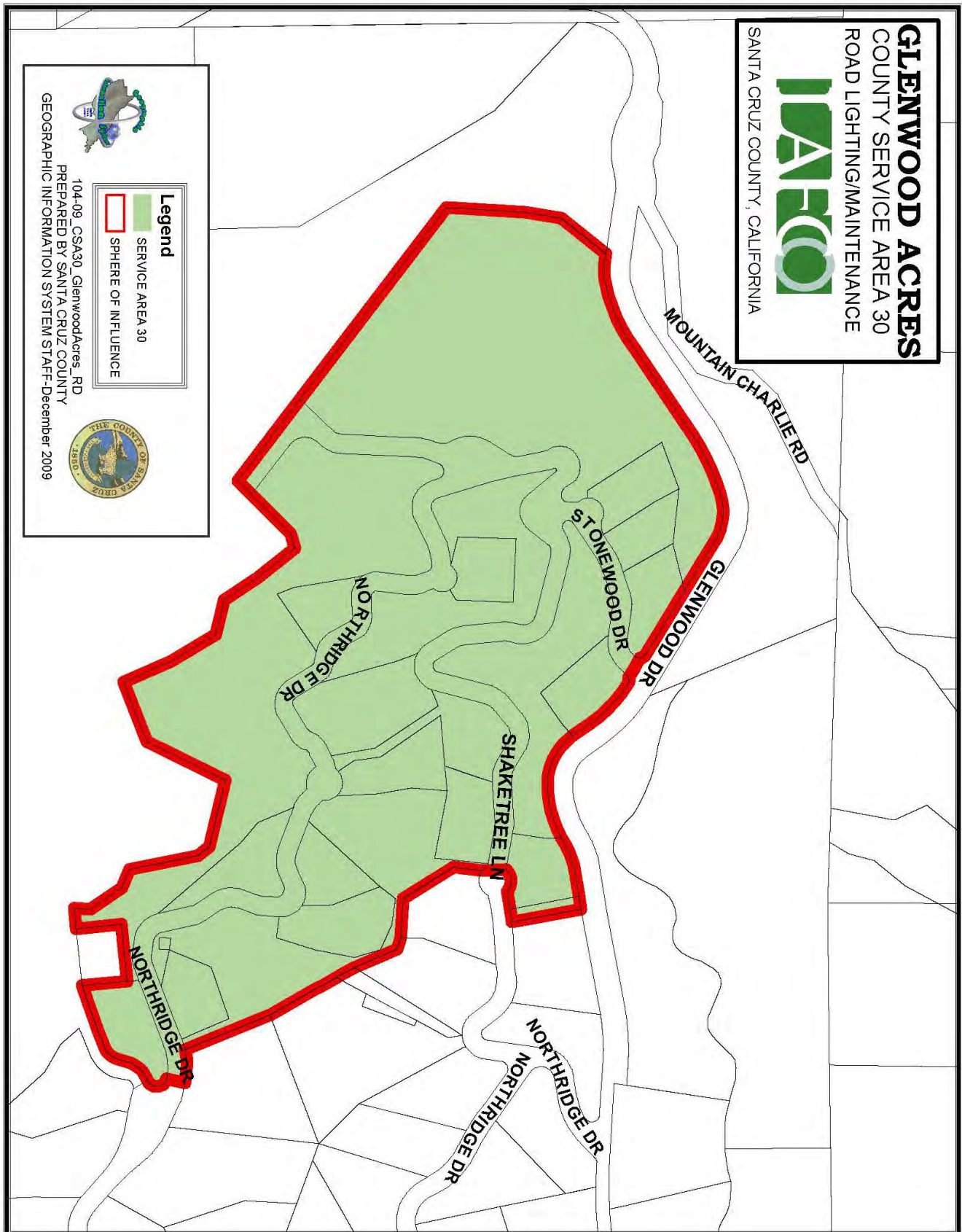
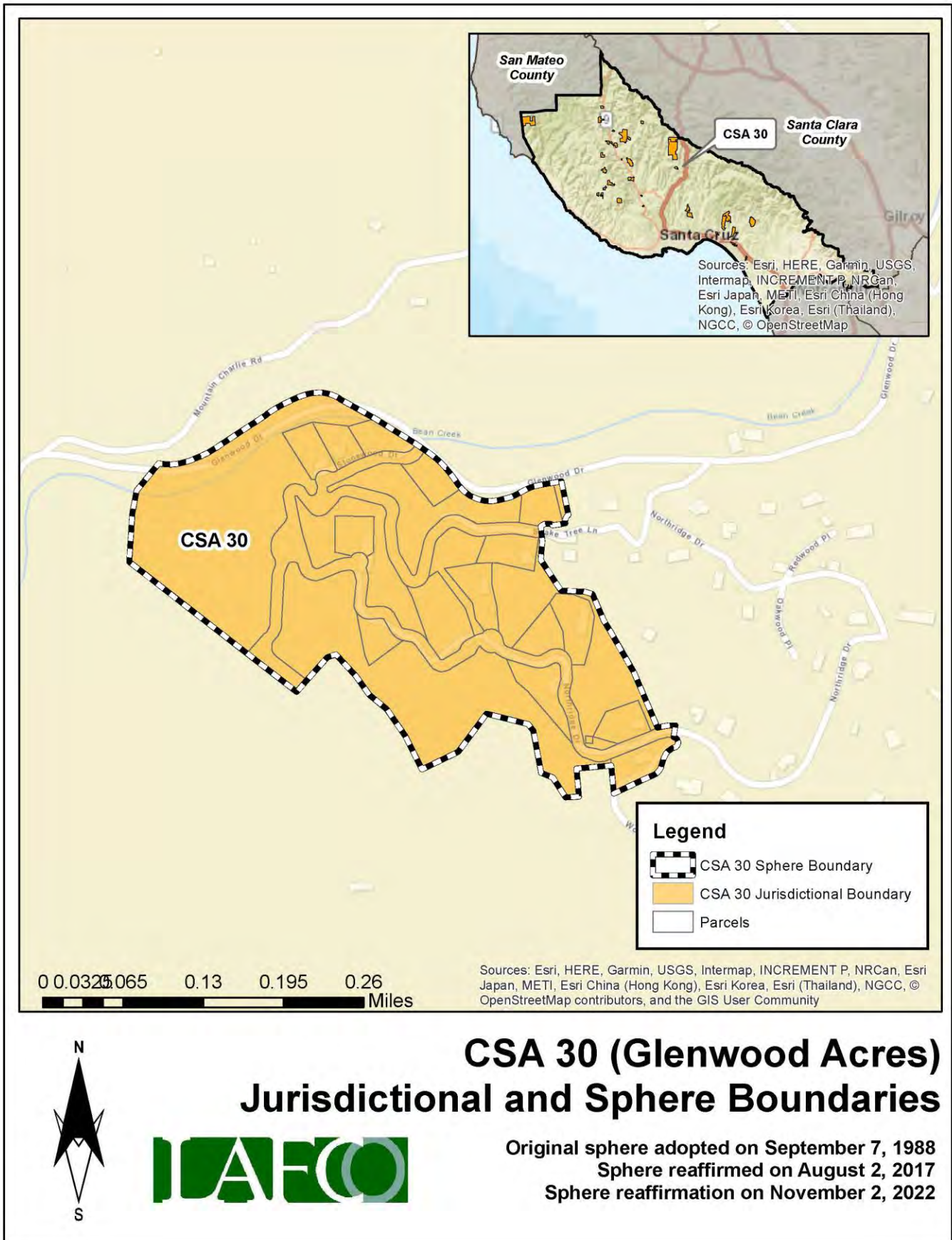


Figure 68: CSA 30's Proposed Sphere Map



District Summary

County Service Area 30	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.89 road miles
District Area	0.18 square miles (appx. 116 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$7,708</p> <p>Total Expenditure = \$1,153</p> <p>Net Position (Ending Balance) = \$65,789</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 30 in 2020 was estimated to be 13. Based on LAFCO's analysis, the population within the CSA will be approximately 13 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 30 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 30 is financially distressed. The CSA ended with a deficit in three of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$66,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 30 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 30 has 26 parcels within its jurisdictional boundary and provides extended services to approximately 0.89 miles of road for the residents.

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.

CSA 30 has a population of approximately 13. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 32 (VIEW CIRCLE)

Overview

County Service Area 32 was formed on March 2, 1983 with the purpose of providing extended maintenance to 0.55 road miles. **Appendix 14** provides a copy of the formation resolution. There is a total of 11 parcels within the CSA (totaling approximately 20 acres). **Figure 69**, on page 157, is a vicinity map depicting CSA 32's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Suburban Residential. **Table 58** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 32 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 32.

Table 58: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 32	\$315.62	\$315.62	\$315.62	\$315.62	\$315.62
<i>Change (%)</i>		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 32 was 2020 is estimated to be 16. 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. **Table 59** shows the anticipated population within CSA 32. The average rate of change is 0.86%.

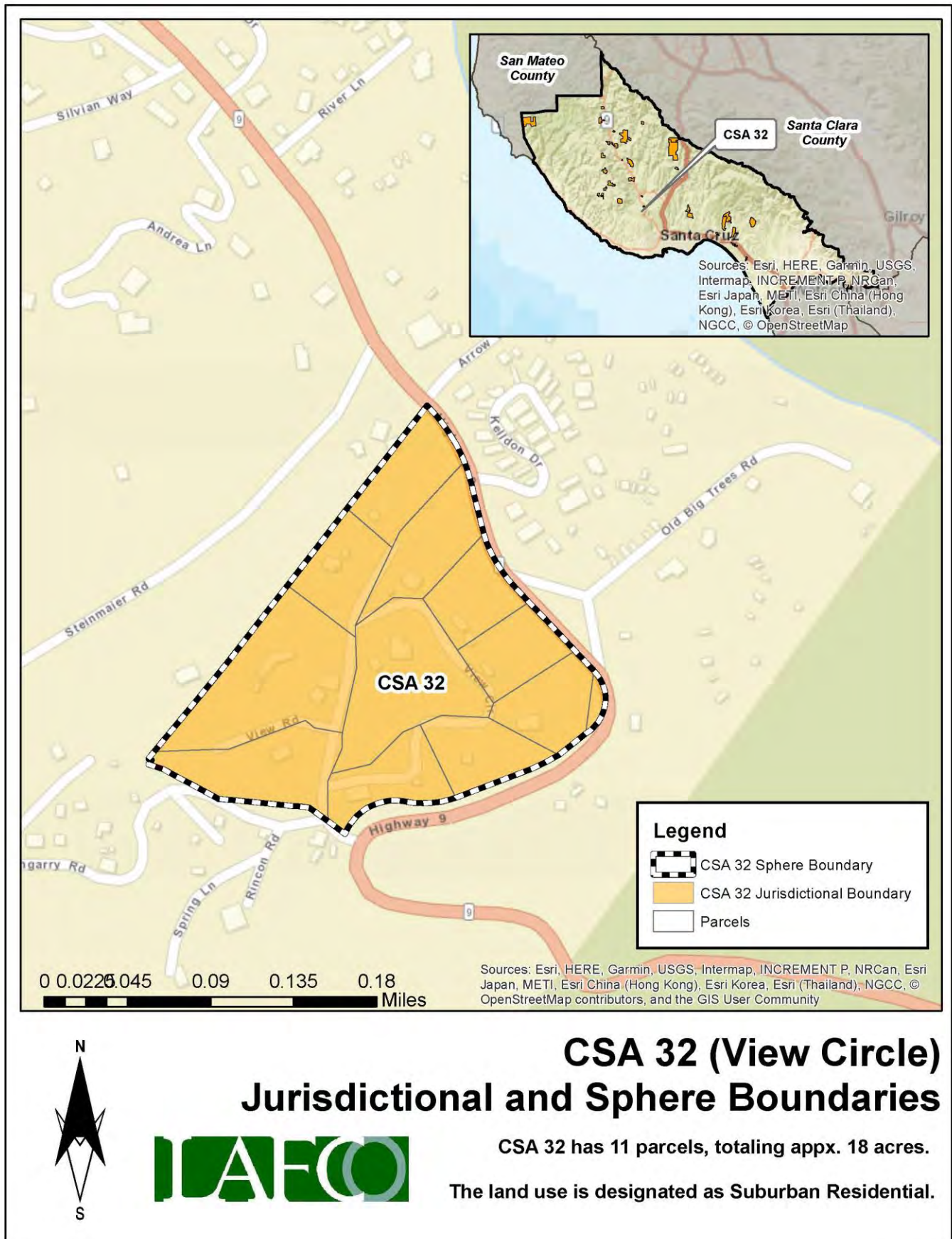
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 32. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 32 will be approximately 17 by 2040.

Table 59: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 32	16	16	16	16	17

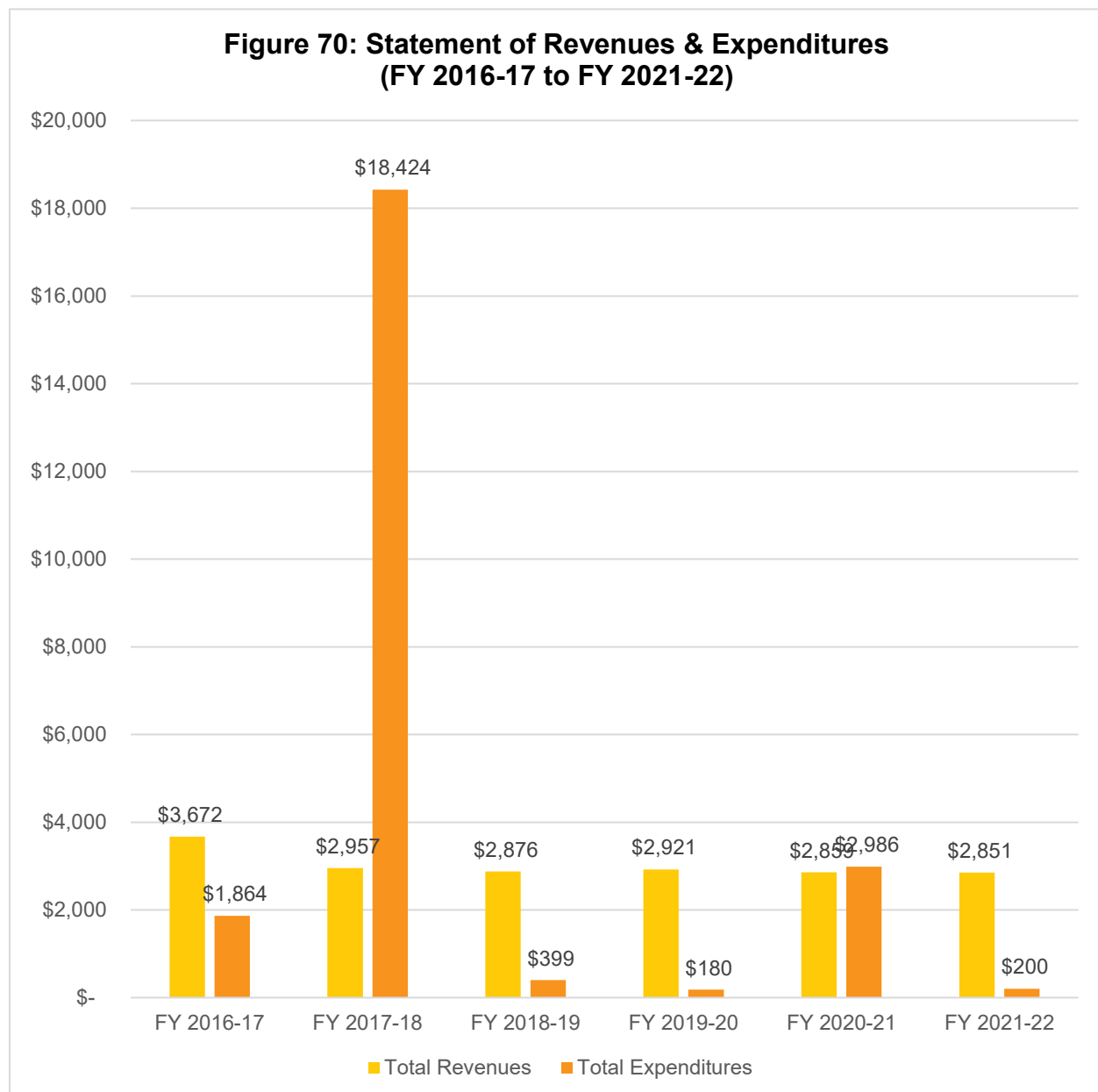
Figure 69: CSA 32's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 32's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 61** on page 160.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$2,900, representing a 0.30% decrease from the previous year (\$2,860 in FY 20-21). Total expenses for FY 2021-22 were approximately \$200, which decreased by 93% from the previous year (\$3,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2017-18 and FY 2020-21, as shown in **Figure 70**. The deficit was due to a scheduled road improvement project that cost approximately \$18,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$10,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 60** and **Figure 71**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$2,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 60: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$17,554.82	\$2,088.20	\$4,565.10	\$7,306.18	\$7,179.76
Ending Balance	\$17,555	\$2,088	\$4,565	\$7,306	\$7,180	\$9,830
Change (\$)	-	\$(15,467)	\$2,477	\$2,741	\$(126)	\$2,651

**Figure 71: Net Position from 2016 to 2022
(Ending Balance)**

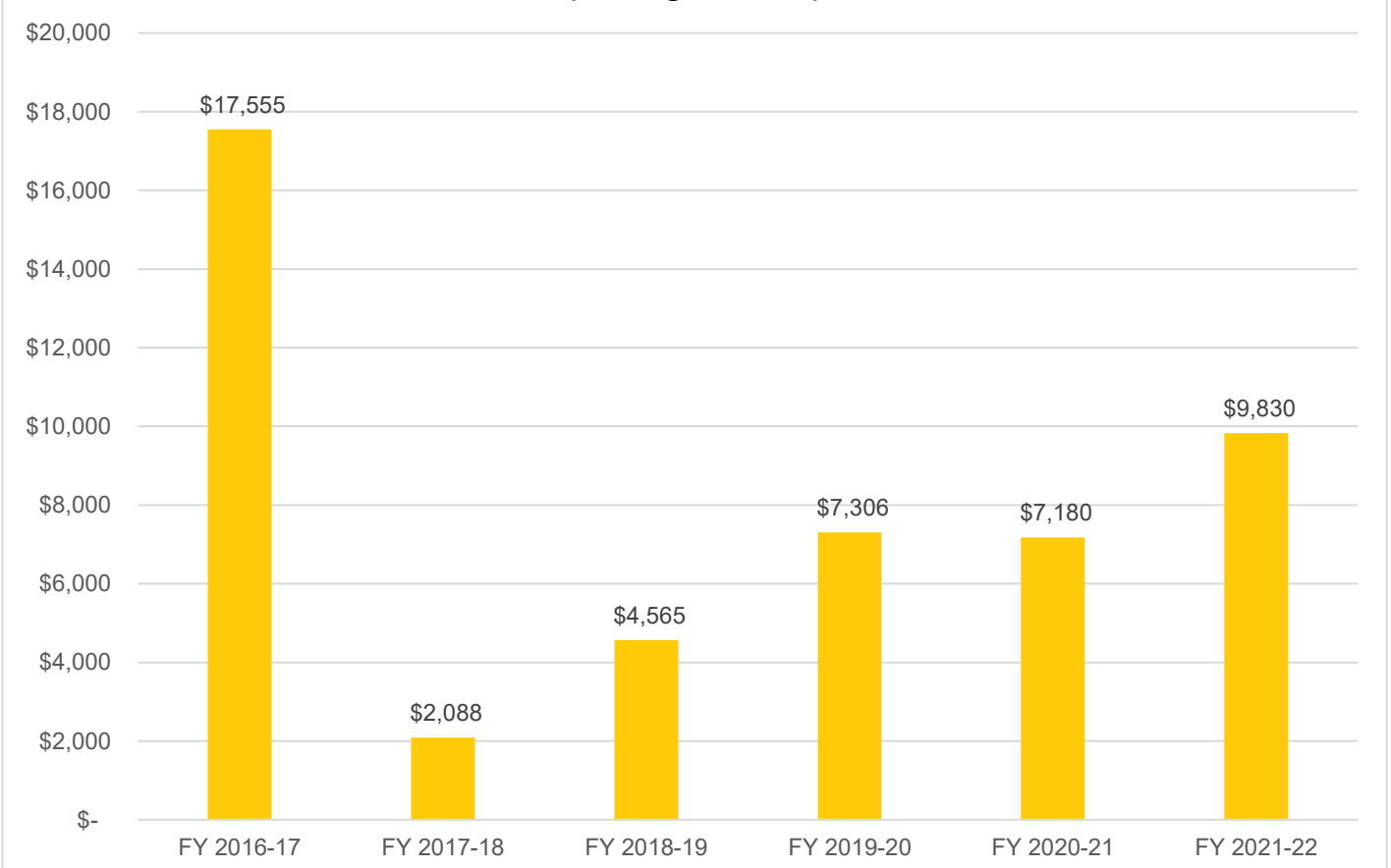


Table 61: Total Revenues & Expenditures

CSA 32	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 139.54	\$ 144.75	\$ 63.32	\$ 108.75	\$ 47.07	\$ 38.63
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -		\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -		\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -		\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
Other Road & Street Services	\$ 3,532.32	\$ 2,812.36	\$ 2,812.18	\$ 2,812.18	\$ 2,812.18	\$ 2,812.18
Total Revenues	\$ 3,671.86	\$ 2,957.11	\$ 2,875.50	\$ 2,920.93	\$ 2,859.25	\$ 2,850.81
EXPENDITURES						
DPW Services - View Circle	\$ 1,725.69	\$ 18,423.73	\$ 12.70	\$ 12.70	\$ 1,991.36	\$ 54.40
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 94.55	\$ 21.51	\$ 538.27	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 41.35	\$ 20.64	\$ 331.04	\$ 20.77
Total Expenditures	\$ 1,864.44	\$ 18,423.73	\$ 398.60	\$ 179.85	\$ 2,985.67	\$ 200.17
Surplus/(Deficit)	\$ 1,807.42	\$ (15,466.62)	\$ 2,476.90	\$ 2,741.08	\$ (126.42)	\$ 2,650.64
FUND BALANCE						
Beginning of Year	\$ -	\$ 17,554.82	\$ 2,088.20	\$ 4,565.10	\$ 7,306.18	\$ 7,179.76
End of Year	\$ 17,554.82	\$ 2,088.20	\$ 4,565.10	\$ 7,306.18	\$ 7,179.76	\$ 9,830.40

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 32's first sphere of influence on November 2, 1988. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 72** on page 161 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 11 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 73** on page 162 shows the proposed sphere boundary.

Figure 72: CSA 32's Current Sphere Map

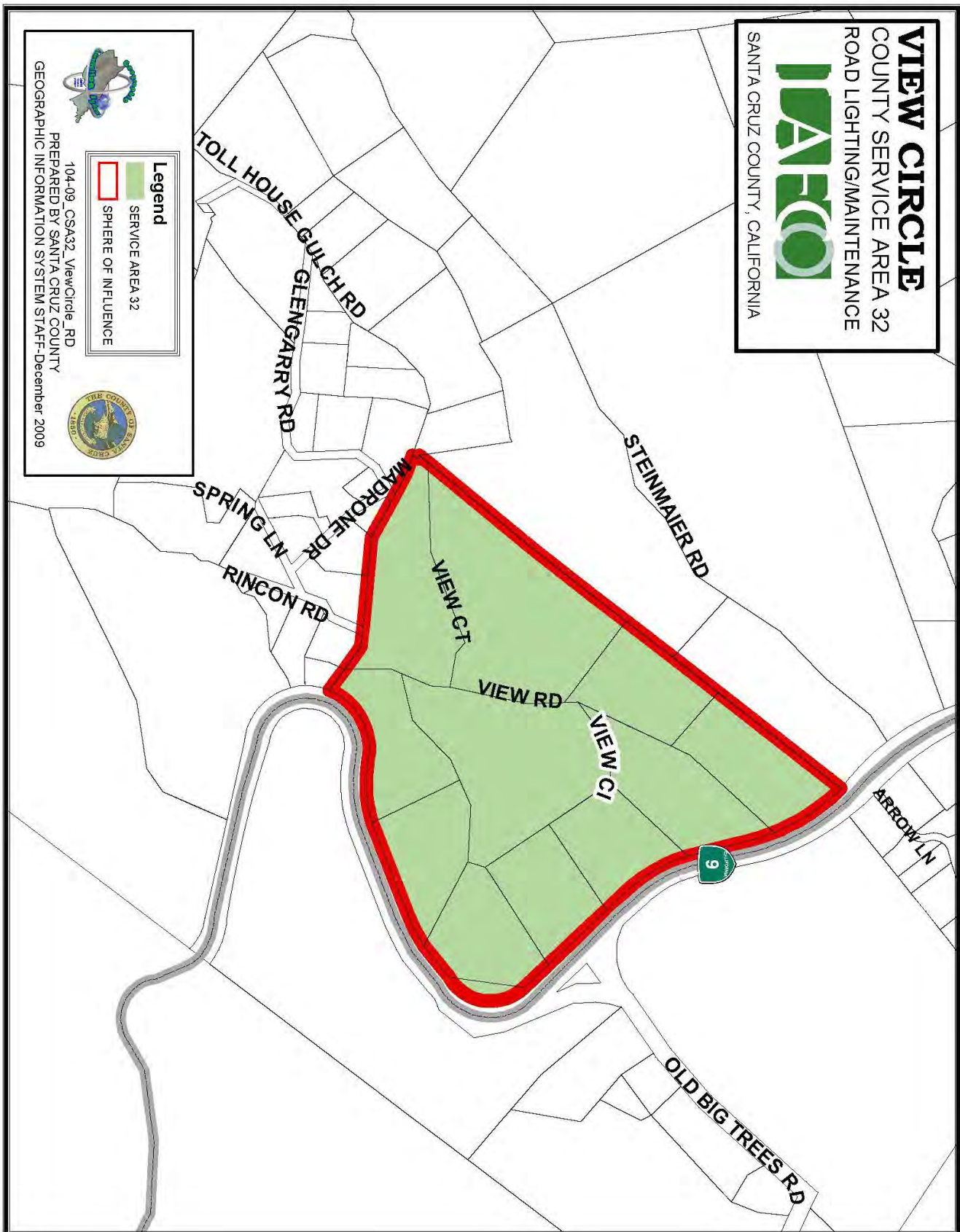
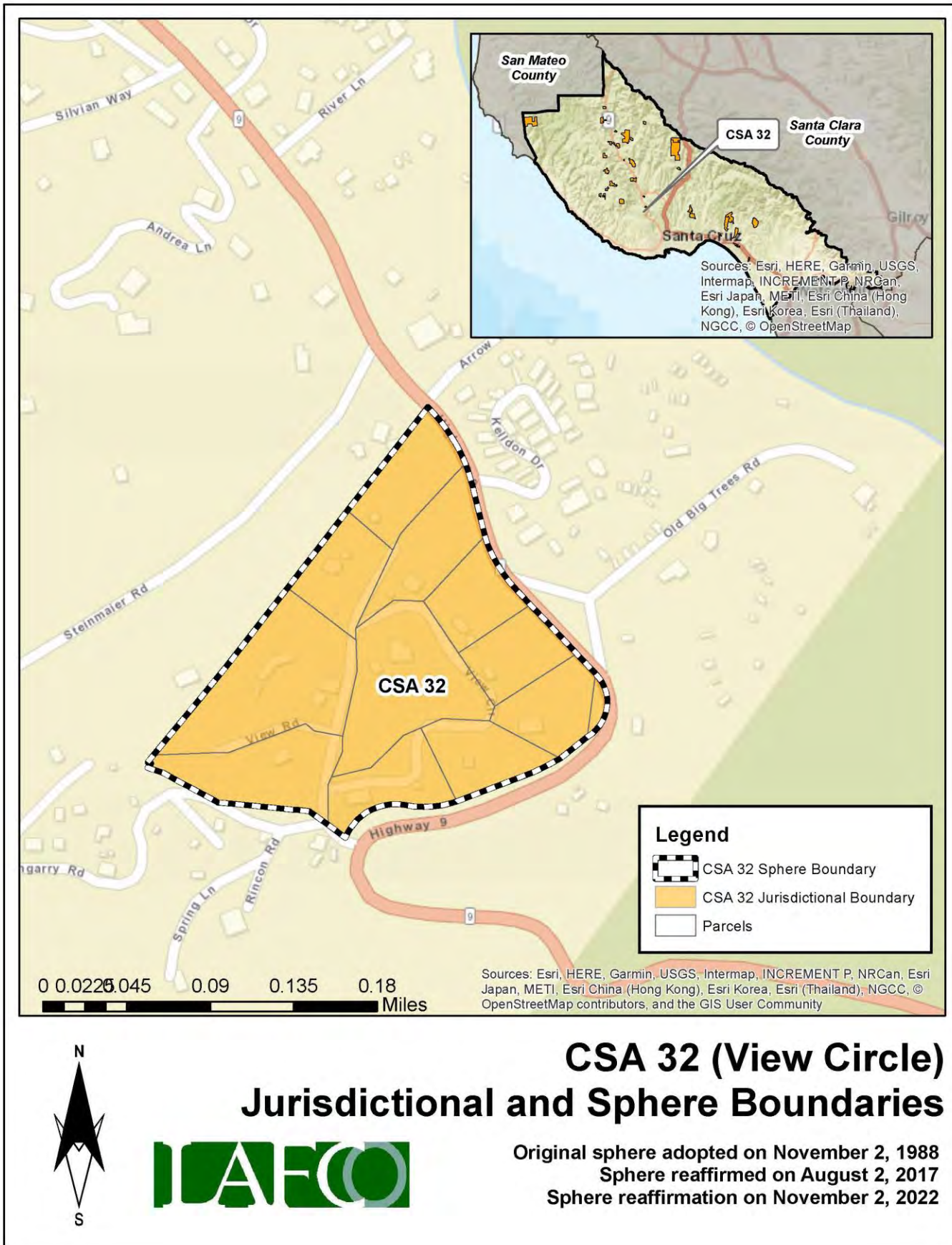


Figure 73: CSA 32's Proposed Sphere Map



District Summary

County Service Area 32	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.55 road miles
District Area	0.03 square miles (appx. 18 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$2,851</p> <p>Total Expenditure = \$200</p> <p>Net Position (Ending Balance) = \$9,830</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 32 in 2020 was estimated to be 16. Based on LAFCO's analysis, the population within the CSA will be approximately 17 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 32 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 32 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$10,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Suburban Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 32 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 32 has 11 parcels within its jurisdictional boundary and provides extended services to approximately 0.55 miles of road for the residents.

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.

CSA 32 has a population of approximately 16. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 33 (REDWOOD DRIVE)

Overview

County Service Area 33 was formed on March 2, 1983 with the purpose of providing extended maintenance to 6.31 road miles. **Appendix 15** provides a copy of the formation resolution. There is a total of 286 parcels within the CSA (totaling approximately 370 acres). **Figure 74**, on page 167, is a vicinity map depicting CSA 33's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 62** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 33 has 11 funding zones (Zones A-F for improved/unimproved parcels and Monte Toyon Camp). **Figure 75** on page 168 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 33.

Table 62: Benefit Assessment Rates (2017 to 2021)

CSA 33	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A (unimproved)	\$82.34	\$84.72	\$84.72	\$84.72	\$84.72
Zone A (improved)	\$164.72	\$169.48	\$169.48	\$169.48	\$169.48
Zone B (unimproved)	\$111.18	\$114.40	\$114.40	\$114.40	\$114.40
Zone B (improved)	\$222.38	\$228.82	\$228.82	\$228.82	\$228.82
Zone C (unimproved)	\$164.72	\$169.48	\$169.48	\$169.48	\$169.48
Zone C (improved)	\$329.48	\$339.02	\$339.02	\$339.02	\$339.02
Zone D (unimproved)	\$205.92	\$211.88	\$211.88	\$211.88	\$211.88
Zone D (improved)	\$411.86	\$423.80	\$423.80	\$423.80	\$423.80
Zone E (unimproved)	\$226.50	\$233.06	\$233.06	\$233.06	\$233.06
Zone E (improved)	\$453.04	\$466.16	\$466.16	\$466.16	\$466.16
Monte Toyon Camp	\$658.88	\$677.92	\$677.92	\$677.92	\$677.92
Change (%)		3%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 33 was 2020 is estimated to be 60. 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. **Table 63** shows the anticipated population within CSA 33. The average rate of change is 0.86%. Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 33. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 33 will be approximately 62 by 2040.

Table 63: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 33	60	61	61	62	62

Figure 74: CSA 33's Vicinity Map

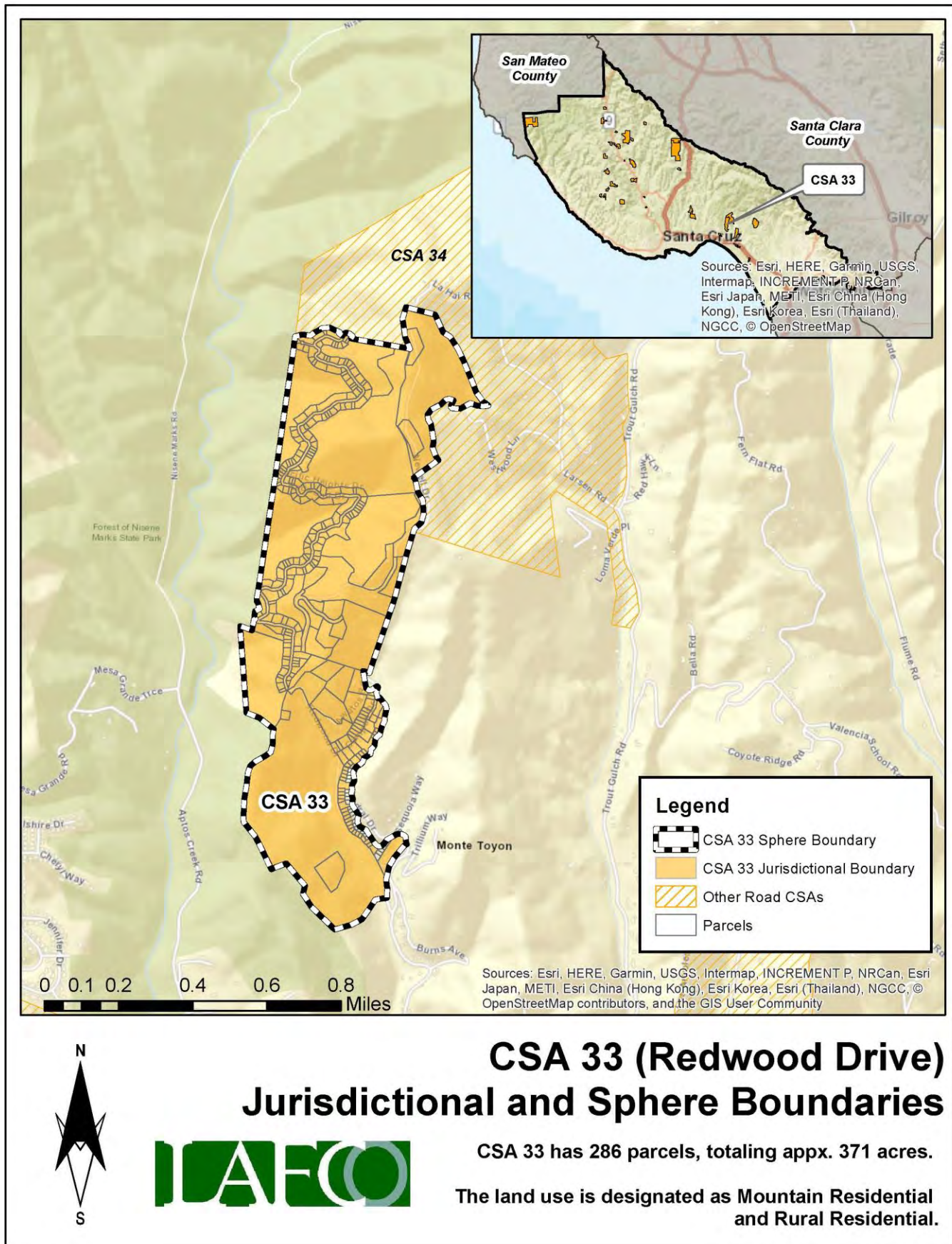
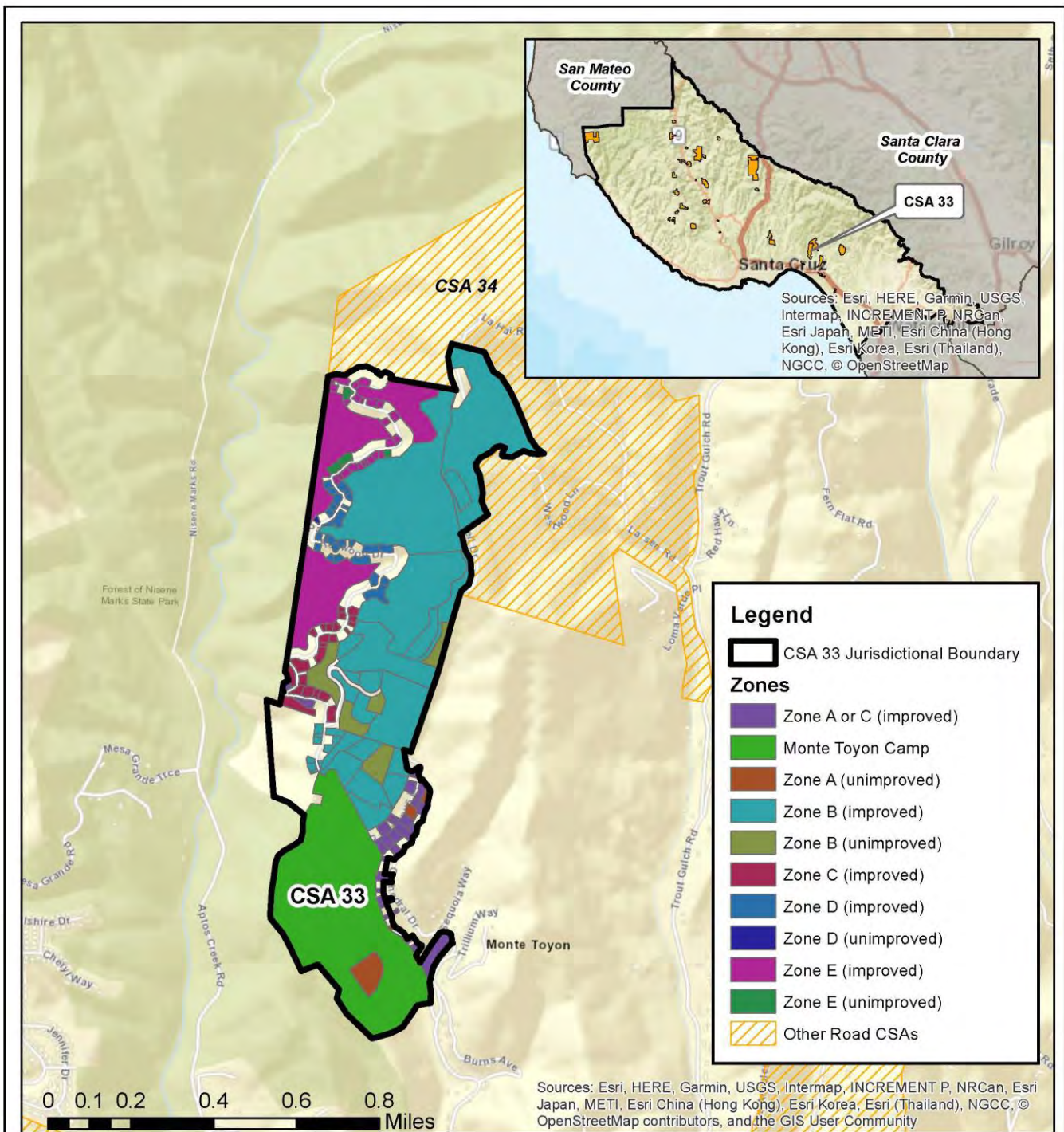


Figure 75: CSA 33's Funding Zones Map



CSA 33 (Redwood Drive) Funding Zones

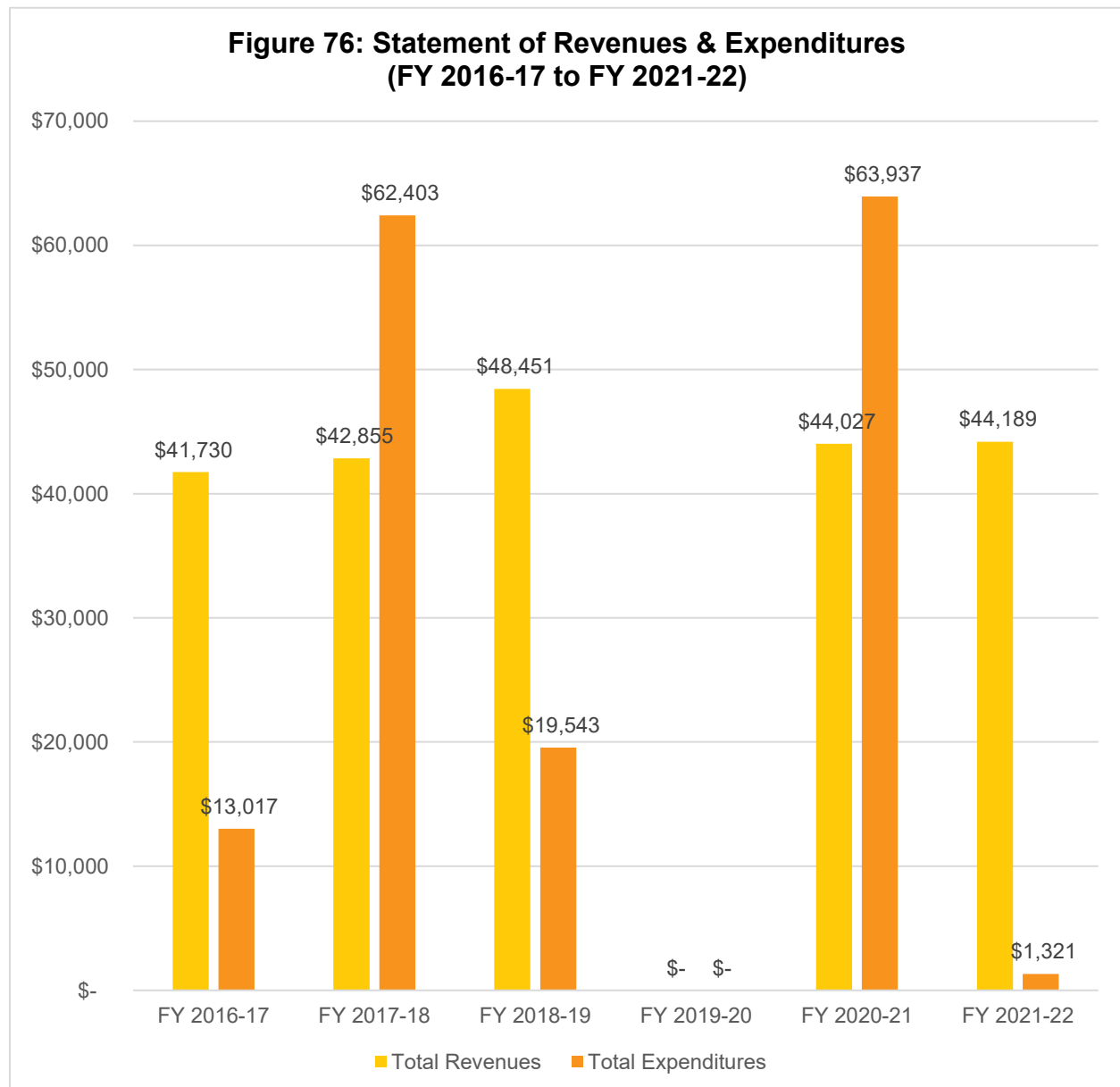
CSA 33 has 11 funding zones: A to E (improved/unimproved).
For some parcels, LAFCO was unable to determine
its official zone and were left blank.

LAFCO was unable to determine Zone A and C (improved)
because the two zones have the same charge amount.

Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 33's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 65** on page 171.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$44,200, representing a 0.37% increase from the previous year (\$44,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$1,300, which decreased by 98% from the previous year (\$64,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2017-18 and FY 2020-21, as shown in **Figure 76**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$153,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 64** and **Figure 77**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$80,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 64: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$102,449.16	\$82,901.11	\$111,809.32	\$130,134.14	\$110,223.89
Ending Balance	\$102,449	\$82,901	\$111,809	\$130,134	\$110,224	\$153,092
Change (\$)	-	\$(19,548)	\$28,908	\$18,325	\$(19,910)	\$42,868

**Figure 77: Net Position from 2016 to 2022
(Ending Balance)**

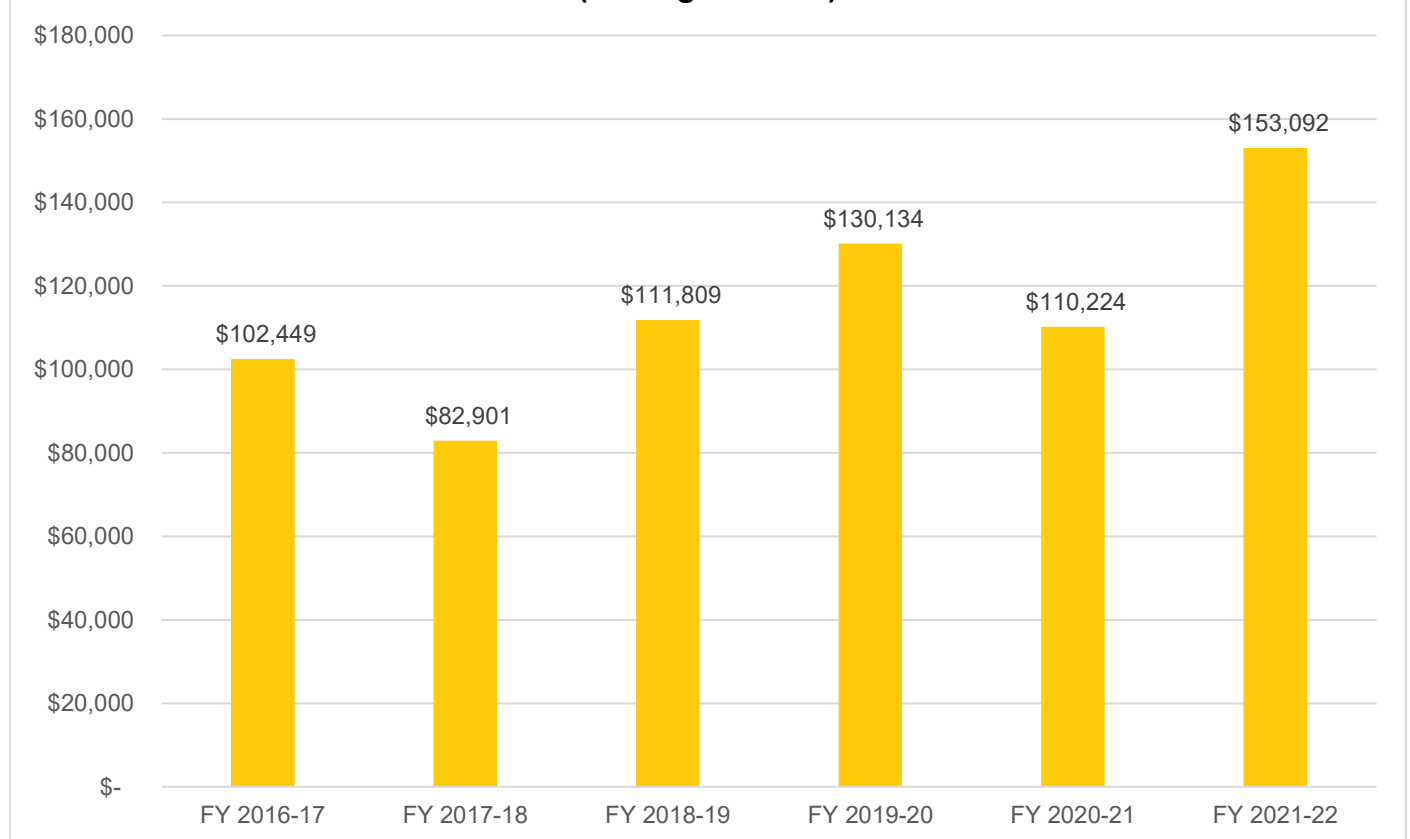


Table 65: Total Revenues & Expenditures

CSA 33	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -		\$ -	\$ -
Interest	\$ 706.43	\$ 1,123.20	\$ 1,803.04		\$ 624.51	\$ 595.50
St-Natural Disaster Assistance	\$ -	\$ -	\$ 673.00		\$ -	
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -		\$ -	
FED-FEMA	\$ -	\$ -	\$ 2,445.00		\$ -	
Other Revenue	\$ -	\$ -	\$ -		\$ -	
Other Road & Street Services	\$ 41,023.80	\$ 41,732.10	\$ 43,530.30		\$ 43,402.21	\$ 43,593.22
Total Revenues	\$ 41,730.23	\$ 42,855.30	\$ 48,451.34	\$ -	\$ 44,026.72	\$ 44,188.72
EXPENDITURES						
DPW Services - Redwood Drive	\$ 12,785.99	\$ 62,403.35	\$ 15,806.78		\$ 55,804.77	\$ 956.64
FEMA Labor	\$ -	\$ -	\$ -		\$ -	\$ -
Insurance	\$ -	\$ -	\$ -		\$ -	\$ -
Acct & Audit Fees	\$ 230.72	\$ -	\$ 438.76		\$ 227.04	\$ 222.47
Division Overhead - Admin	\$ -	\$ -	\$ 1,225.77		\$ 801.05	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 2,071.82		\$ 7,104.11	\$ 141.50
Total Expenditures	\$ 13,016.71	\$ 62,403.35	\$ 19,543.13	\$ -	\$ 63,936.97	\$ 1,320.61
Surplus/(Deficit)	\$ 28,713.52	\$ (19,548.05)	\$ 28,908.21	\$ -	\$ (19,910.25)	\$ 42,868.11
FUND BALANCE						
Beginning of Year	\$ -	\$ 102,449.16	\$ 82,901.11	\$ 111,809.32	\$ 130,134.14	\$ 110,223.89
End of Year	\$102,449.16	\$ 82,901.11	\$111,809.32	\$ 130,134.14	\$110,223.89	\$153,092.00

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 33's first sphere of influence on March 2, 1983. The current sphere is slightly larger than the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 78** on page 172 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 286 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. LAFCO staff is recommending that the sphere boundary reaffirmed. However, the County should consider annexing the 25 parcels currently within the CSA's sphere boundary but outside its jurisdictional boundary. **Figure 79** on page 173 shows the proposed sphere boundary.

Figure 78: CSA 33's Current Sphere Map

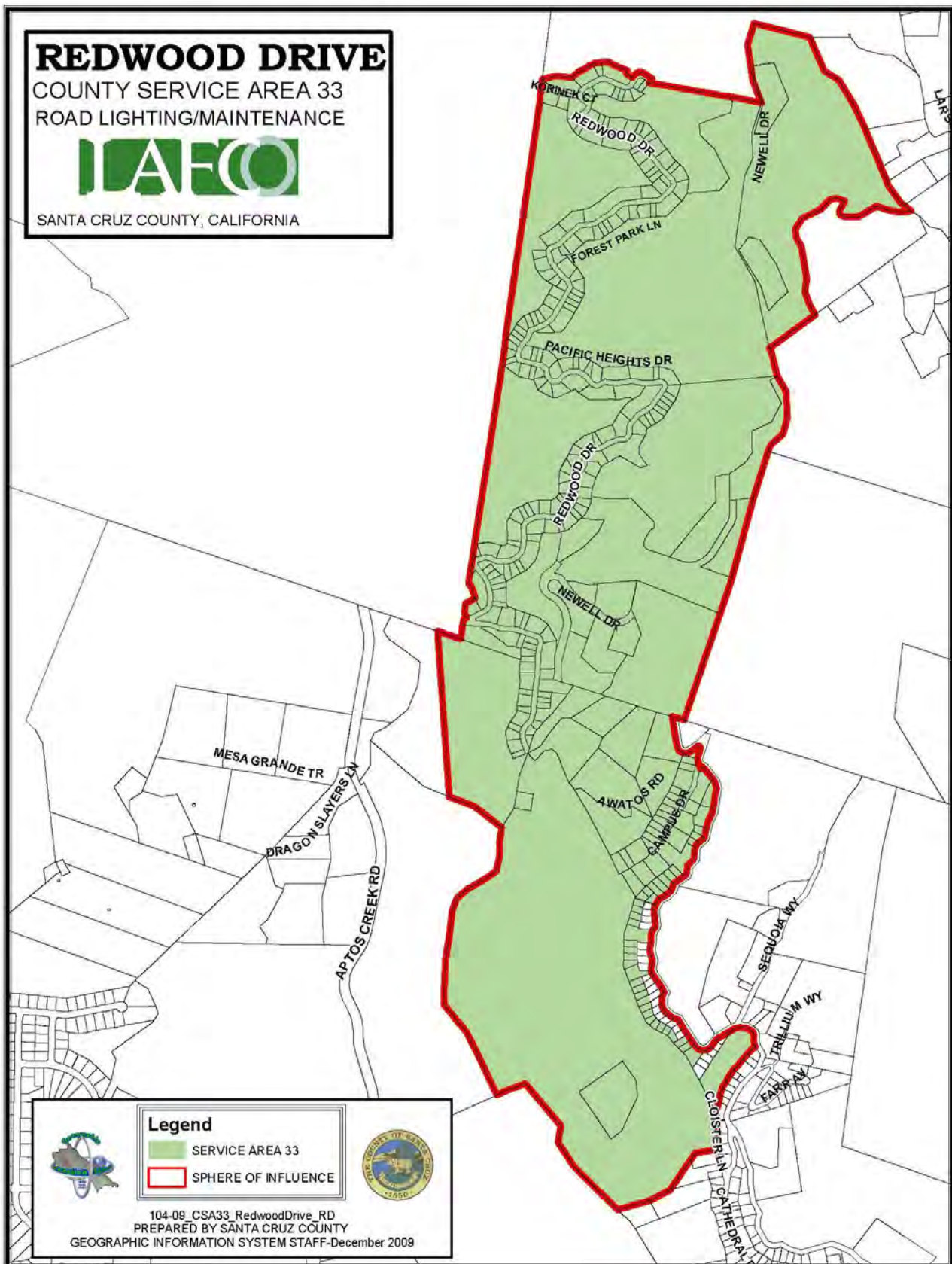
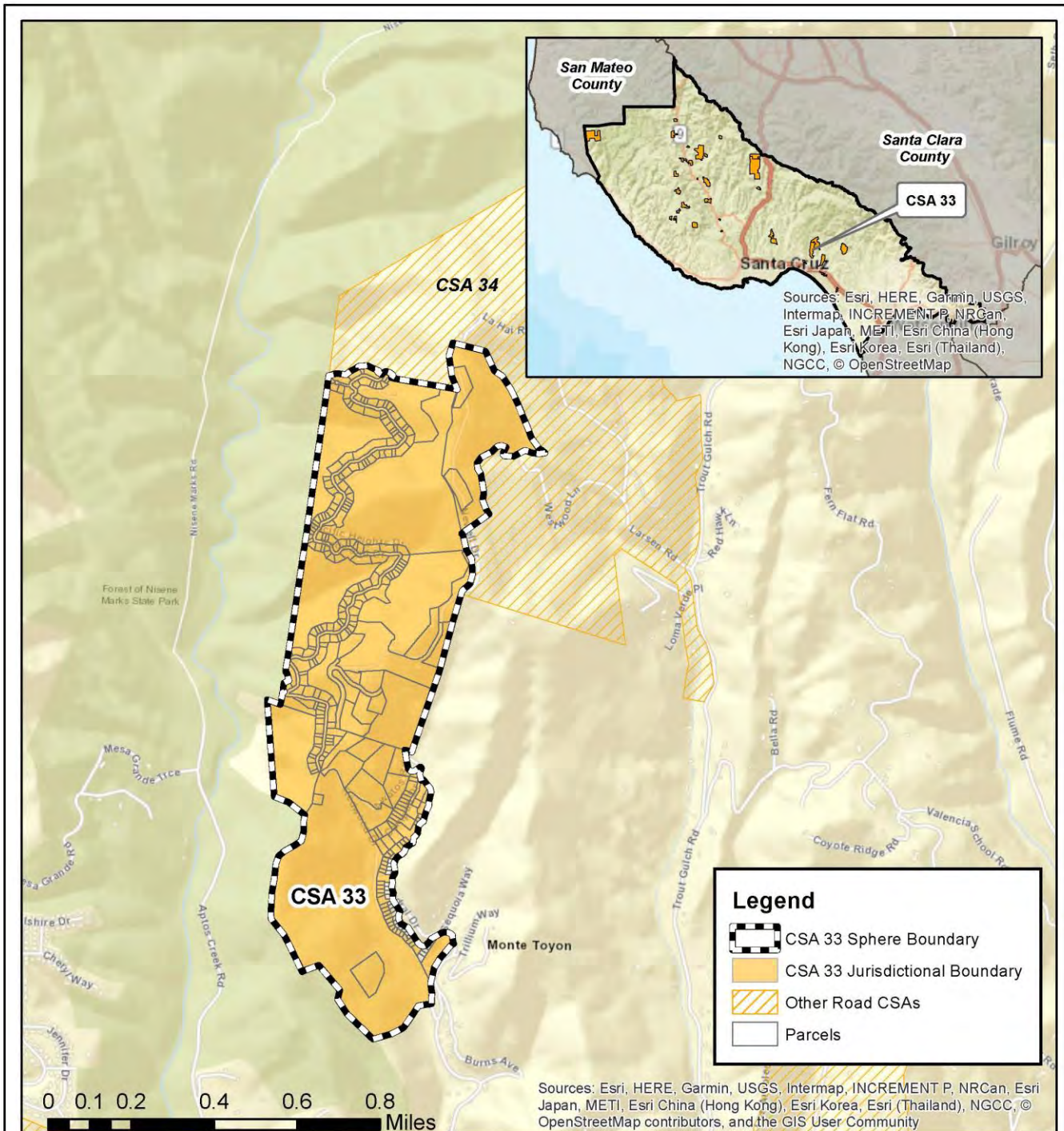


Figure 79: CSA 33's Proposed Sphere Map



CSA 33 (Redwood Drive) Jurisdictional and Sphere Boundaries

Original sphere adopted on March 2, 1983
Sphere reaffirmed on August 2, 2017
Sphere reaffirmation on November 2, 2022

District Summary

County Service Area 33	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	6.31 road miles
District Area	0.58 square miles (appx. 371 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$44,189</p> <p>Total Expenditure = \$1,321</p> <p>Net Position (Ending Balance) = \$153,092</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 33 in 2020 was estimated to be 60. Based on LAFCO's analysis, the population within the CSA will be approximately 62 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 33 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 33 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$153,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 33 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 33 has 286 parcels within its jurisdictional boundary and provides extended services to approximately 6.31 miles of road for the residents.

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.

CSA 33 has a population of approximately 60. The constituents fund the CSA through 11 zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 34 (LARSEN ROAD)

Overview

County Service Area 34 was formed on March 2, 1983 with the purpose of providing extended maintenance to 2.31 road miles. **Appendix 16** provides a copy of the formation resolution. There is a total of 57 parcels within the CSA (totaling approximately 400 acres). **Figure 80**, on page 178, is a vicinity map depicting CSA 34's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential, Rural Residential, and Agriculture. **Table 66** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 34 has three funding zones (Zones A-C for improved parcels only). **Figure 81** on page 179 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 34.

Table 66: Benefit Assessment Rates (2017 to 2021)

CSA 34	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A (improved)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.24
Zone B (improved)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.34
Zone C (improved)	\$25.00	\$25.00	\$25.00	\$25.00	\$25.42
Change (%)		0%	0%	0%	2%

Population and Growth

Based on staff's analysis, the population of CSA 34 was 2020 is estimated to be 29. 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. **Table 67** shows the anticipated population within CSA 34. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 34. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 34 will be approximately 29 by 2040.

Table 67: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 34	29	29	29	29	29

Figure 80: CSA 34's Vicinity Map

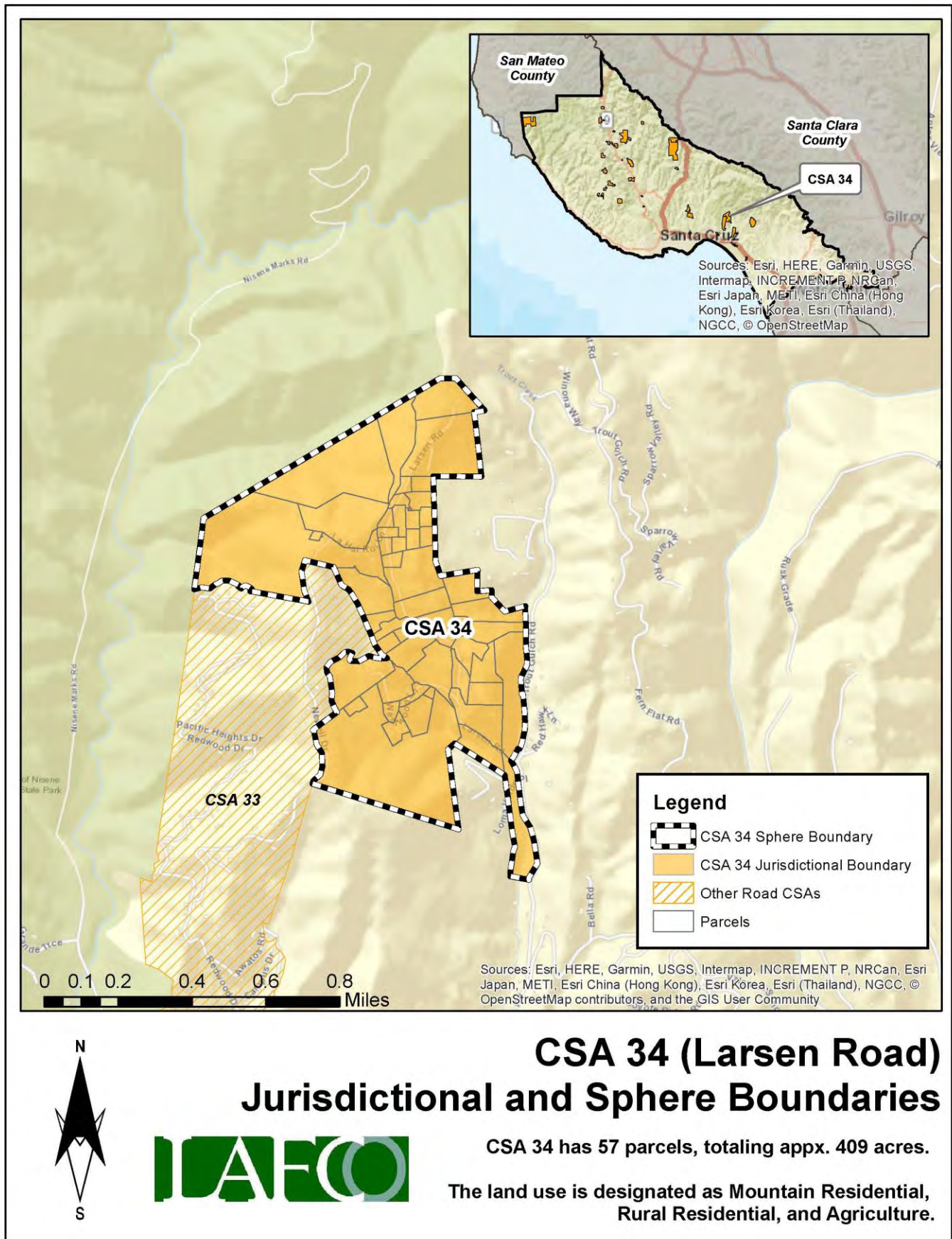
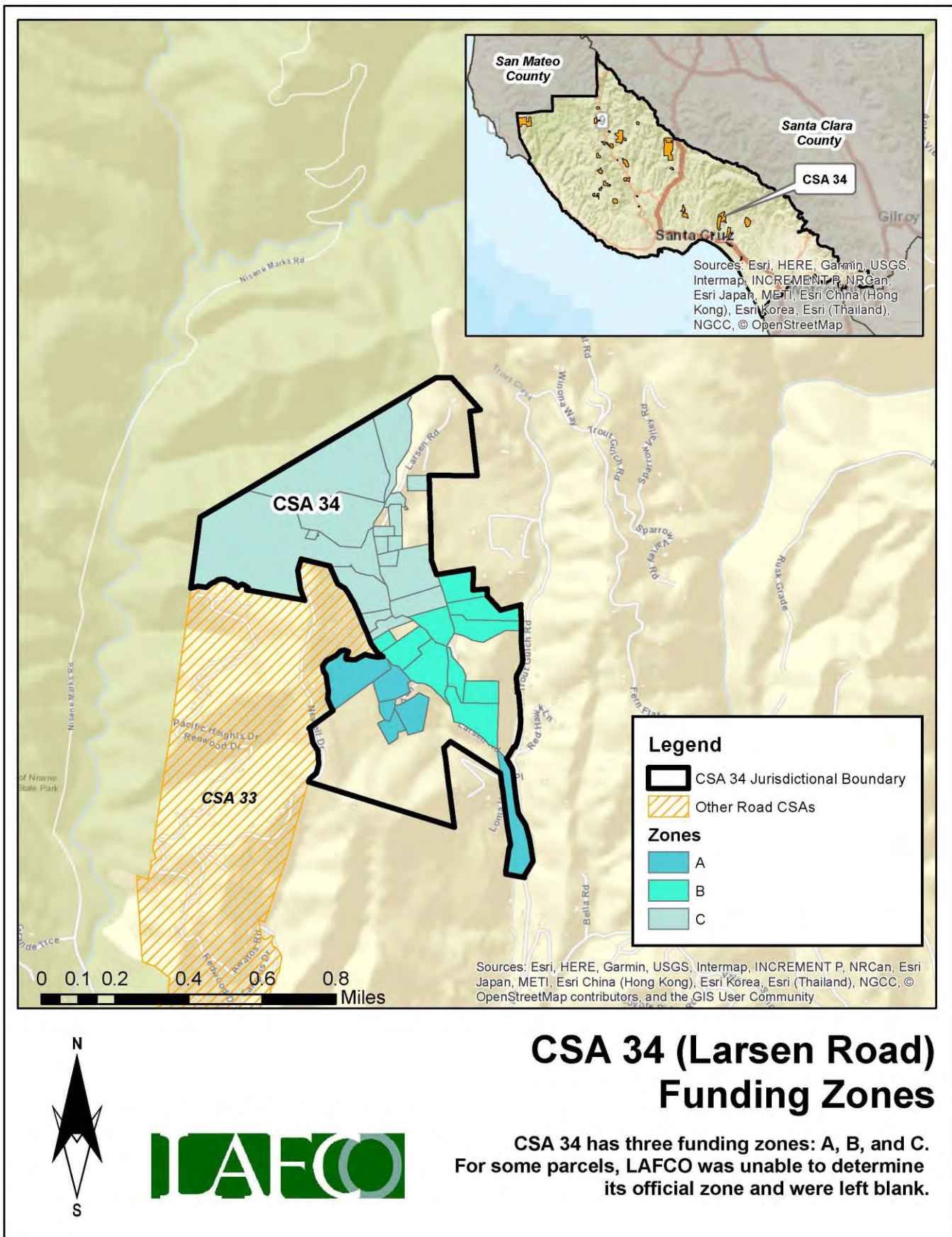


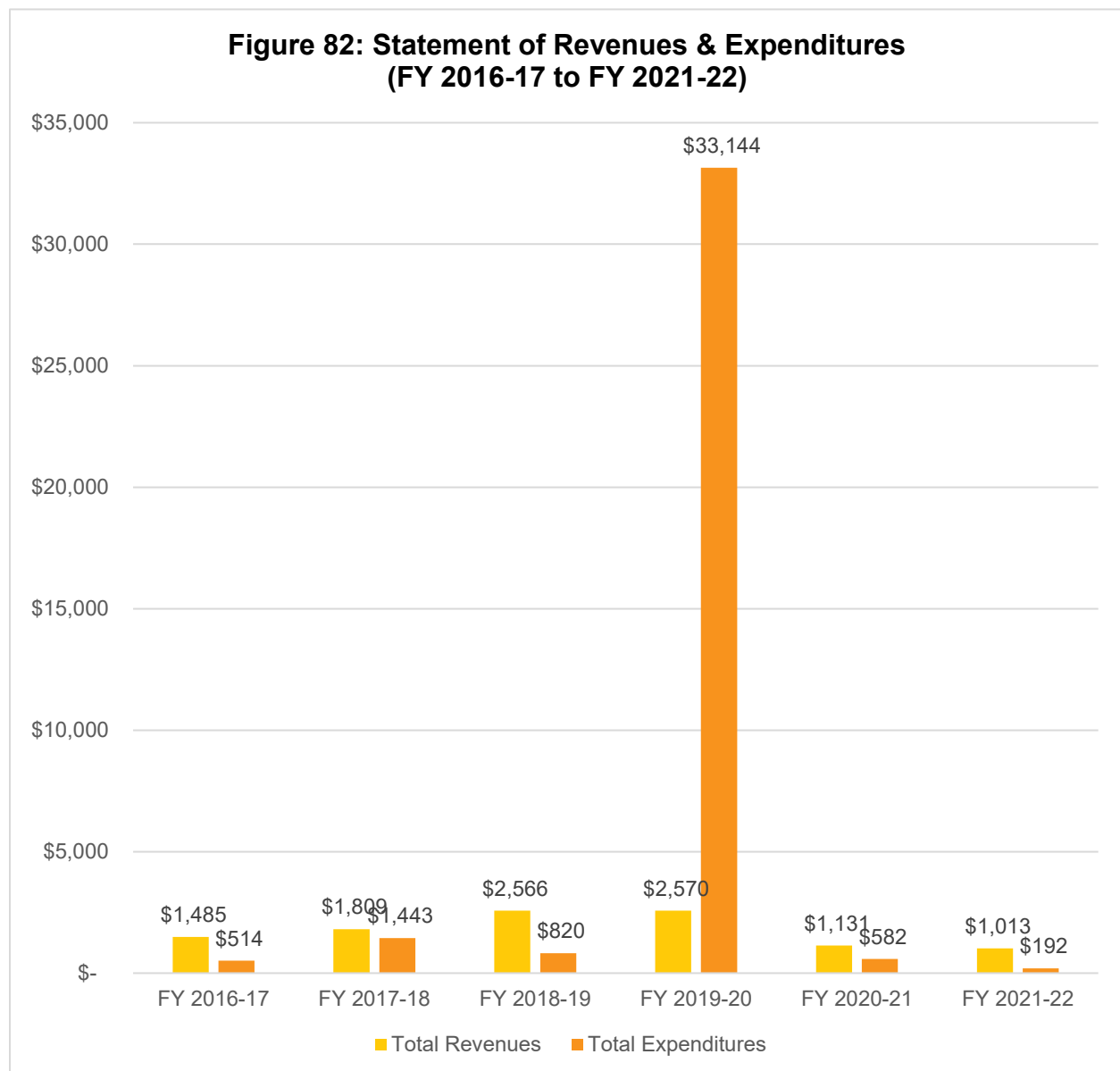
Figure 81: CSA 34's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 34's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 69** on page 182.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$1,000, representing a 10% decrease from the previous year (\$1,100 in FY 20-21). Total expenses for FY 2021-22 were approximately \$190, which decreased by 67% from the previous year (\$580 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2019-20, as shown in **Figure 82**. The deficit was due to a scheduled road improvement project that cost approximately \$29,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$65,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 68** and **Figure 83**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$63,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 68: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$91,675.36	\$92,041.21	\$93,786.37	\$63,212.50	\$63,761.58
Ending Balance	\$91,675	\$92,041	\$93,786	\$63,213	\$63,762	\$64,582
Change (\$)	-	\$366	\$1,745	\$(30,574)	\$549	\$821

**Figure 83: Net Position from 2016 to 2022
(Ending Balance)**

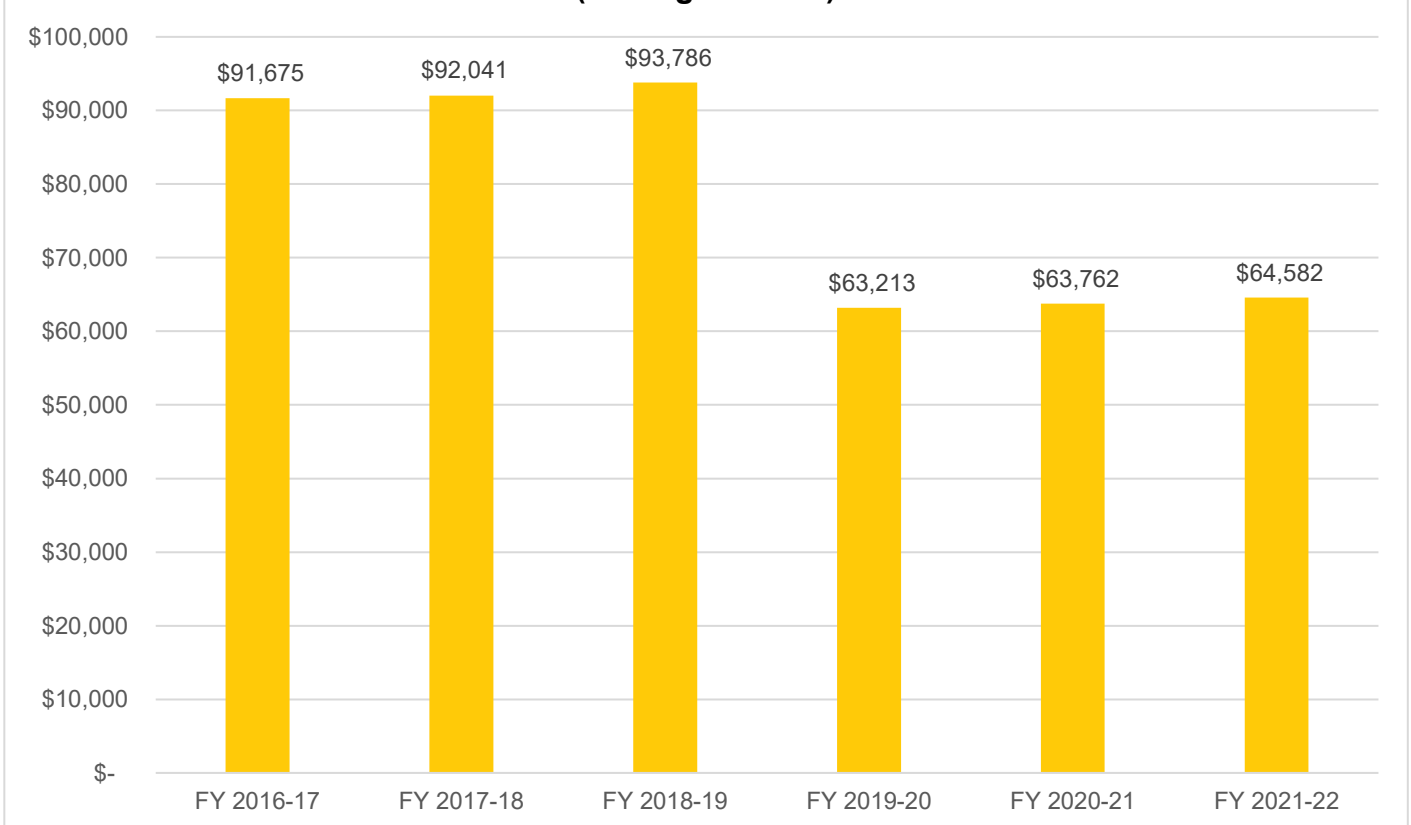


Table 69: Total Revenues & Expenditures

CSA 34	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 777.64	\$ 1,101.03	\$ 1,857.73	\$ 1,862.63	\$ 431.95	\$ 293.24
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 707.62	\$ 707.84	\$ 707.84	\$ 707.84	\$ 699.24	\$ 719.72
Total Revenues	\$ 1,485.26	\$ 1,808.87	\$ 2,565.57	\$ 2,570.47	\$ 1,131.19	\$ 1,012.96
EXPENDITURES						
DPW Services - Larsen Road	\$ 375.44	\$ 1,443.02	\$ 46.58	\$ 29,077.06	\$ 243.90	\$ 46.58
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 440.92	\$ -	\$ 148.53	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 82.91	\$ 3,942.28	\$ 64.68	\$ 20.59
Total Expenditures	\$ 514.19	\$ 1,443.02	\$ 820.41	\$ 33,144.34	\$ 582.11	\$ 192.17
Surplus/(Deficit)	\$ 971.07	\$ 365.85	\$ 1,745.16	\$ (30,573.87)	\$ 549.08	\$ 820.79
FUND BALANCE						
Beginning of Year	\$ -	\$ 91,675.36	\$ 92,041.21	\$ 93,786.37	\$ 63,212.50	\$ 63,761.58
End of Year	\$ 91,675.36	\$ 92,041.21	\$ 93,786.37	\$ 63,212.50	\$ 63,761.58	\$ 64,582.37

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 34's first sphere of influence on March 2, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 84** on page 183 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 57 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 85** on page 184 shows the proposed sphere boundary.

Figure 84: CSA 34's Current Sphere Map

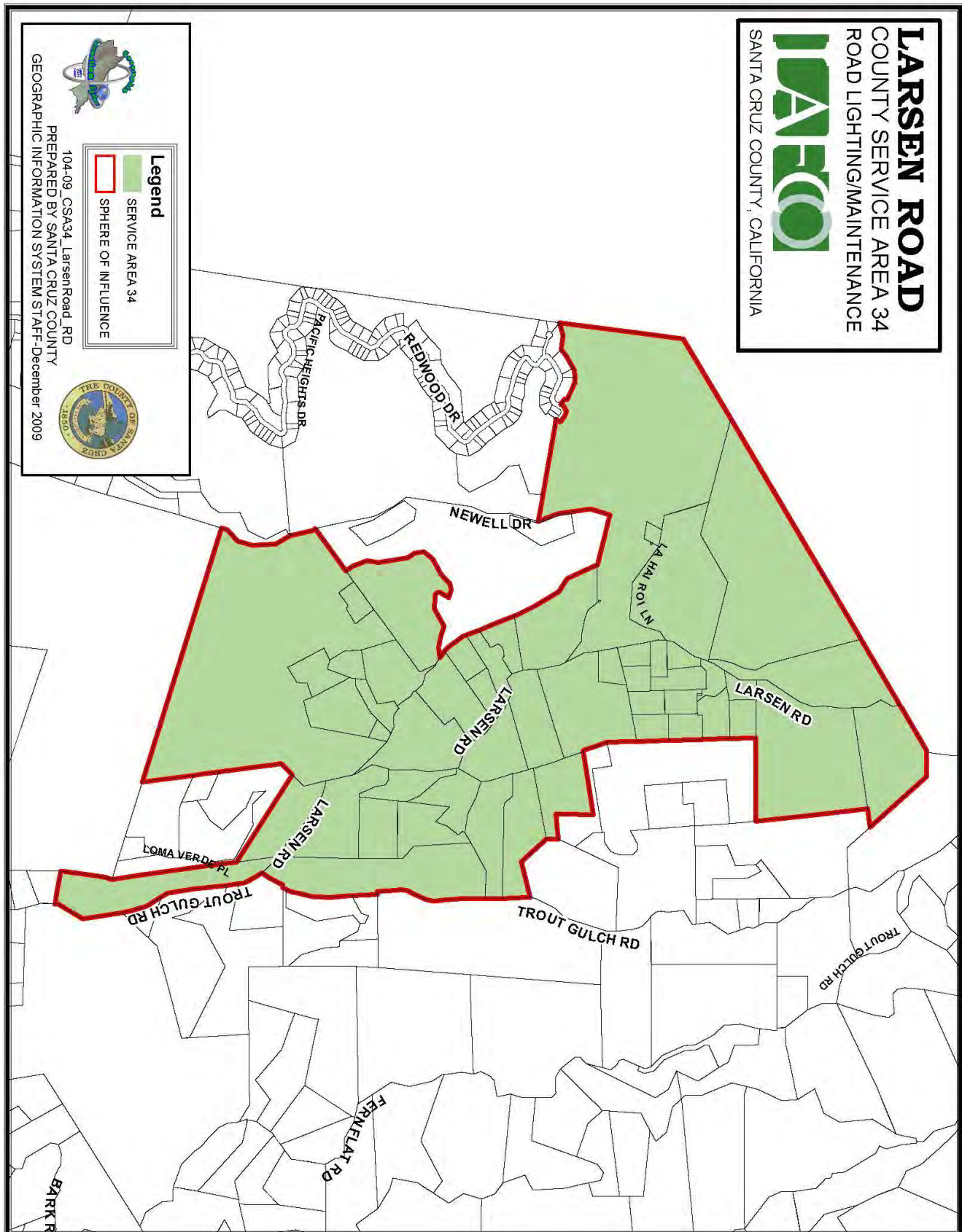
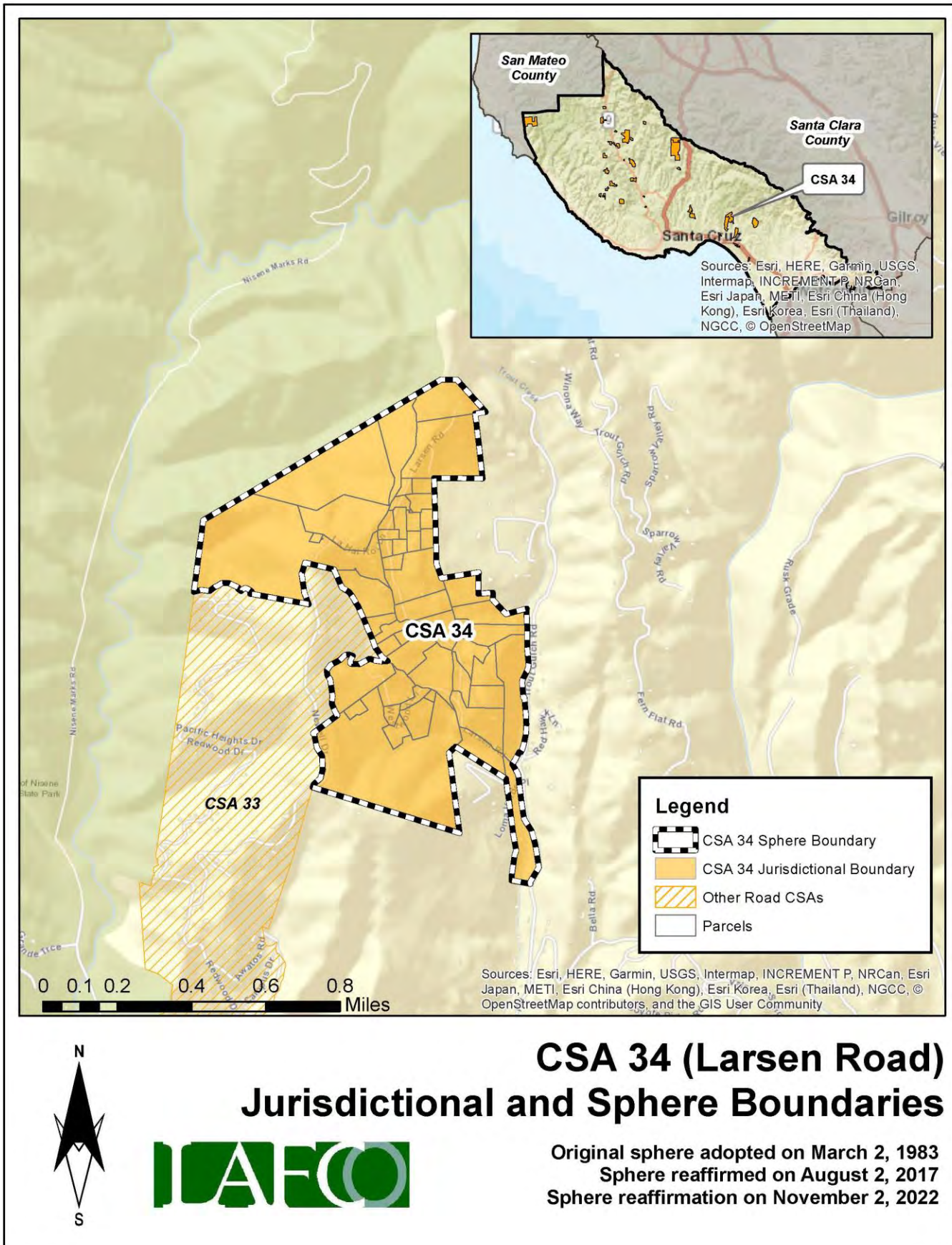


Figure 85: CSA 34's Proposed Sphere Map



District Summary

County Service Area 34	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.31 road miles
District Area	0.64 square miles (appx. 409 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$1,013</p> <p>Total Expenditure = \$1,131</p> <p>Net Position (Ending Balance) = \$64,582</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 34 in 2020 was estimated to be 29. Based on LAFCO's analysis, the population within the CSA will be approximately 29 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 34 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 34 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$65,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential, Rural Residential, and Agriculture. The CSA's customer base is predominantly single-family residential.

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

CSA 34 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 34 has 57 parcels within its jurisdictional boundary and provides extended services to approximately 2.31 miles of road for the residents.

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.

CSA 34 has a population of approximately 29. The constituents fund the CSA through three zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 35 (COUNTRY ESTATES)

Overview

County Service Area 35 was formed on March 2, 1983 with the purpose of providing extended maintenance to 1.18 road miles. **Appendix 17** provides a copy of the formation resolution. There is a total of 33 parcels within the CSA (totaling approximately 50 acres). **Figure 86**, on page 189, is a vicinity map depicting CSA 35's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural Residential. **Table 70** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 35 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 35.

Table 70: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 35	\$618.00	\$635.92	\$660.72	\$682.52	\$694.12
Change (%)		3%	4%	-3%	2%

Population and Growth

Based on staff's analysis, the population of CSA 35 was 2020 is estimated to be 6. 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. **Table 71** shows the anticipated population within CSA 35. The average rate of change is 0.86%.

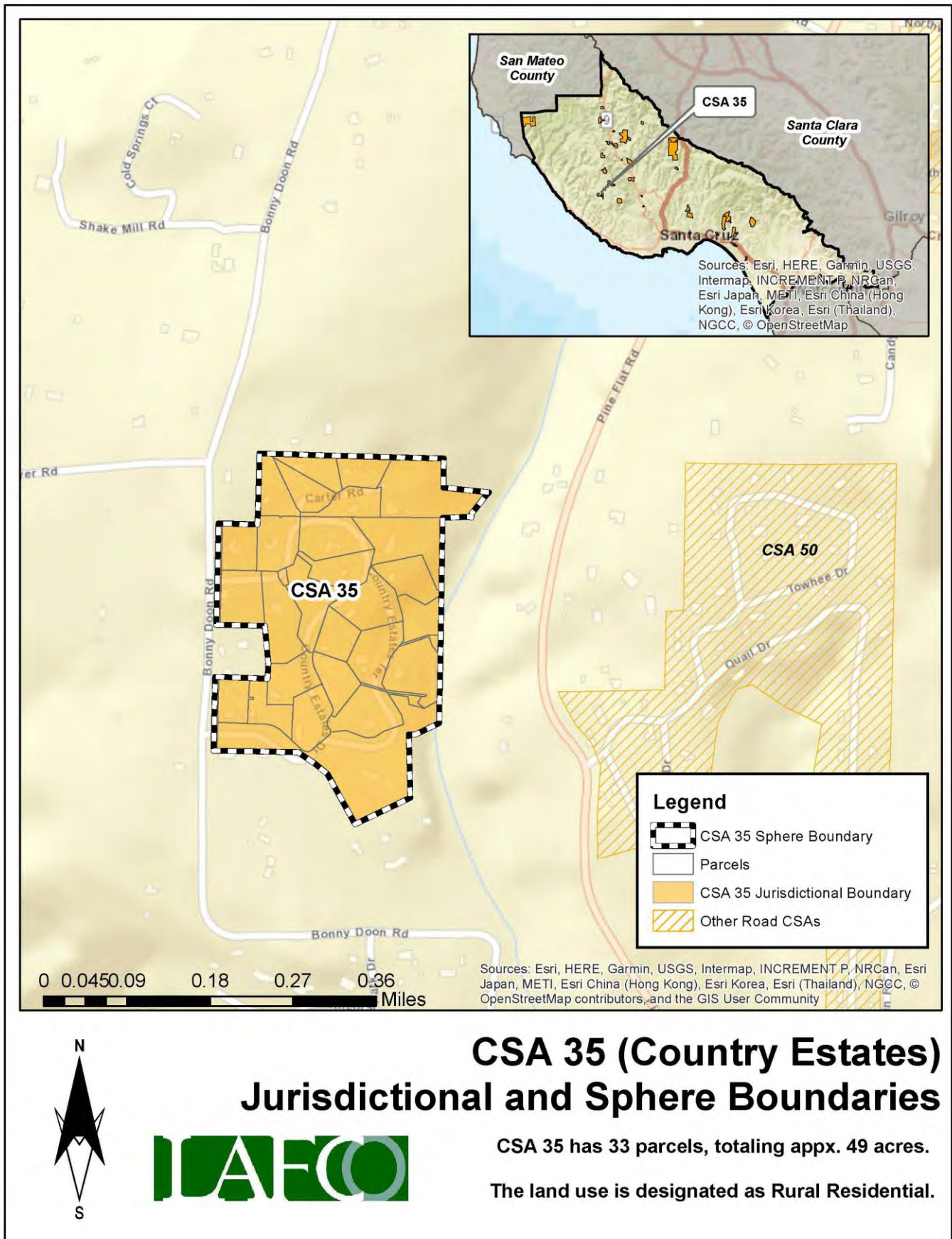
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 35. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 35 will be approximately 63 by 2040.

Table 71: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 35	61	62	62	63	63

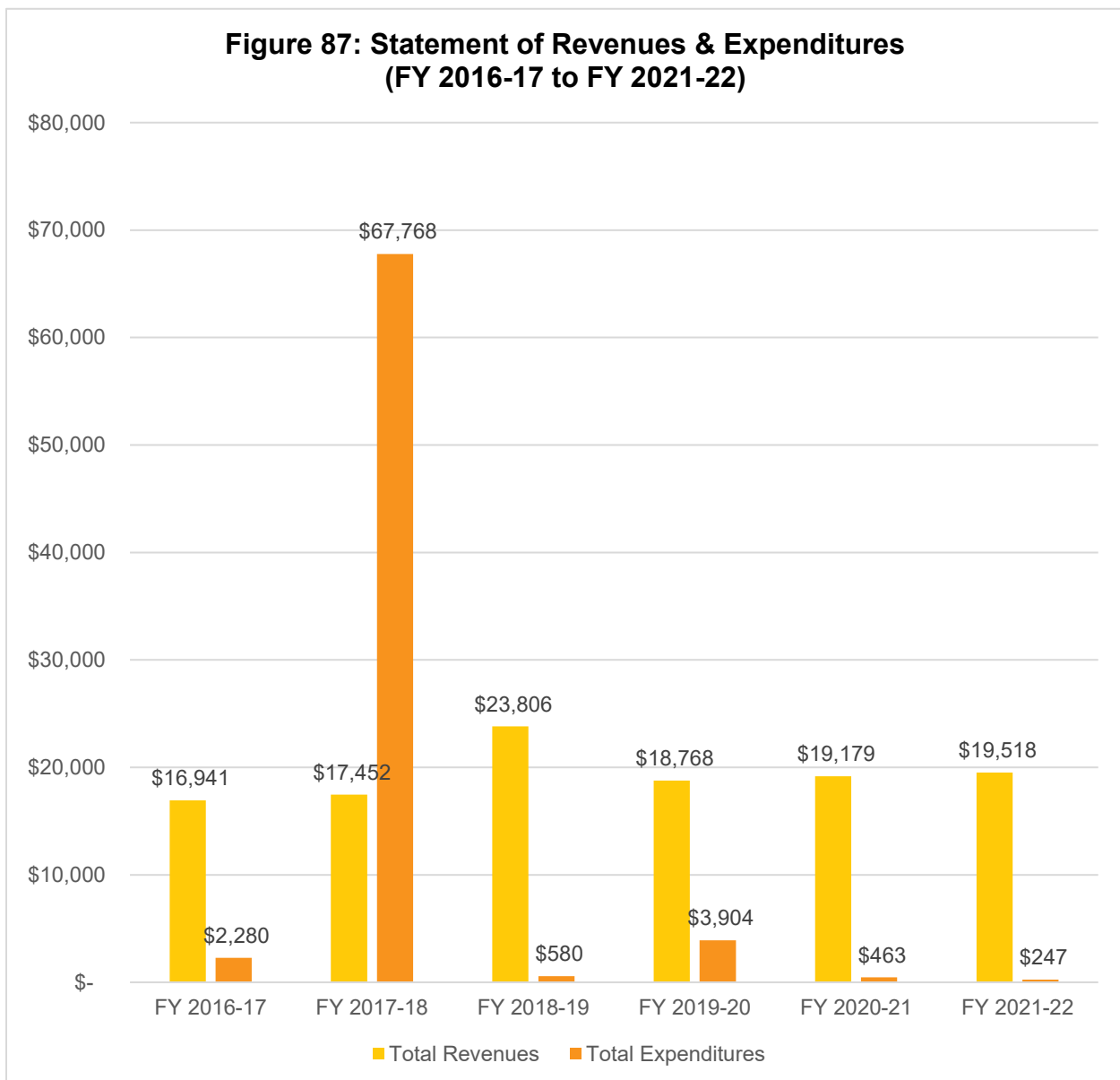
Figure 86: CSA 35's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 35's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 73** on page 192.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$20,000, representing a 2% increase from the previous year (\$19,200 in FY 20-21). Total expenses for FY 2021-22 were approximately \$250, which decreased by 47% from the previous year (\$465 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2017-18, as shown in **Figure 87**. The deficit was due to a scheduled road improvement project that cost approximately \$68,000 to complete. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$71,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 72** and **Figure 88**, the CSA's fund balance has fluctuated over the years and reached a deficit of more than \$5,000 during FY 2017-18. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 72: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$45,225.06	\$(5,090.29)	\$18,135.36	\$32,999.41	\$51,715.47
Ending Balance	\$45,225	\$(5,090)	\$18,135	\$32,999	\$51,715	\$70,987
Change (\$)	-	\$(50,315)	\$23,226	\$14,864	\$18,716	\$19,272

**Figure 88: Net Position from 2016 to 2022
(Ending Balance)**

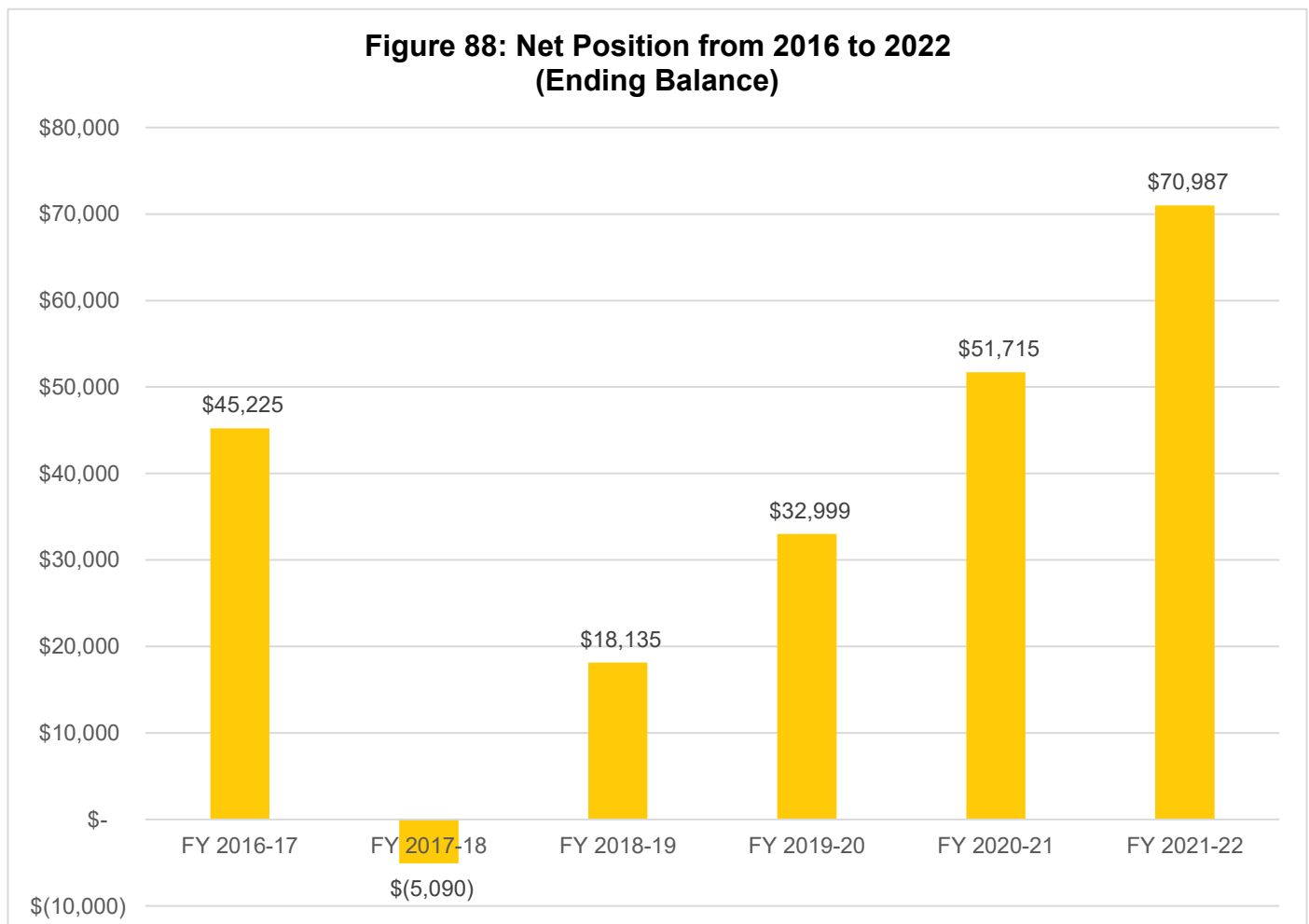


Table 73: Total Revenues & Expenditures

CSA 35	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 309.10	\$ 321.35	\$ 83.81	\$ 452.95	\$ 259.18	\$ 277.49
St-Natural Disaster Assistance	\$ -	\$ -	\$ 1,219.00	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ 4,875.00	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 16,632.00	\$ 17,130.96	\$ 17,627.70	\$ 18,315.16	\$ 18,919.45	\$ 19,241.00
Total Revenues	\$ 16,941.10	\$ 17,452.31	\$ 23,805.51	\$ 18,768.11	\$ 19,178.63	\$ 19,518.49
EXPENDITURES						
DPW Services - Country Estates	\$ 2,141.27	\$ 67,767.66	\$ 39.53	\$ 3,314.70	\$ 236.84	\$ 55.96
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 232.44	\$ -	\$ 49.33	\$ 39.52
Dept Overhead Costs	\$ -	\$ -	\$ 57.89	\$ 464.36	\$ 51.40	\$ 26.46
Total Expenditures	\$ 2,280.02	\$ 67,767.66	\$ 579.86	\$ 3,904.06	\$ 462.57	\$ 246.94
Surplus/(Deficit)	\$ 14,661.08	\$ (50,315.35)	\$ 23,225.65	\$ 14,864.05	\$ 18,716.06	\$ 19,271.55
FUND BALANCE						
Beginning of Year	\$ -	\$ 45,225.06	\$ (5,090.29)	\$ 18,135.36	\$ 32,999.41	\$ 51,715.47
End of Year	\$ 45,225.06	\$ (5,090.29)	\$ 18,135.36	\$ 32,999.41	\$ 51,715.47	\$ 70,987.02

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 35's first sphere of influence on March 2, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 89** on page 193 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 33 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 90** on page 194 shows the proposed sphere boundary.

Figure 89: CSA 35's Current Sphere Map

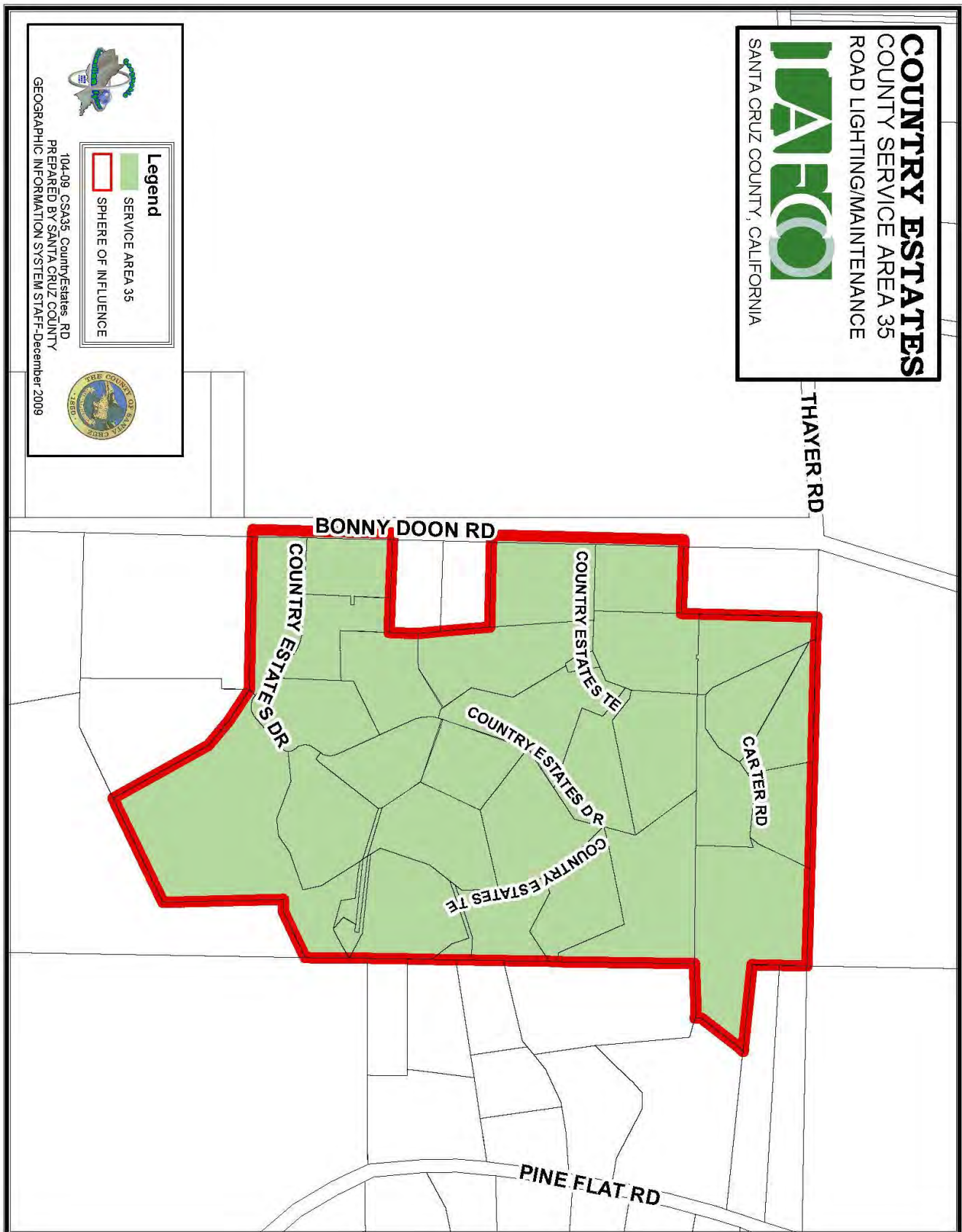
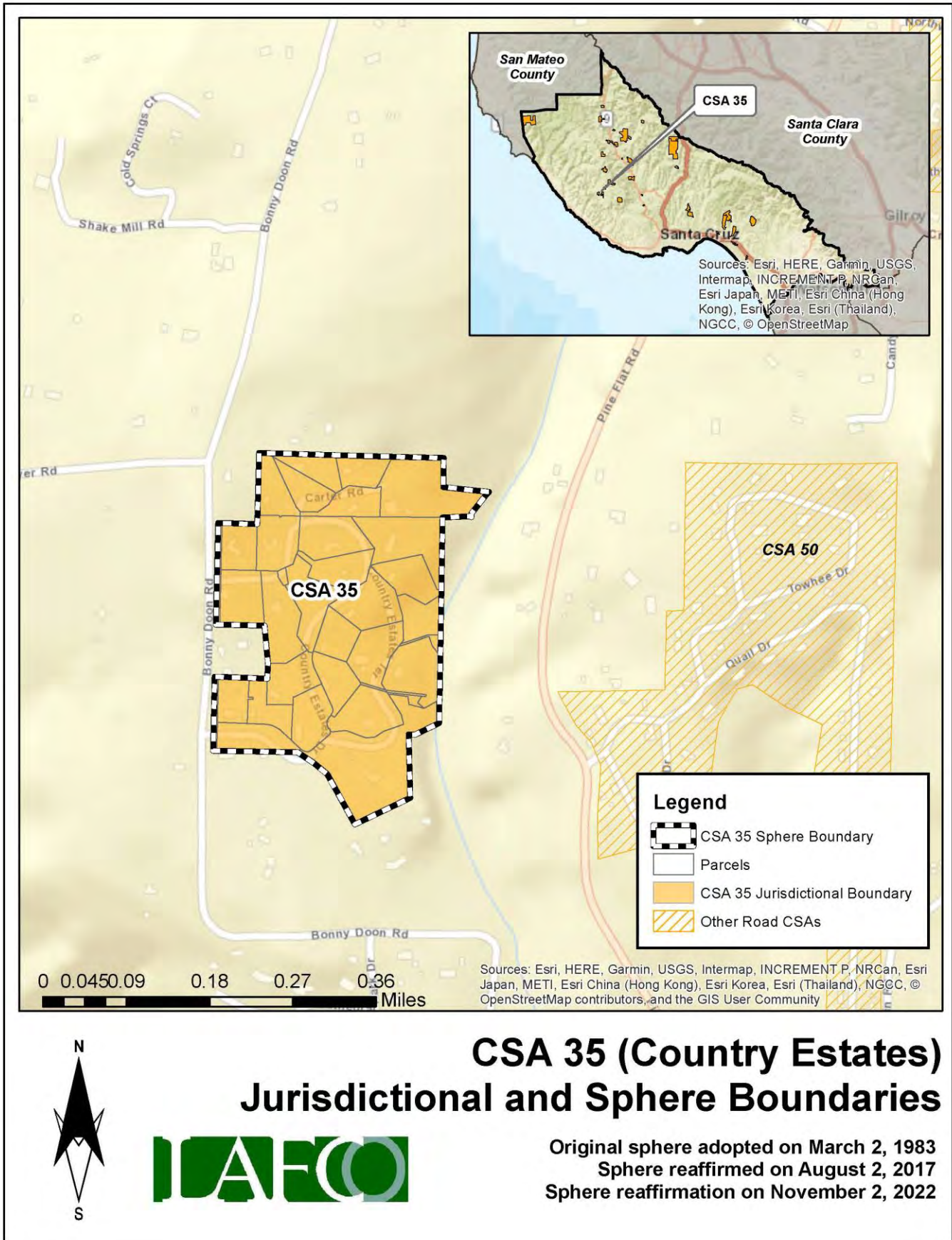


Figure 90: CSA 35's Proposed Sphere Map



District Summary

County Service Area 35	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.18 road miles
District Area	0.08 square miles (appx. 49 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$19,518</p> <p>Total Expenditure = \$247</p> <p>Net Position (Ending Balance) = \$70,987</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 35 in 2020 was estimated to be 61. Based on LAFCO's analysis, the population within the CSA will be approximately 63 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 35 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 35 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$71,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 35 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 35 has 33 parcels within its jurisdictional boundary and provides extended services to approximately 1.18 miles of road for the residents.

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.

CSA 35 has a population of approximately 61. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 36 (FOREST GLEN)

Overview

County Service Area 36 was formed on March 2, 1983 with the purpose of providing extended maintenance to 2.23 road miles. **Appendix 18** provides a copy of the formation resolution. There is a total of 77 parcels within the CSA (totaling approximately 210 acres). **Figure 91**, on page 199, is a vicinity map depicting CSA 36's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural and Mountain Residential. **Table 74** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 36 has six funding zones (Zones A-F). **Figure 81** on page 200 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 36.

Table 74: Benefit Assessment Rates (2017 to 2021)

CSA 36	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$51.40	\$52.88	\$52.88	\$52.88	\$53.76
Change (%)		3%	0%	0%	2%
Zone B	\$120.00	\$1,123.48	\$1,123.48	\$1,176.36	\$1,196.32
Change (%)		836%	0%	5%	2%
Zone C	\$144.00	\$148.16	\$148.16	\$201.04	\$204.42
Change (%)		3%	0%	36%	2%
Zone D	\$250.00	\$257.24	\$257.24	\$520.02	\$528.82
Change (%)		3%	0%	102%	2%
Zone E	\$204.00	\$209.90	\$209.90	\$262.78	\$267.22
Change (%)		3%	0%	25%	2%
Zone F	\$120.00	\$123.48	\$123.48	\$176.36	\$179.32
Change (%)		3%	0%	43%	2%

Population and Growth

Based on staff's analysis, the population of CSA 36 in 2020 is estimated to be 393. 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. **Table 75** shows the anticipated population within CSA 36. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 36. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 36 will be approximately 407 by 2040.

Table 75: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 36	393	396	400	403	407

Figure 91: CSA 36's Vicinity Map

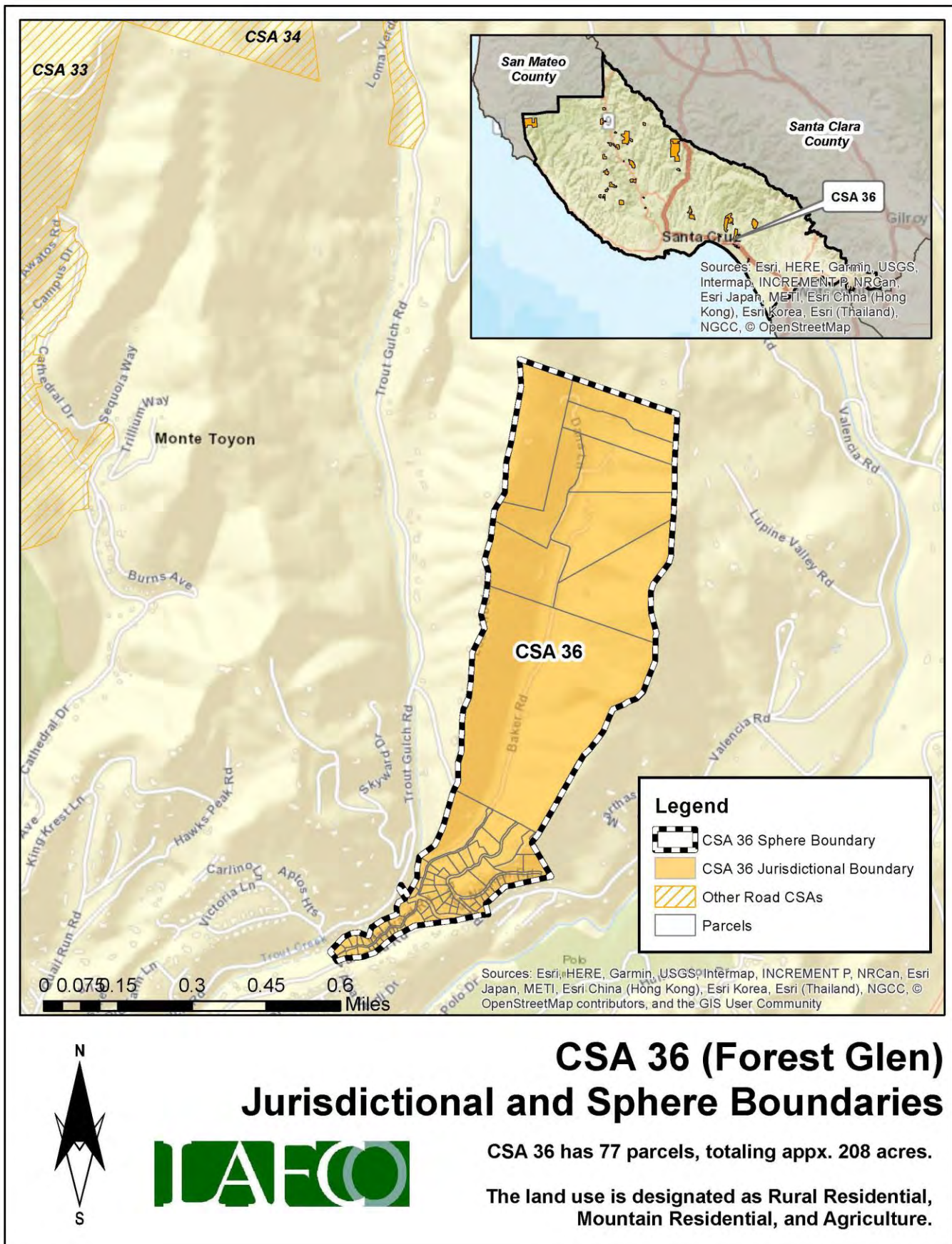
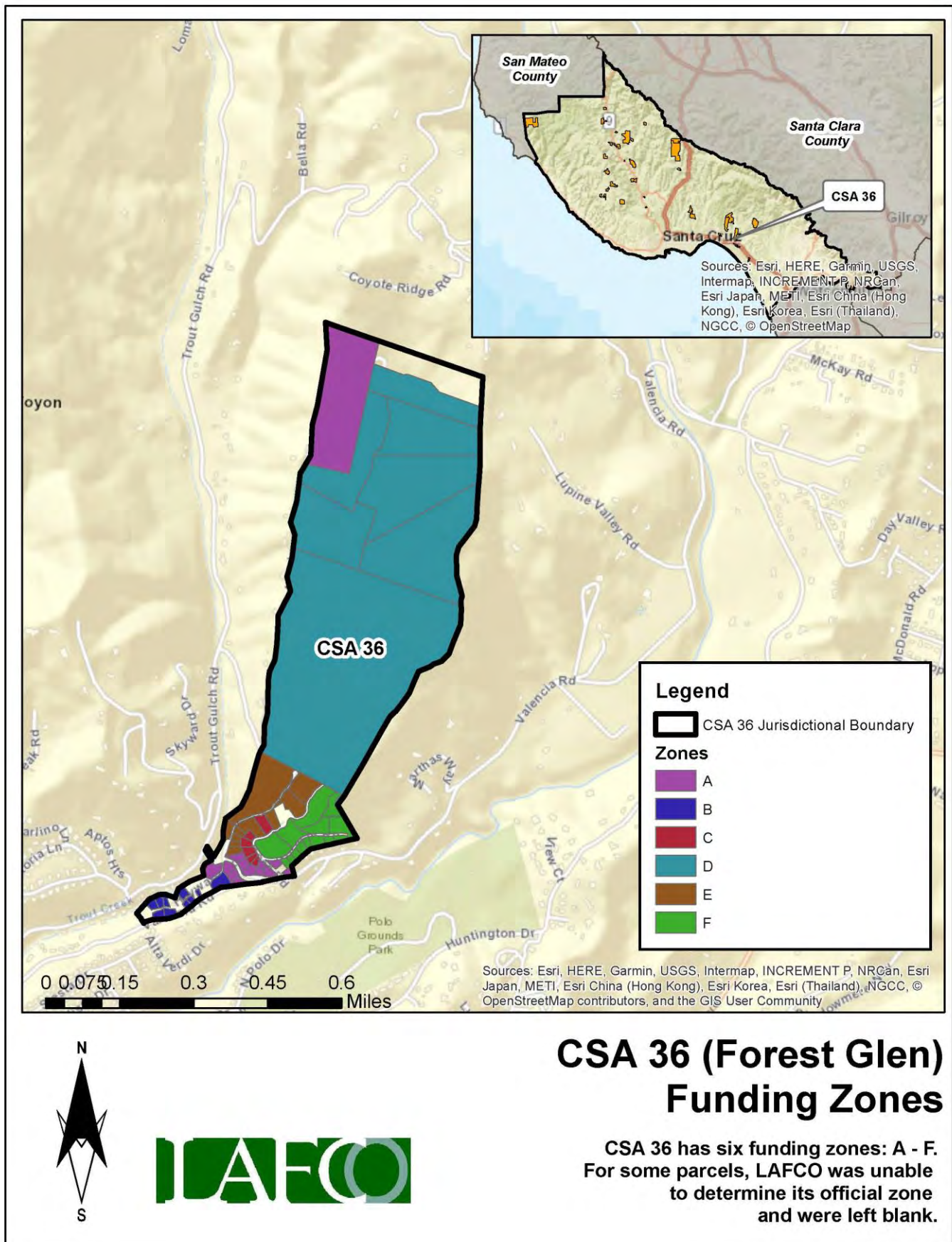


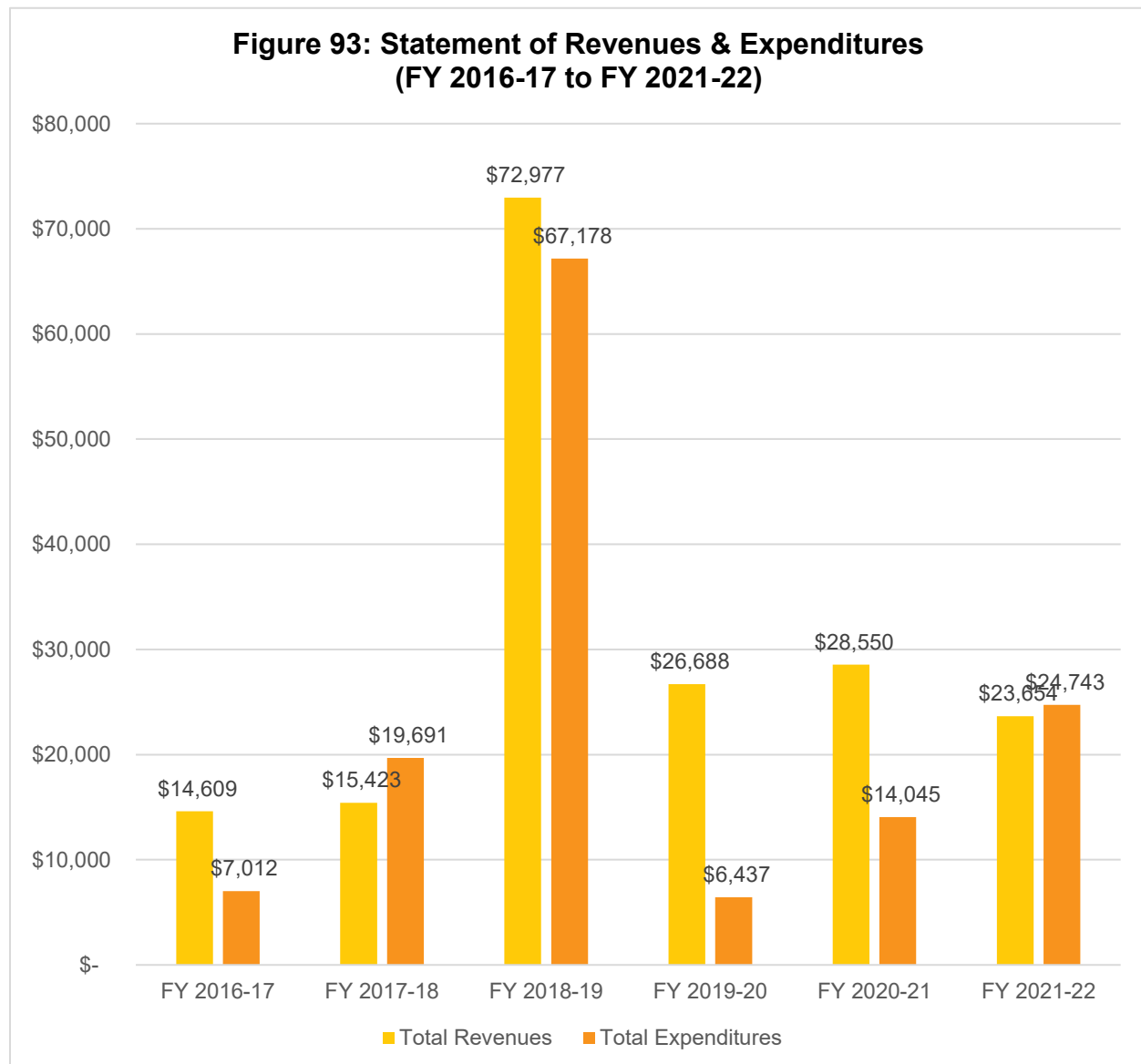
Figure 92: CSA 36's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 36's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 77** on page 203.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$24,000, representing a 17% decrease from the previous year (\$29,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$25,000, which increased by 76% from the previous year (\$14,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2017-18 and FY 2021-22, as shown in **Figure 93**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$253,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 76** and **Figure 94**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$200,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 76: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$217,874.00	\$213,605.24	\$219,404.27	\$239,655.90	\$254,161.43
Ending Balance	\$217,874	\$213,605	\$219,404	\$239,656	\$254,161	\$253,072
Change (\$)	-	\$(4,269)	\$5,799	\$20,252	\$14,506	\$(1,089)

**Figure 94: Net Position from 2016 to 2022
(Ending Balance)**

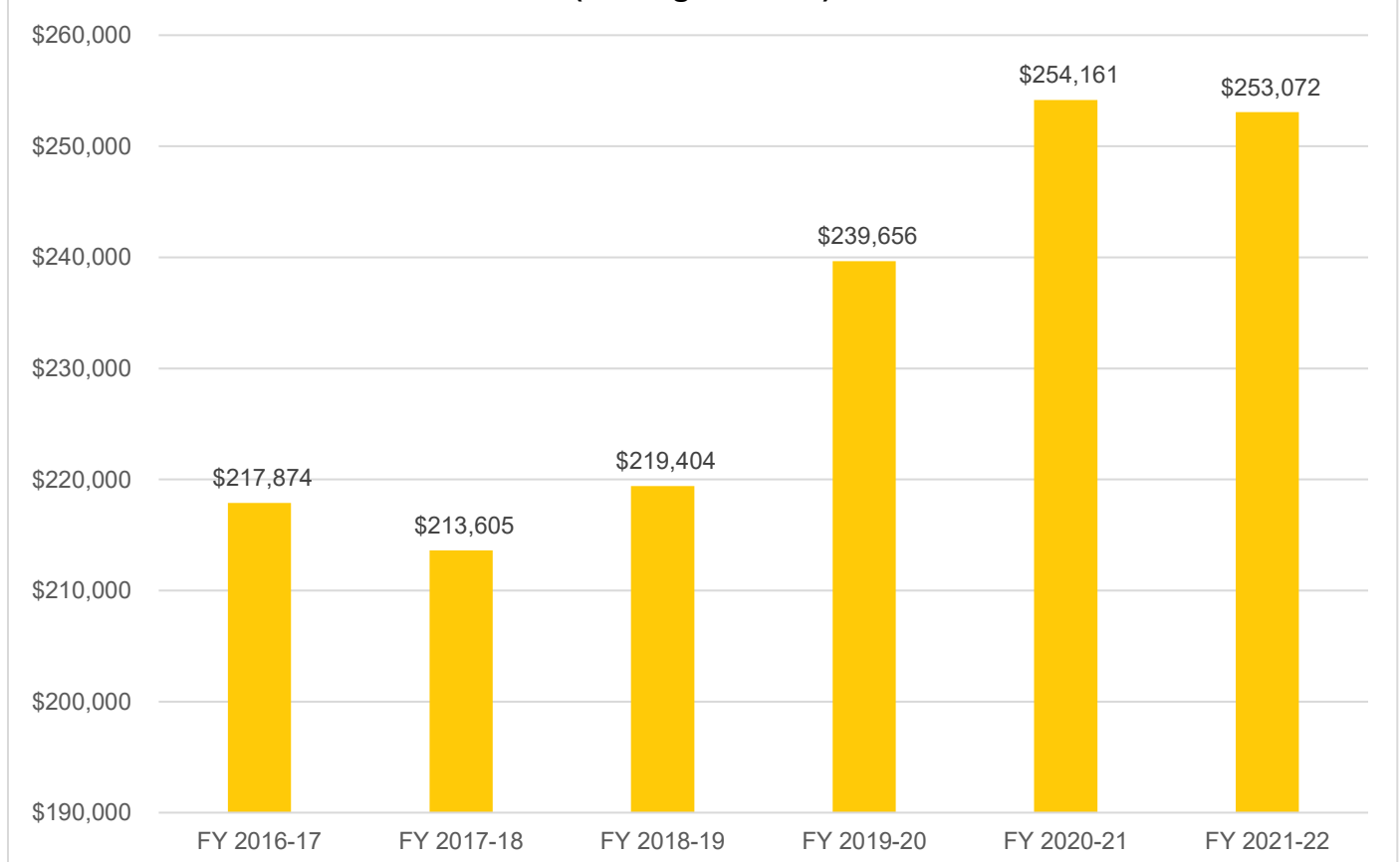


Table 77: Total Revenues & Expenditures

CSA 36	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 1,833.44	\$ 2,646.89	\$ 4,717.62	\$ 4,531.75	\$ 1,673.65	\$ 1,122.62
St-Natural Disaster Assistance	\$ -	\$ -	\$ 8,282.00	\$ -	\$ 4,720.00	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ 36,656.00	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 12,775.28	\$ 12,775.66	\$ 23,321.17	\$ 22,156.58	\$ 22,156.58	\$ 22,531.33
Total Revenues	\$ 14,608.72	\$ 15,422.55	\$ 72,976.79	\$ 26,688.33	\$ 28,550.23	\$ 23,653.95
EXPENDITURES						
DPW Services - Forest Glen	\$ 6,872.84	\$ 19,691.31	\$ 57,126.99	\$ 1,282.68	\$ 9,688.94	\$ 20,503.32
FEMA Labor	\$ -	\$ -	\$ -	\$ 2,519.30	\$ -	\$ 584.84
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 253.68	\$ 144.11	\$ 500.00	\$ 500.00
Division Overhead - Admin	\$ -	\$ -	\$ 2,609.01	\$ 1,772.07	\$ 2,295.23	\$ 414.77
Dept Overhead Costs	\$ -	\$ -	\$ 7,188.08	\$ 718.54	\$ 1,560.53	\$ 2,739.97
Total Expenditures	\$ 7,011.59	\$ 19,691.31	\$ 67,177.76	\$ 6,436.70	\$ 14,044.70	\$ 24,742.90
Surplus/(Deficit)	\$ 7,597.13	\$ (4,268.76)	\$ 5,799.03	\$ 20,251.63	\$ 14,505.53	\$ (1,088.95)
FUND BALANCE						
Beginning of Year	\$ -	\$ 217,874.00	\$ 213,605.24	\$ 219,404.27	\$ 239,655.90	\$ 254,161.43
End of Year	\$217,874.00	\$ 213,605.24	\$219,404.27	\$ 239,655.90	\$254,161.43	\$253,072.48

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 36's first sphere of influence on March 2, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 95** on page 204 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 77 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 96** on page 205 shows the proposed sphere boundary.

Figure 95: CSA 36's Current Sphere Map

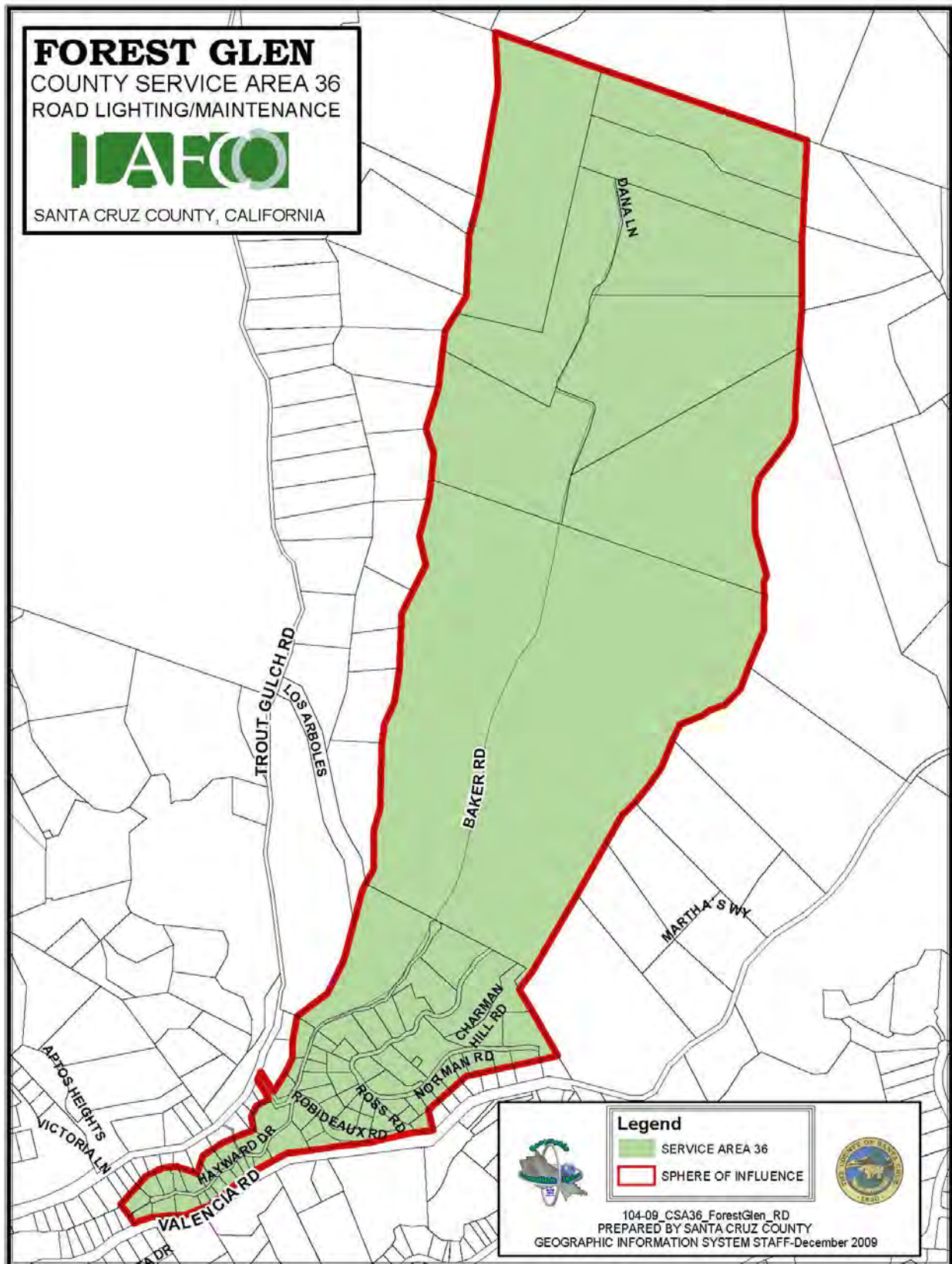
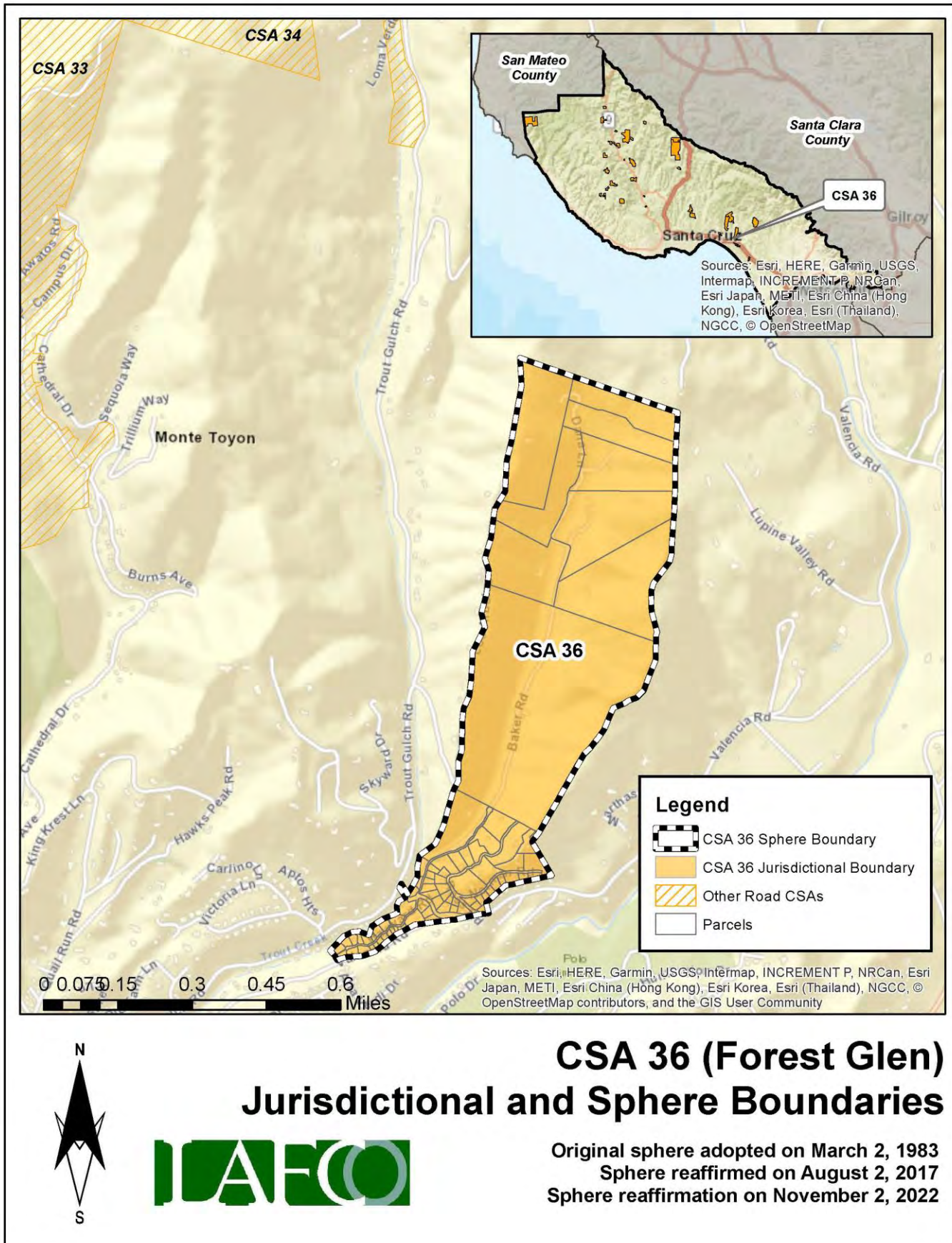


Figure 96: CSA 36's Proposed Sphere Map



District Summary

County Service Area 36	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.23 road miles
District Area	0.12 square miles (appx. 77 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$23,654</p> <p>Total Expenditure = \$24,743</p> <p>Net Position (Ending Balance) = \$253,072</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 36 in 2020 was estimated to be 393. Based on LAFCO's analysis, the population within the CSA will be approximately 407 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 36 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 36 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$253,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural and Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 36 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 36 has 77 parcels within its jurisdictional boundary and provides extended services to approximately 2.23 miles of road for the residents.

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.

CSA 36 has a population of approximately 393. The constituents fund the CSA through six zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 37 (ROBERTS ROAD)

Overview

County Service Area 37 was formed on April 6, 1983 with the purpose of providing extended maintenance to 2.05 road miles. **Appendix 19** provides a copy of the formation resolution. There is a total of 94 parcels within the CSA (totaling approximately 260 acres). **Figure 97**, on page 210, is a vicinity map depicting CSA 37's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 78** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 37 has four funding zones (Zones A-D), but only Zones A and D are currently being charged. **Figure 98** on page 211 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 37.

Table 78: Benefit Assessment Rates (2017 to 2021)

CSA 37	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Change (%)		0%	0%	0%	0%
Zone B	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Change (%)		0%	0%	0%	0%
Zone C	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Change (%)		0%	0%	36%	0%
Zone D	\$300.00	\$300.00	\$300.00	\$600.00	\$600.00
Change (%)		0%	0%	100%	0%

Population and Growth

Based on staff's analysis, the population of CSA 37 in 2020 is estimated to be 79. 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. **Table 79** shows the anticipated population within CSA 37. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 37. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 37 will be approximately 82 by 2040.

Table 79: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 37	79	80	80	81	82

Figure 97: CSA 37's Vicinity Map

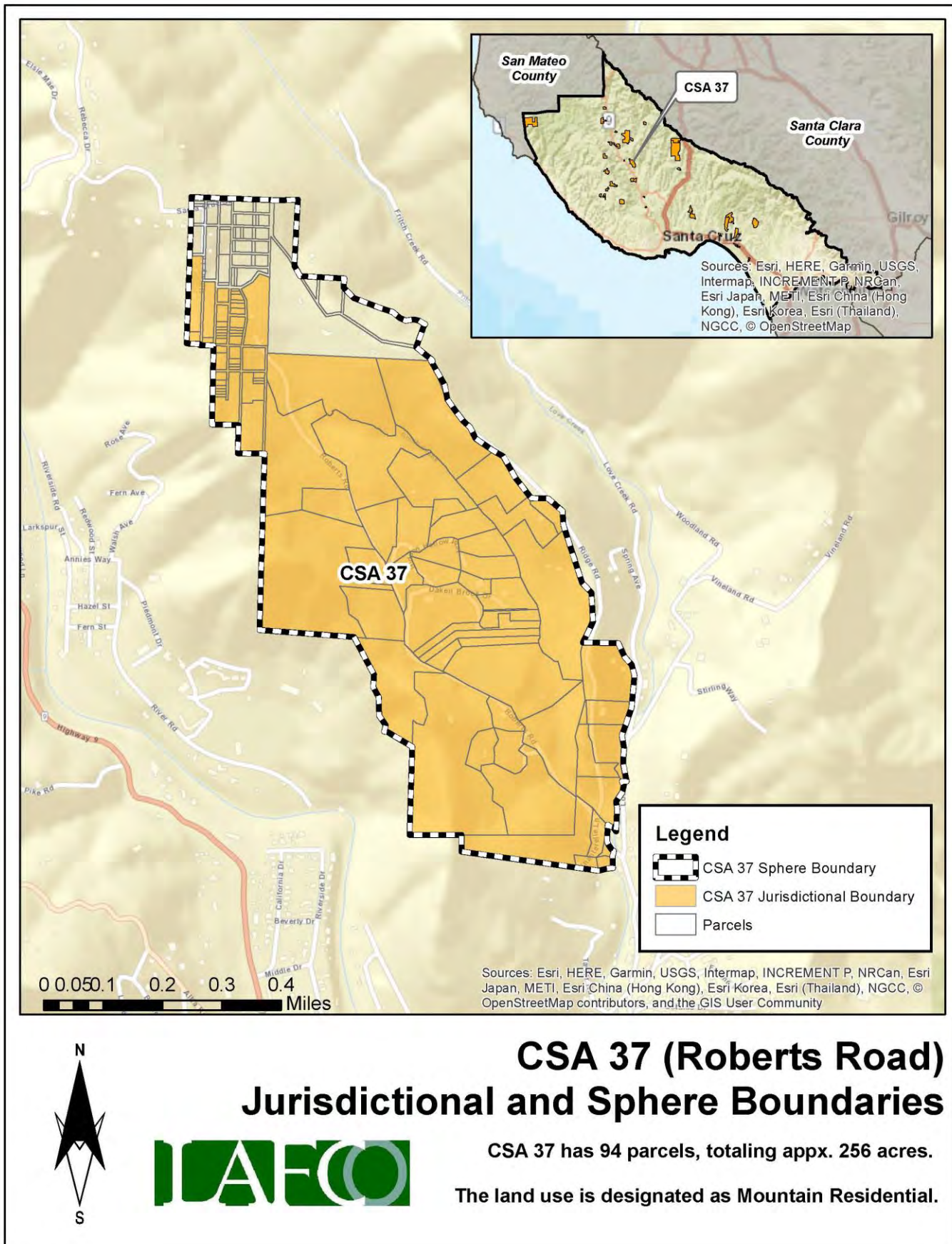
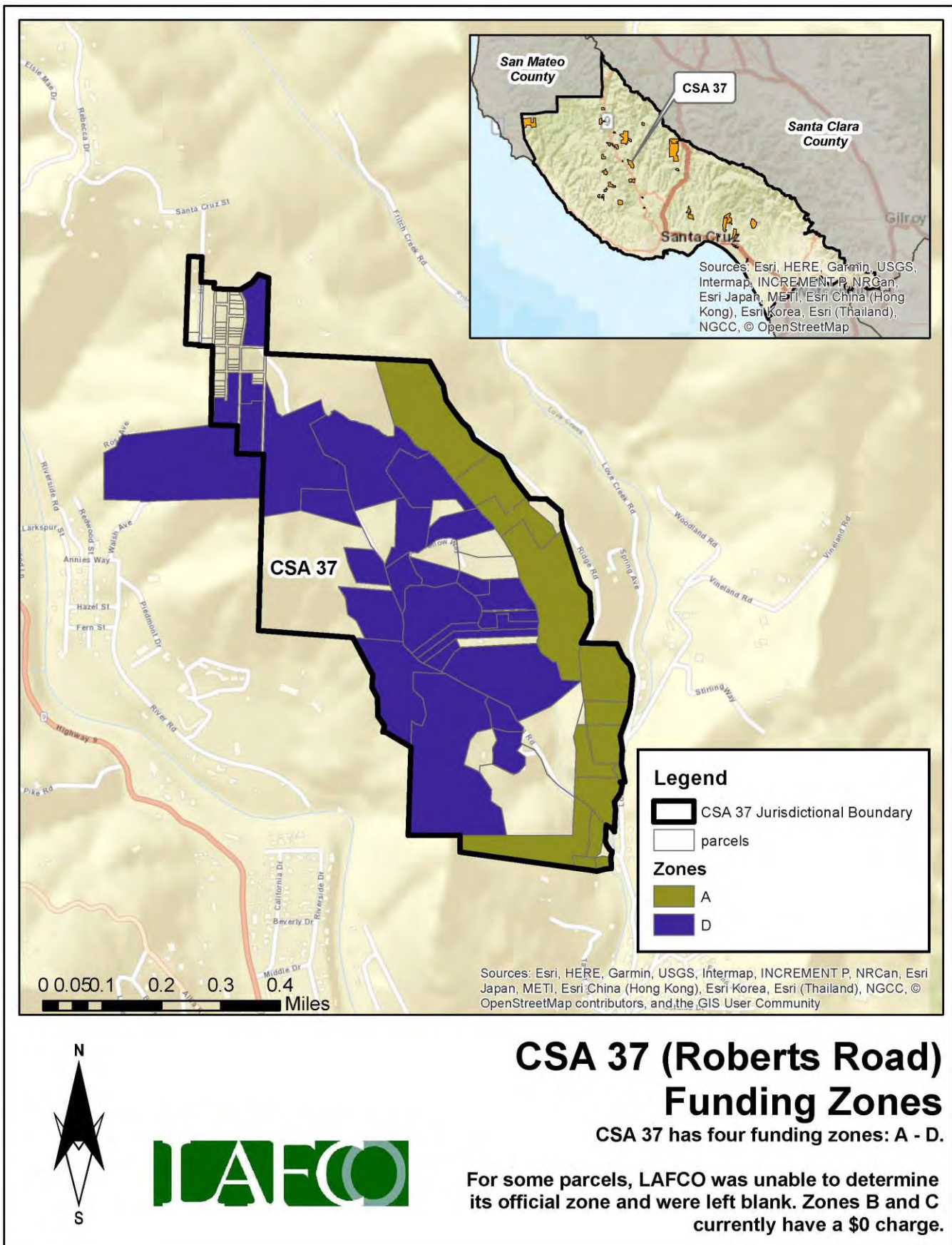


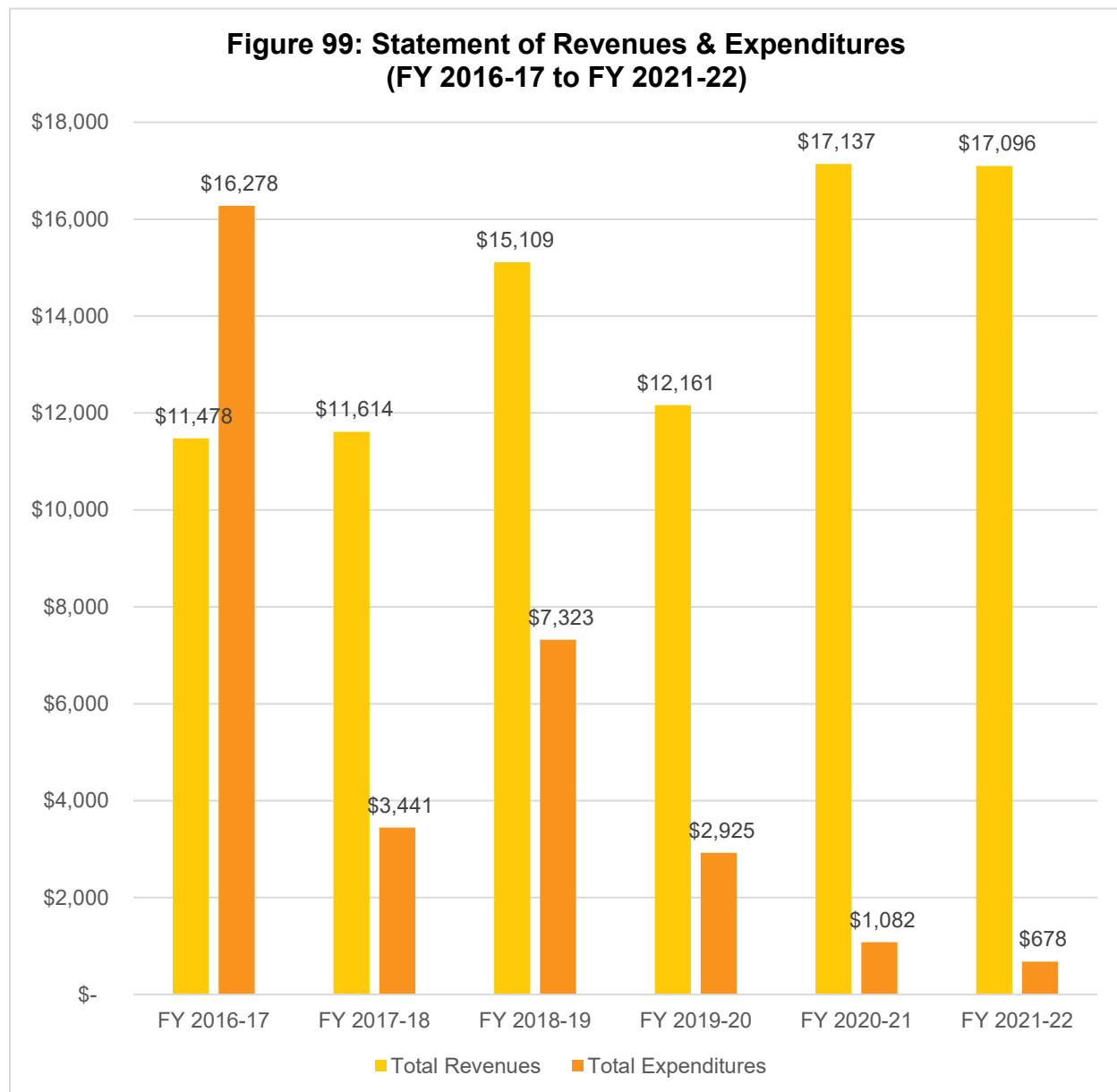
Figure 98: CSA 37's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 37's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 81** on page 214.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$17,000, representing a 0.24% decrease from the previous year (\$17,140 in FY 20-21). Total expenses for FY 2021-22 were approximately \$700, which decreased by 37% from the previous year (\$1,100 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17, as shown in **Figure 99**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$88,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 80** and **Figure 100**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$30,000. Based on this historical trend, LAFCO staff believes the positive balance may continue as the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 80: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$30,819.55	\$38,992.42	\$46,778.33	\$56,014.46	\$72,069.87
Ending Balance	\$30,820	\$38,992	\$46,778	\$56,014	\$72,070	\$88,487
Change (\$)	-	\$8,173	\$7,786	\$9,236	\$16,055	\$16,417

**Figure 100: Net Position from 2016 to 2022
(Ending Balance)**

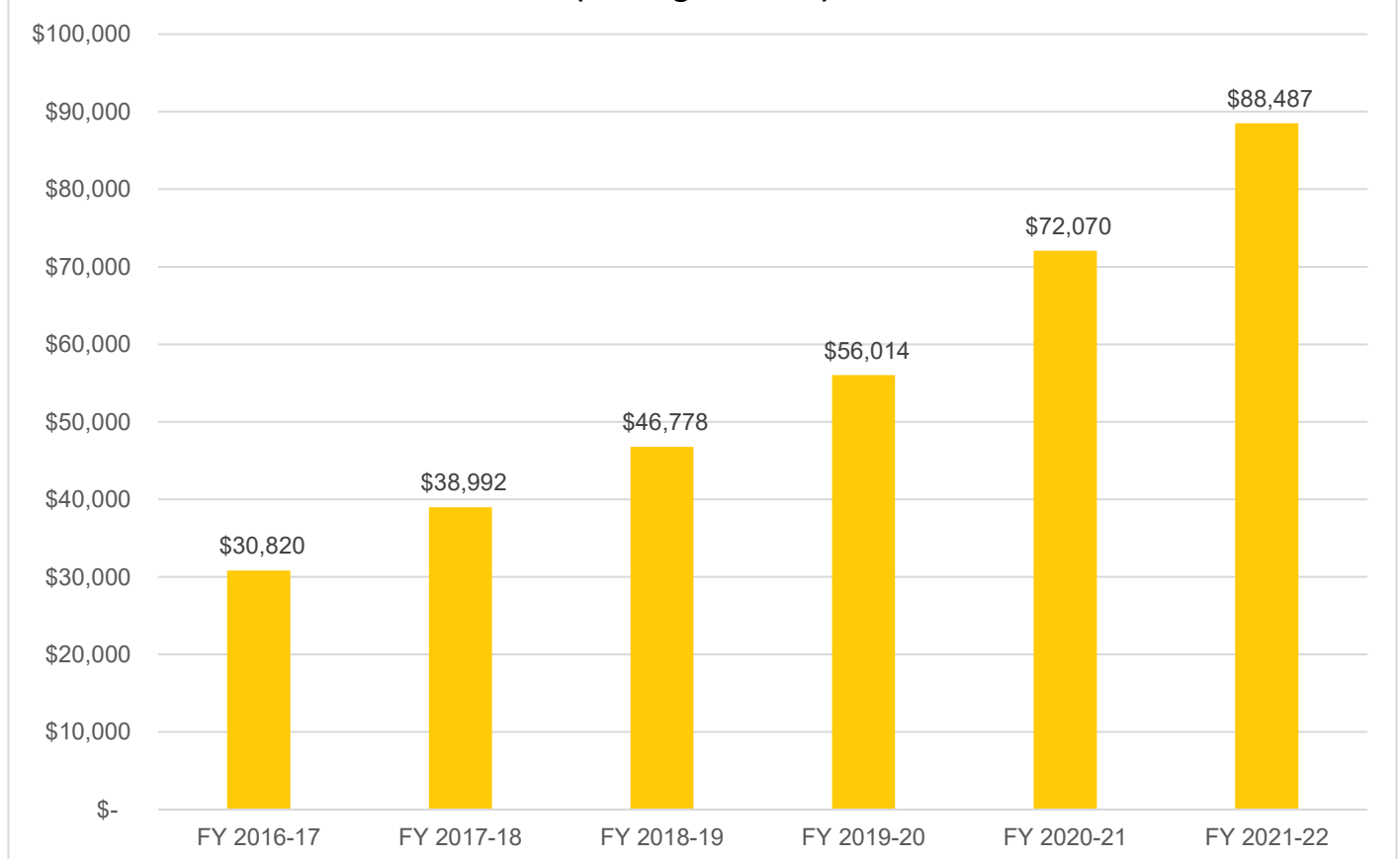


Table 81: Total Revenues & Expenditures

CSA 37	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 291.00	\$ 427.31	\$ 886.97	\$ 973.81	\$ 410.12	\$ 364.63
St-Natural Disaster Assistance	\$ -	\$ -	\$ 607.00	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ 2,428.00	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 11,187.00	\$ 11,187.00	\$ 11,187.00	\$ 11,187.00	\$ 16,727.16	\$ 16,731.00
Total Revenues	\$ 11,478.00	\$ 11,614.31	\$ 15,108.97	\$ 12,160.81	\$ 17,137.28	\$ 17,095.63
EXPENDITURES						
DPW Services - Roberts Road	\$ 16,139.45	\$ 3,441.44	\$ 4,567.51	\$ 267.62	\$ 209.16	\$ -
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 140.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,724.71	\$ 2,184.19	\$ 627.50	\$ 445.50
Dept Overhead Costs	\$ -	\$ -	\$ 780.84	\$ 347.87	\$ 120.21	\$ 92.99
Total Expenditures	\$ 16,278.20	\$ 3,441.44	\$ 7,323.06	\$ 2,924.68	\$ 1,081.87	\$ 678.49
Surplus/(Deficit)	\$ (4,800.20)	\$ 8,172.87	\$ 7,785.91	\$ 9,236.13	\$ 16,055.41	\$ 16,417.14
FUND BALANCE						
Beginning of Year	\$ -	\$ 30,819.55	\$ 38,992.42	\$ 46,778.33	\$ 56,014.46	\$ 72,069.87
End of Year	\$ 30,819.55	\$ 38,992.42	\$ 46,778.33	\$ 56,014.46	\$ 72,069.87	\$ 88,487.01

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 37's first sphere of influence on April 6, 1983. The current sphere is larger than the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 101** on page 215 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 94 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. However, LAFCO staff is recommending that the sphere boundary be expanded to address the split parcel, shown in Figure 98. The County should consider annexing the split parcel as well as 42 additional parcels currently within the CSA's sphere but outside its jurisdictional boundary in the near future. **Figure 102** on page 216 shows the proposed sphere boundary.

Figure 101: CSA 37's Current Sphere Map

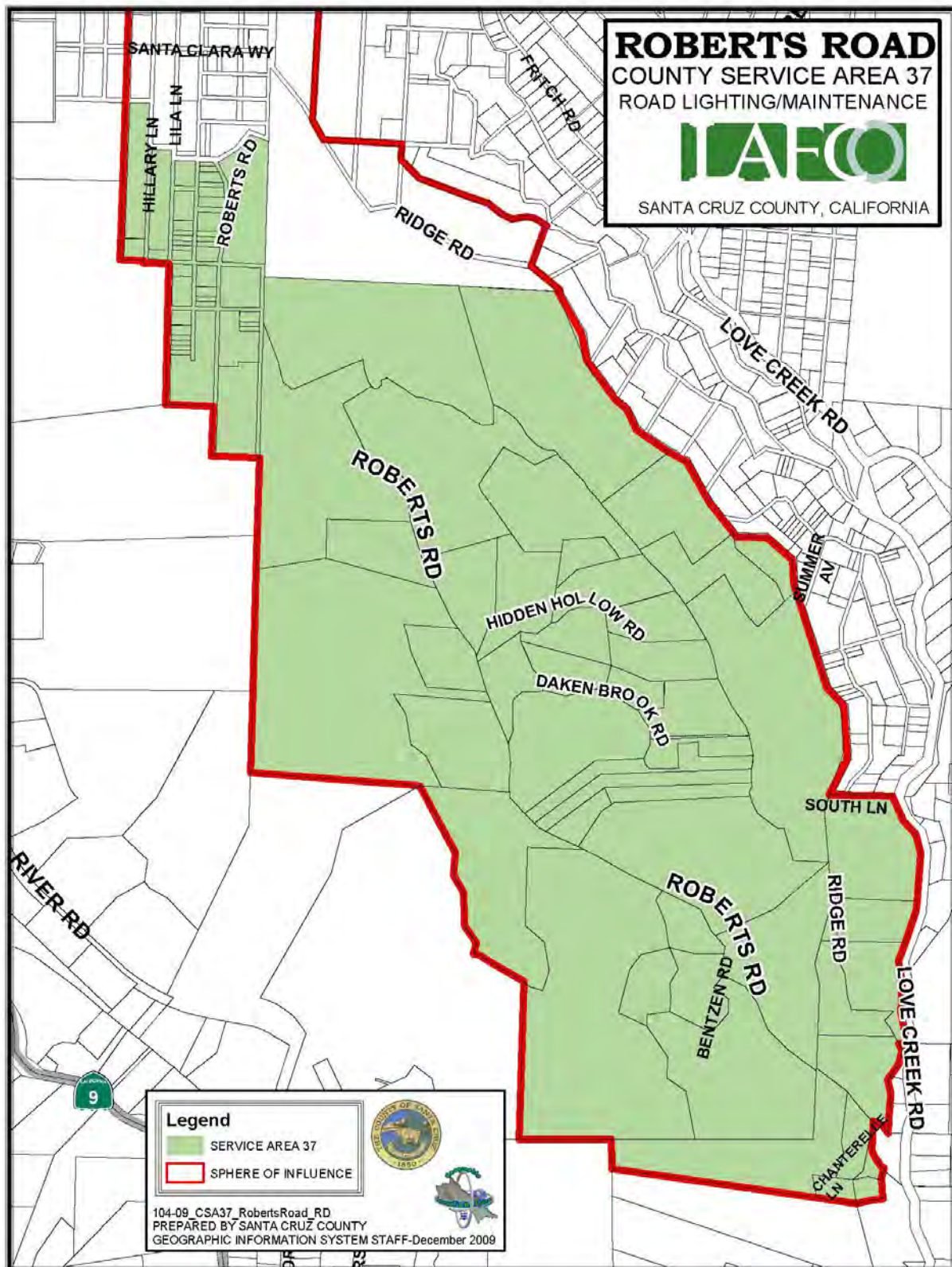
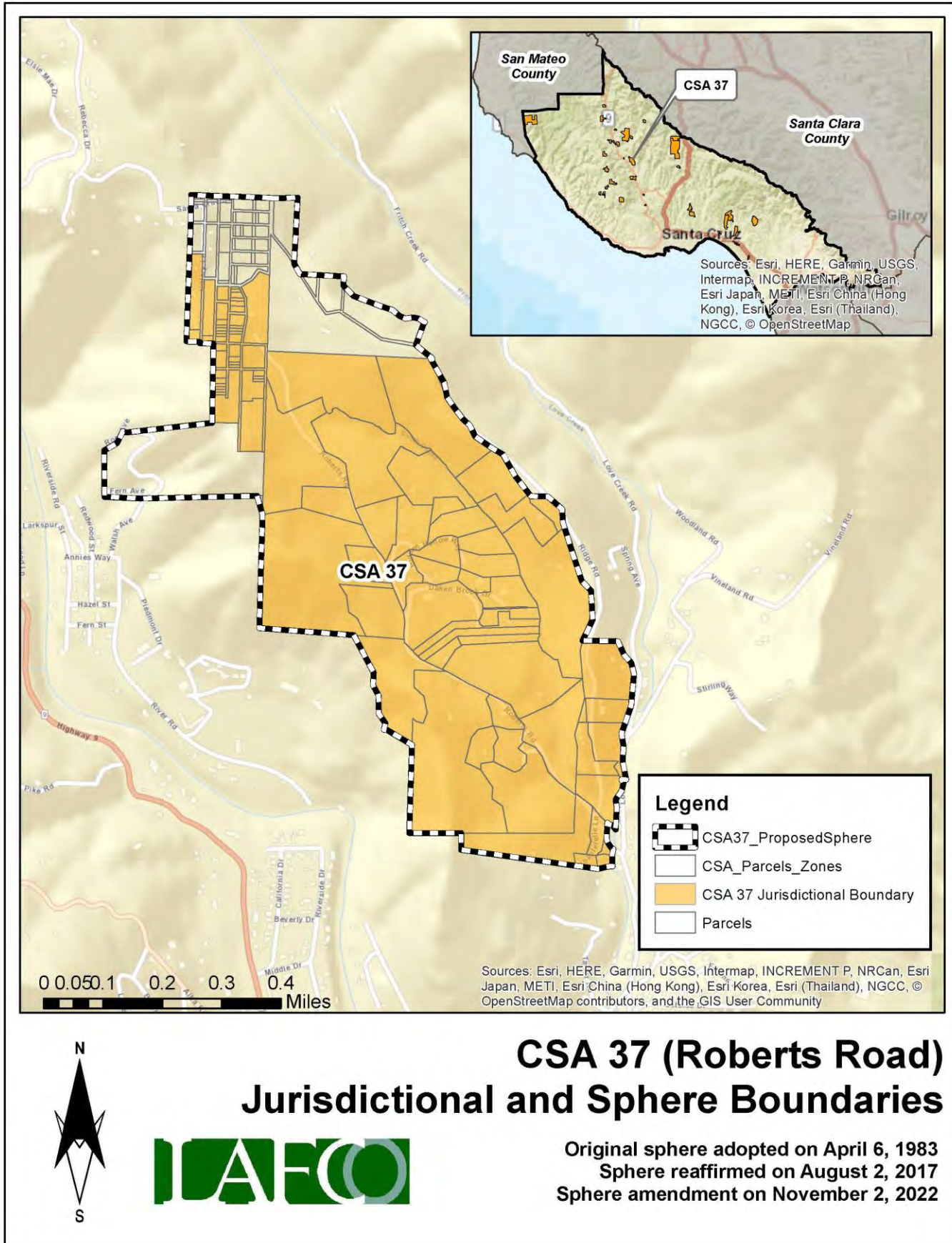


Figure 102: CSA 37's Proposed Sphere Map



District Summary

County Service Area 37	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	2.05 road miles
District Area	0.15 square miles (appx. 94 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$17,096</p> <p>Total Expenditure = \$678</p> <p>Net Position (Ending Balance) = \$88,487</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 37 in 2020 was estimated to be 79. Based on LAFCO's analysis, the population within the CSA will be approximately 82 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 37 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 37 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$88,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 37 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 37 has 94 parcels within its jurisdictional boundary and provides extended services to approximately 2.05 miles of road for the residents.

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.

CSA 37 has a population of approximately 79. The constituents fund the CSA through four zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 39 (REED STREET)

Overview

County Service Area 39 was formed on June 1, 1983 with the purpose of providing extended maintenance to 0.07 road miles. **Appendix 20** provides a copy of the formation resolution. There is a total of 14 parcels within the CSA (totaling approximately 6 acres). **Figure 103**, on page 221, is a vicinity map depicting CSA 39's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Suburban Residential and a small portion designated as Existing Parks/Open Space. **Table 82** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 39 does not have any zones and has not collected any funding. The County has expressed interest in dissolving the CSA due to operational inactivity.

Table 82: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 39	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Change (%)</i>		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 39 was 2020 is estimated to be 30. 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. **Table 83** shows the anticipated population within CSA 39. The average rate of change is 0.86%.

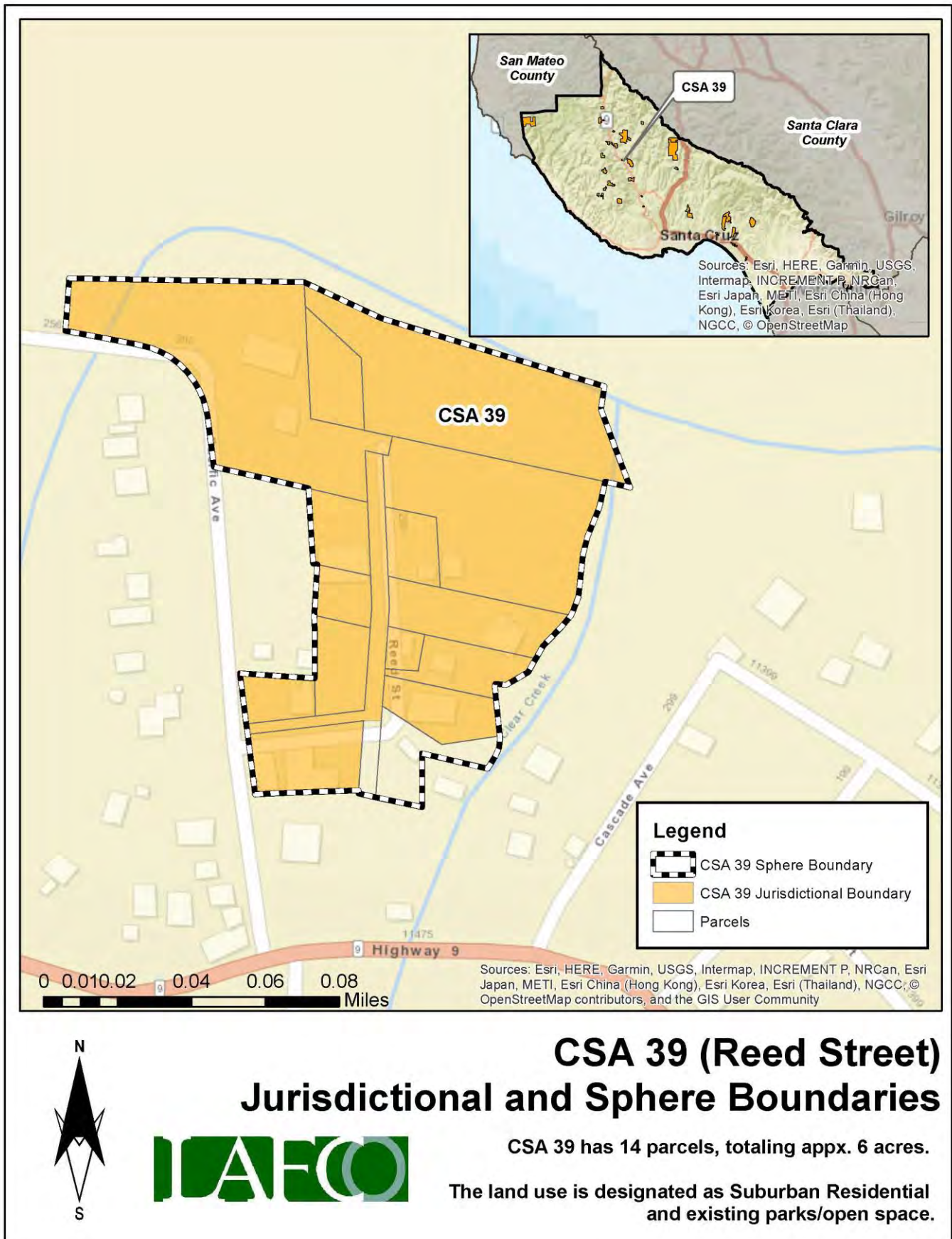
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 39. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 39 will be approximately 31 by 2040.

Table 83: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 39	30	30	31	31	31

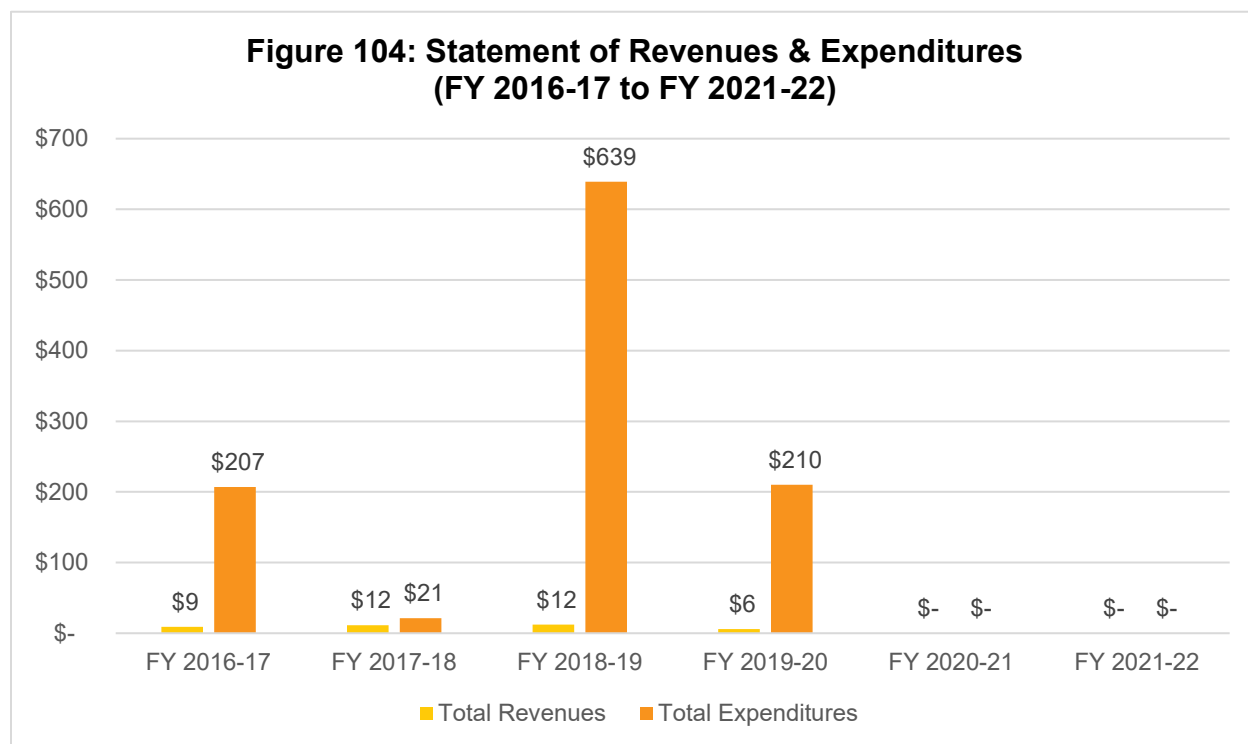
Figure 103: CSA 39's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 39's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 85** on page 223.

CSA 39 has been inactive since FY 2020-21, as shown in **Figure 104**. Prior to its inactivity, the CSA experienced an annual deficit in four consecutive years (FY 2016-17 to FY 2019-20). The County has expressed interest in dissolving the CSA due to operational inactivity.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$120. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 84**, the CSA's fund balance has declined over the years. The County has indicated that it does not anticipate any road repairs/improvements in the foreseeable future and has expressed interest in dissolving CSA 39.

Table 84: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	\$-	\$959	\$950	\$323	\$118	\$118
Ending Balance	\$959	\$950	\$323	\$118	\$118	\$118
Change (\$)		\$(10)	\$(627)	\$(204)	\$-	\$-

Table 85: Total Revenues & Expenditures

CSA 39	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 9.29	\$ 11.55	\$ 12.12	\$ 5.95	\$ -	\$ -
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 9.29	\$ 11.55	\$ 12.12	\$ 5.95	\$ -	\$ -
EXPENDITURES						
DPW Services - Reed Street	\$ 68.31	\$ 21.29	\$ 19.76	\$ 19.76	\$ -	\$ -
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ -	\$ -
Division Overhead - Admin	\$ -	\$ -	\$ 303.02	\$ 40.46	\$ -	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 66.36	\$ 25.01	\$ -	\$ -
Total Expenditures	\$ 207.06	\$ 21.29	\$ 639.14	\$ 210.23	\$ -	\$ -
Surplus/(Deficit)	\$ (197.77)	\$ (9.74)	\$ (627.02)	\$ (204.28)	\$ -	\$ -
FUND BALANCE						
Beginning of Year	\$ -	\$ 959.34	\$ 949.60	\$ 322.58	\$ 118.30	\$ 118.30
End of Year	\$ 959.34	\$ 949.60	\$ 322.58	\$ 118.30	\$ 118.30	\$ 118.30

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 39's first sphere of influence on June 1, 1983. The current sphere is slightly larger than the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 105** on page 224 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 14 parcels and the County has expressed interest in dissolving CSA 39. Therefore, LAFCO staff is recommending that a zero sphere be established. A zero sphere (encompassing no territory) is adopted when the Commission has determined that the public service functions of an agency are either: nonexistent, no longer needed, or should be reallocated to some other agency of government. This designation would be the preliminary step towards dissolution. **Figure 106** on page 225 shows the proposed sphere boundary.

Figure 105: CSA 39's Current Sphere Map

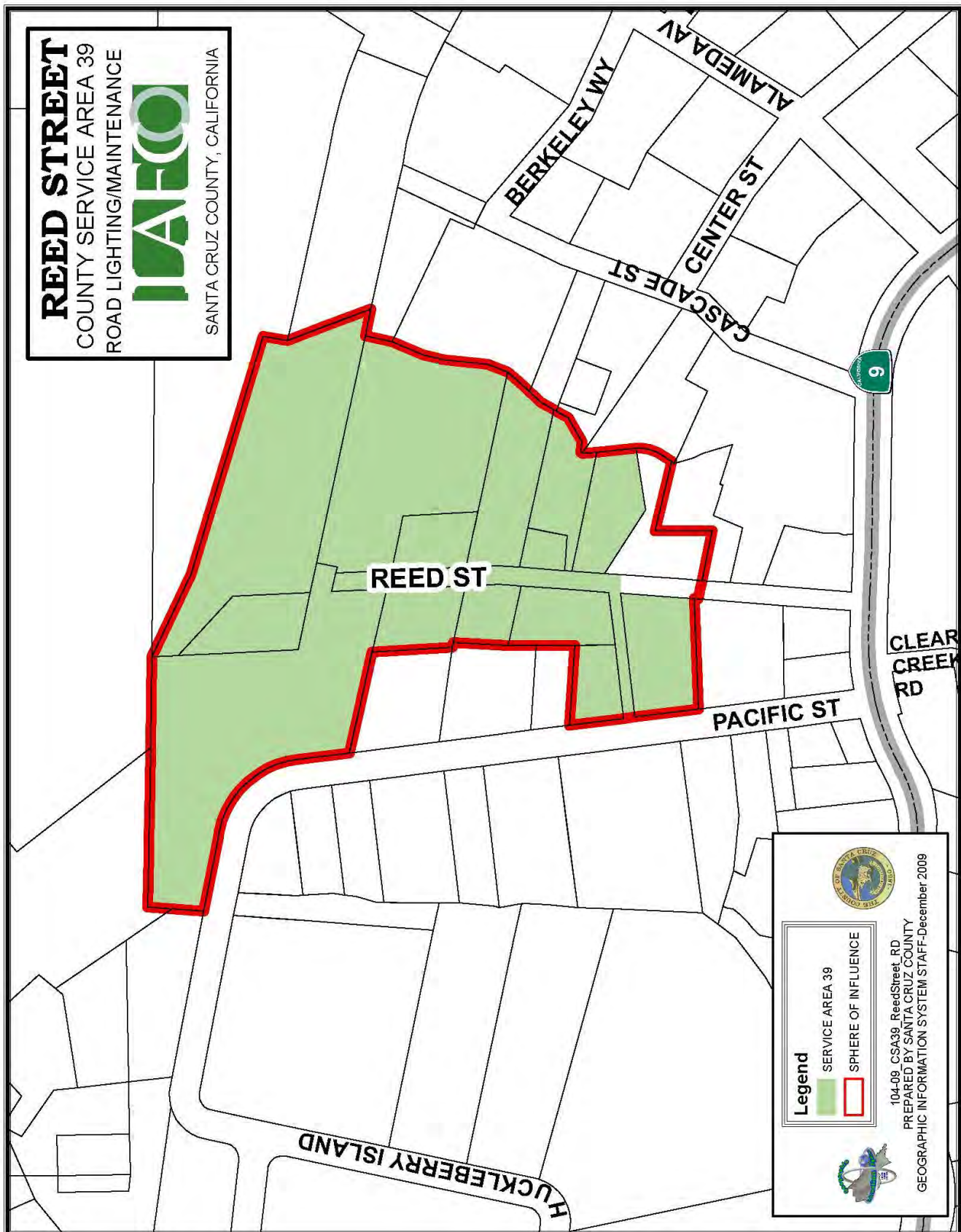
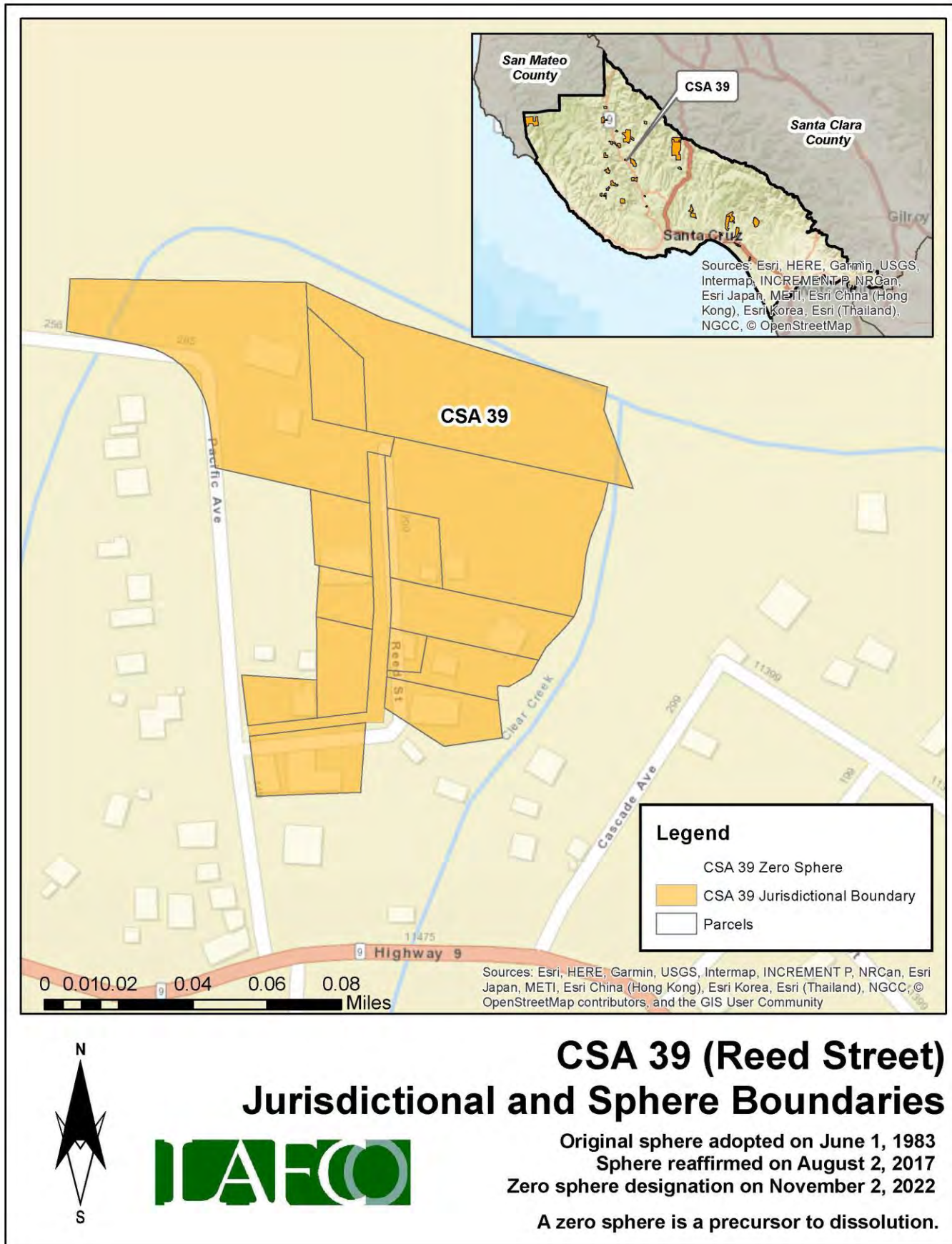


Figure 106: CSA 39's Proposed Sphere Map



District Summary

County Service Area 39	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.07 road miles
District Area	0.02 square miles (appx. 14 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Zero Sphere (i.e., precursor to dissolution)</p>
FY 2021-22 Audit	<p>Total Revenue = \$0</p> <p>Total Expenditure = \$0</p> <p>Net Position (Ending Balance) = \$118</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 39 in 2020 was estimated to be 30. Based on LAFCO's analysis, the population within the CSA will be approximately 31 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 39 has been inactive for over two years. The County has expressed interest in dissolving the CSA.

4. Financial ability of agencies to provide services.

CSA 39 is financially distressed. The CSA ended with a deficit in four consecutive years and has been completely inactive for the last two fiscal years. As of June 30, 2022, the total net position balance ended with approximately \$118.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Suburban Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 39 has been inactive for over two years. The County has expressed interest in dissolving the CSA.

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

CSA 39 has 14 parcels within its jurisdictional boundary and currently does not provide any road maintenance/services.

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.

CSA 39 has a population of approximately 30. The constituents have not been funding the CSA in the last five years.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 40 (RALSTON WAY)

Overview

County Service Area 40 was formed on June 1, 1983 with the purpose of providing extended maintenance to 0.65 road miles. **Appendix 21** provides a copy of the formation resolution. There is a total of 18 parcels within the CSA (totaling approximately 60 acres). **Figure 107**, on page 230, is a vicinity map depicting CSA 40's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 86** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 40 has four funding zones (Zones A-D) with different rates. The rates have remained the same since FY 2017-18. **Figure 108** on page 231 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 40.

Table 86: Benefit Assessment Rates (2017 to 2021)

CSA 40	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$12.36	\$12.36	\$12.36	\$12.36	\$12.36
Zone B	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00
Zone C	\$324.02	\$324.02	\$324.02	\$324.02	\$324.02
Zone D	\$440.38	\$440.38	\$440.38	\$440.38	\$440.38
Change (%)		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 40 in 2020 is estimated to be 9. 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. **Table 87** shows the anticipated population within CSA 40. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 40. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 40 will be approximately 9 by 2040.

Table 87: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 40	9	9	9	9	9

Figure 107: CSA 40's Vicinity Map

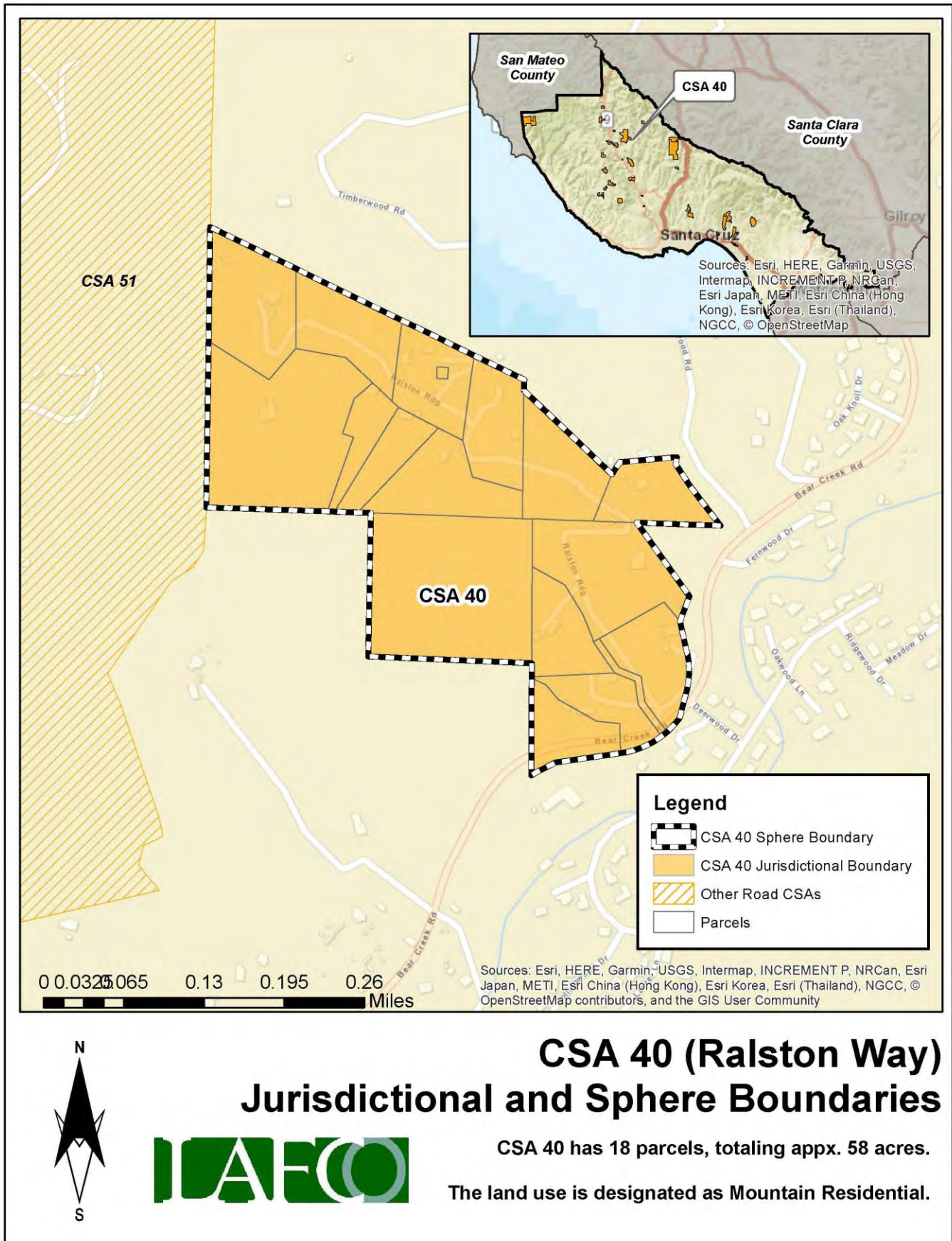
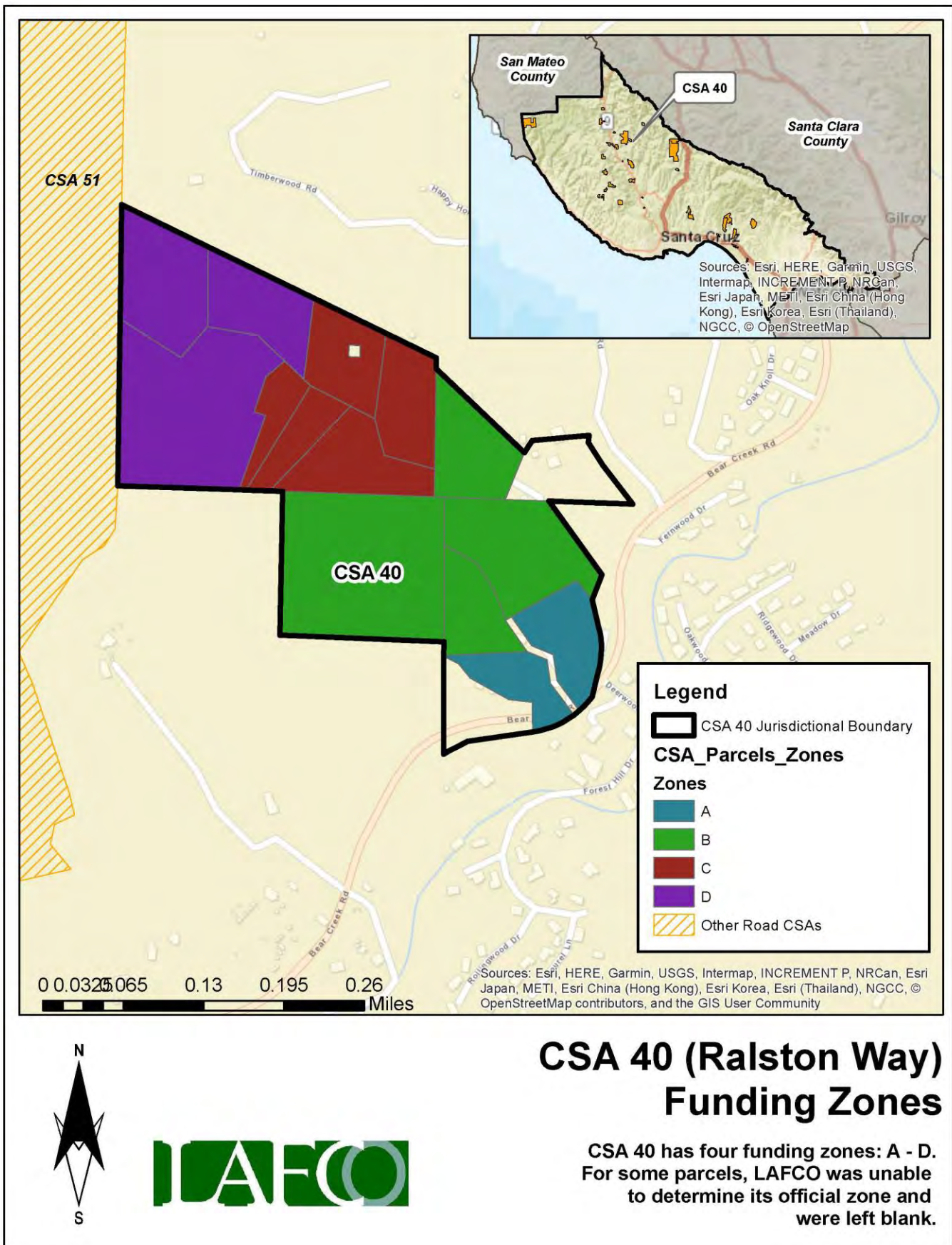


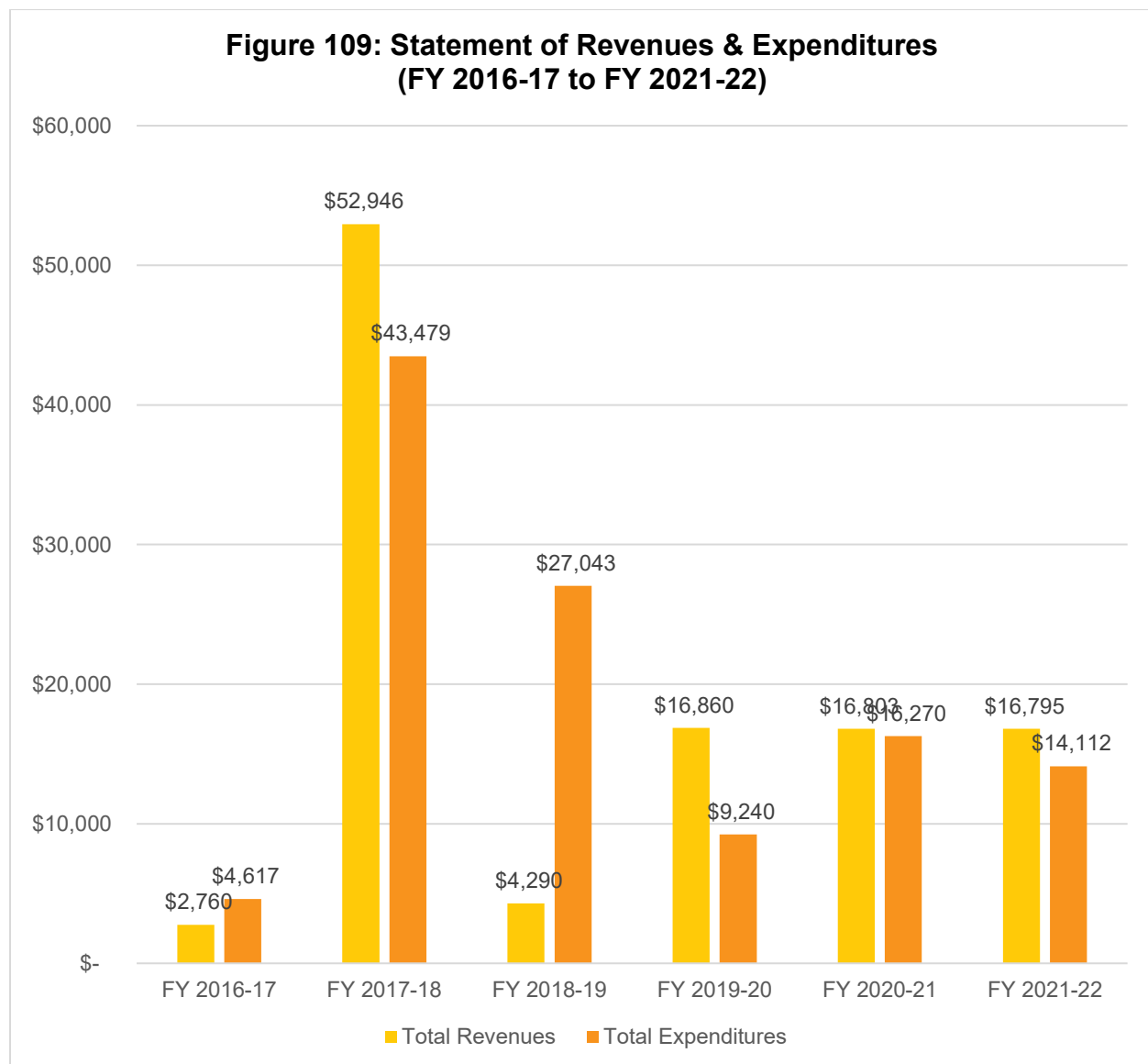
Figure 108: CSA 40's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 40's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 89** on page 234.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$16,795, representing a 0.05% decrease from the previous year (\$16,800 in FY 20-21). Total expenses for FY 2021-22 were approximately \$14,000, which decreased by 13% from the previous year (\$16,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17 and FY 2018-19, as shown in **Figure 109**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$17,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 88** and **Figure 110**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$5,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 88: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$18,957.23	\$28,424.46	\$5,672.15	\$13,291.75	\$13,824.88
Ending Balance	\$18,957	\$28,424	\$5,672	\$13,292	\$13,825	\$16,508
Change (\$)	-	\$9,467	\$(22,752)	\$7,620	\$533	\$2,683

**Figure 110: Net Position from 2016 to 2022
(Ending Balance)**

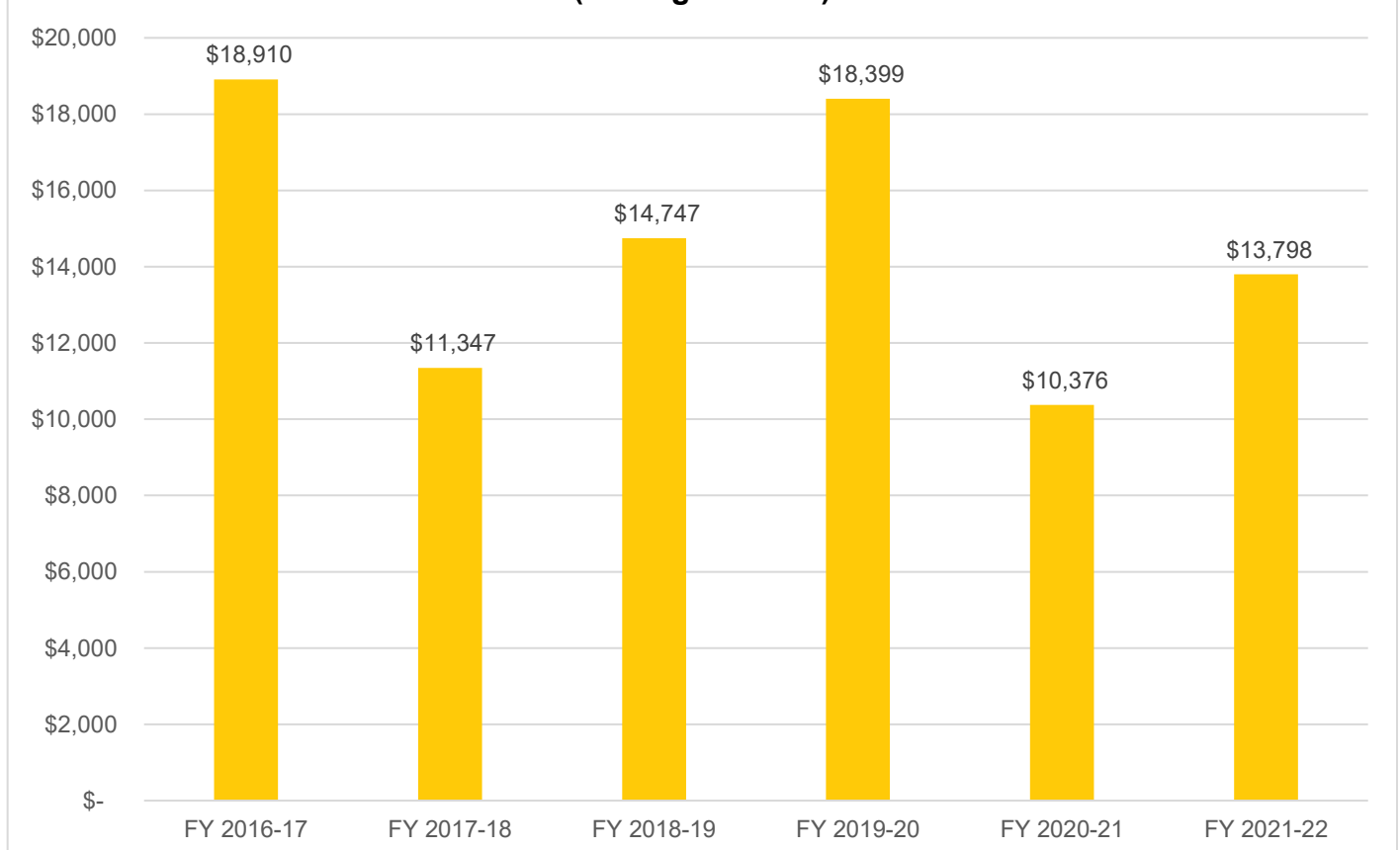


Table 89: Total Revenues & Expenditures

CSA 40	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 143.45	\$ 196.07	\$ 256.94	\$ 316.64	\$ 114.32	\$ 54.83
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 3,613.84	\$ 3,613.82	\$ 3,613.81	\$ 3,605.47	\$ 3,601.58	\$ 3,601.58
Total Revenues	\$ 3,757.29	\$ 3,809.89	\$ 3,870.75	\$ 3,922.11	\$ 3,715.90	\$ 3,656.41
EXPENDITURES						
DPW Services - Ralston Way	\$ 18.11	\$ 11,373.33	\$ 21.17	\$ 21.18	\$ 9,519.84	\$ 62.55
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 151.41	\$ 91.60	\$ 790.02	\$ 21.18
Dept Overhead Costs	\$ -	\$ -	\$ 48.17	\$ 32.11	\$ 1,304.36	\$ 25.05
Total Expenditures	\$ 156.86	\$ 11,373.33	\$ 470.75	\$ 269.89	\$ 11,739.22	\$ 233.78
Surplus/(Deficit)	\$ 3,600.43	\$ (7,563.44)	\$ 3,400.00	\$ 3,652.22	\$ (8,023.32)	\$ 3,422.63
FUND BALANCE						
Beginning of Year	\$ -	\$ 18,910.26	\$ 11,346.82	\$ 14,746.82	\$ 18,399.04	\$ 10,375.72
End of Year	\$ 18,910.26	\$ 11,346.82	\$ 14,746.82	\$ 18,399.04	\$ 10,375.72	\$ 13,798.35

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 40's first sphere of influence on June 1, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 111** on page 235 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 18 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 112** on page 236 shows the proposed sphere boundary.

Figure 111: CSA 40's Current Sphere Map

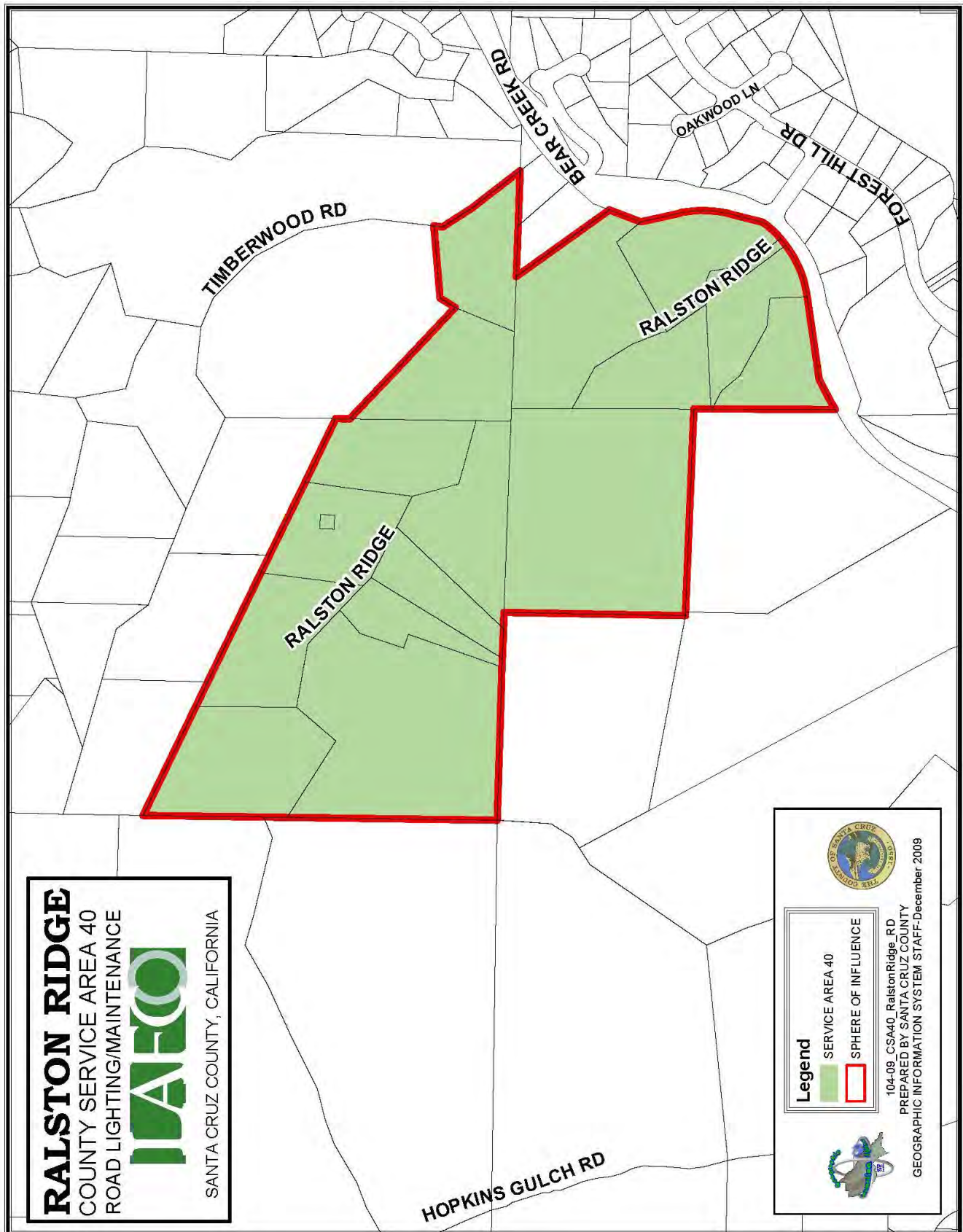
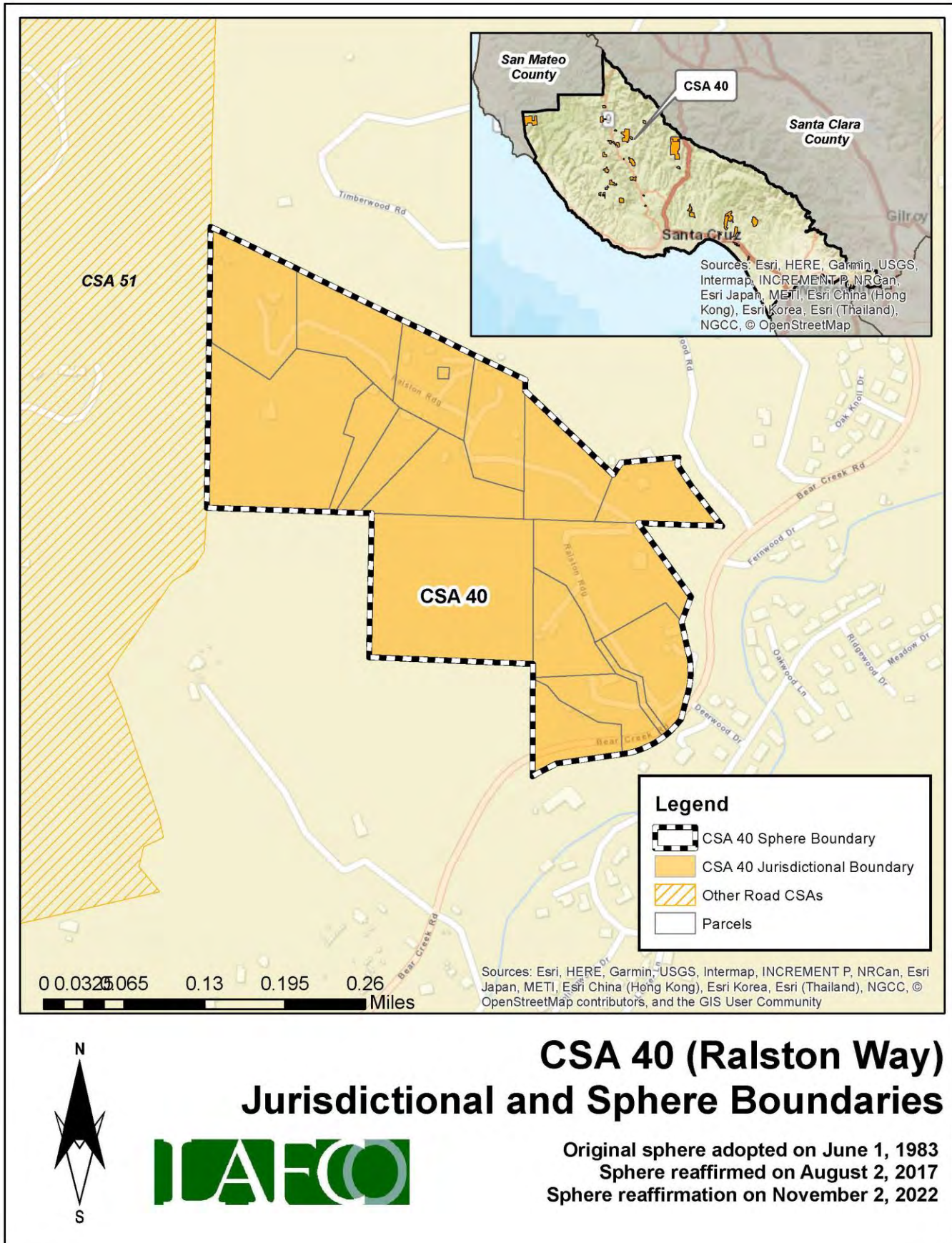


Figure 112: CSA 40's Proposed Sphere Map



District Summary

County Service Area 40	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.65 road miles
District Area	0.09 square miles (appx. 58 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$16,795</p> <p>Total Expenditure = \$14,112</p> <p>Net Position (Ending Balance) = \$16,508</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 40 in 2020 was estimated to be 9. Based on LAFCO's analysis, the population within the CSA will be approximately 9 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 40 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 40 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$17,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 40 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 40 has 18 parcels within its jurisdictional boundary and provides extended services to approximately 0.65 miles of road for the residents.

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.

CSA 40 has a population of approximately 9. The constituents fund the through four zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 41 (LOMA PRIETA DRIVE)

Overview

County Service Area 41 was formed on August 3, 1983 with the purpose of providing extended maintenance to 1.06 road miles. **Appendix 22** provides a copy of the formation resolution. There is a total of 111 parcels within the CSA (totaling approximately 27 acres). **Figure 113**, on page 241, is a vicinity map depicting CSA 41's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Urban Low Residential. **Table 90** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 41 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 41.

Table 90: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 41	\$309.94	\$318.92	\$318.92	\$342.28	\$342.28
Change (%)		3%	0%	7%	0%

Population and Growth

Based on staff's analysis, the population of CSA 41 was 2020 is estimated to be 56. 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. **Table 91** shows the anticipated population within CSA 41. The average rate of change is 0.86%.

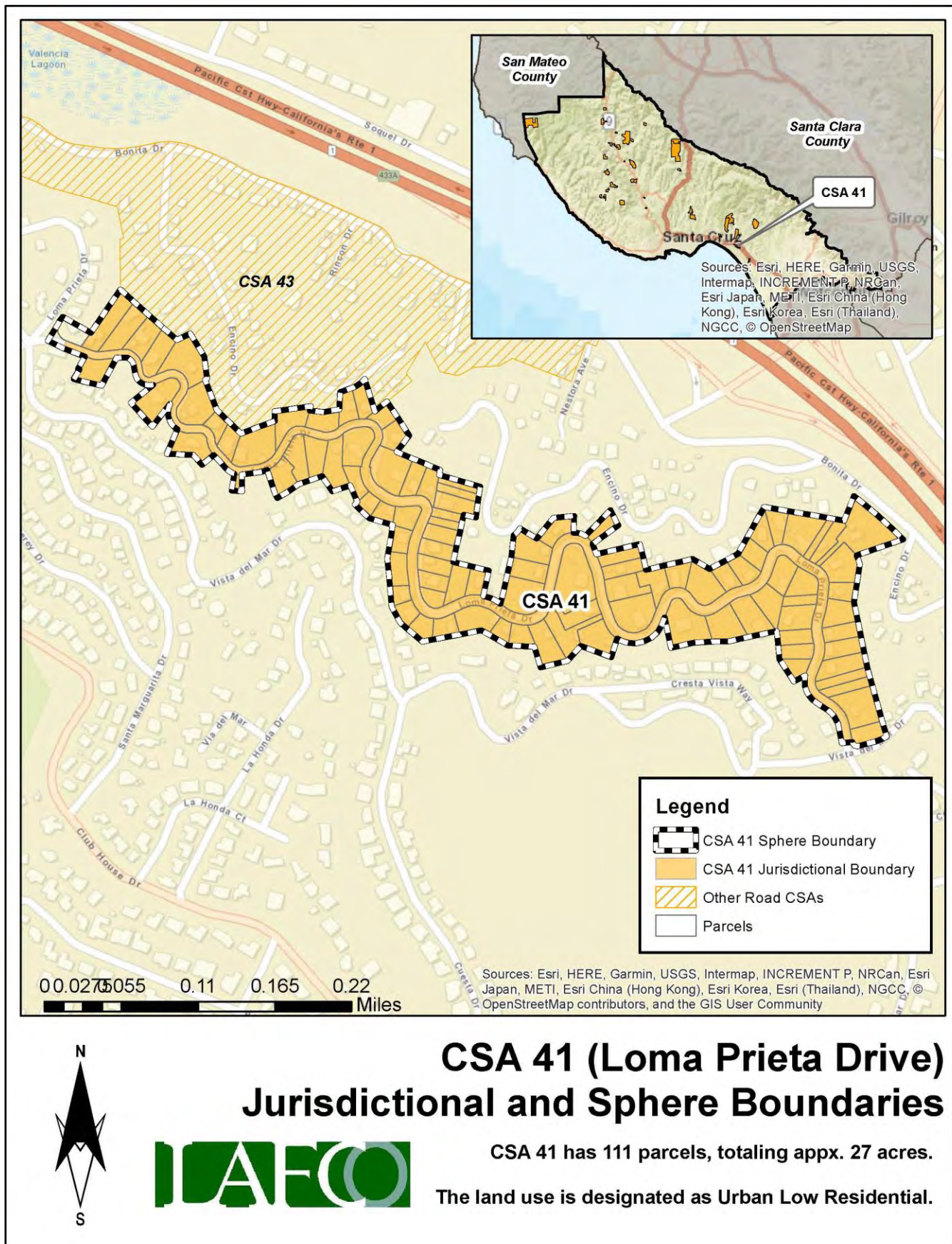
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 41. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 41 will be approximately 57 by 2040.

Table 91: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 41	56	56	56	57	57

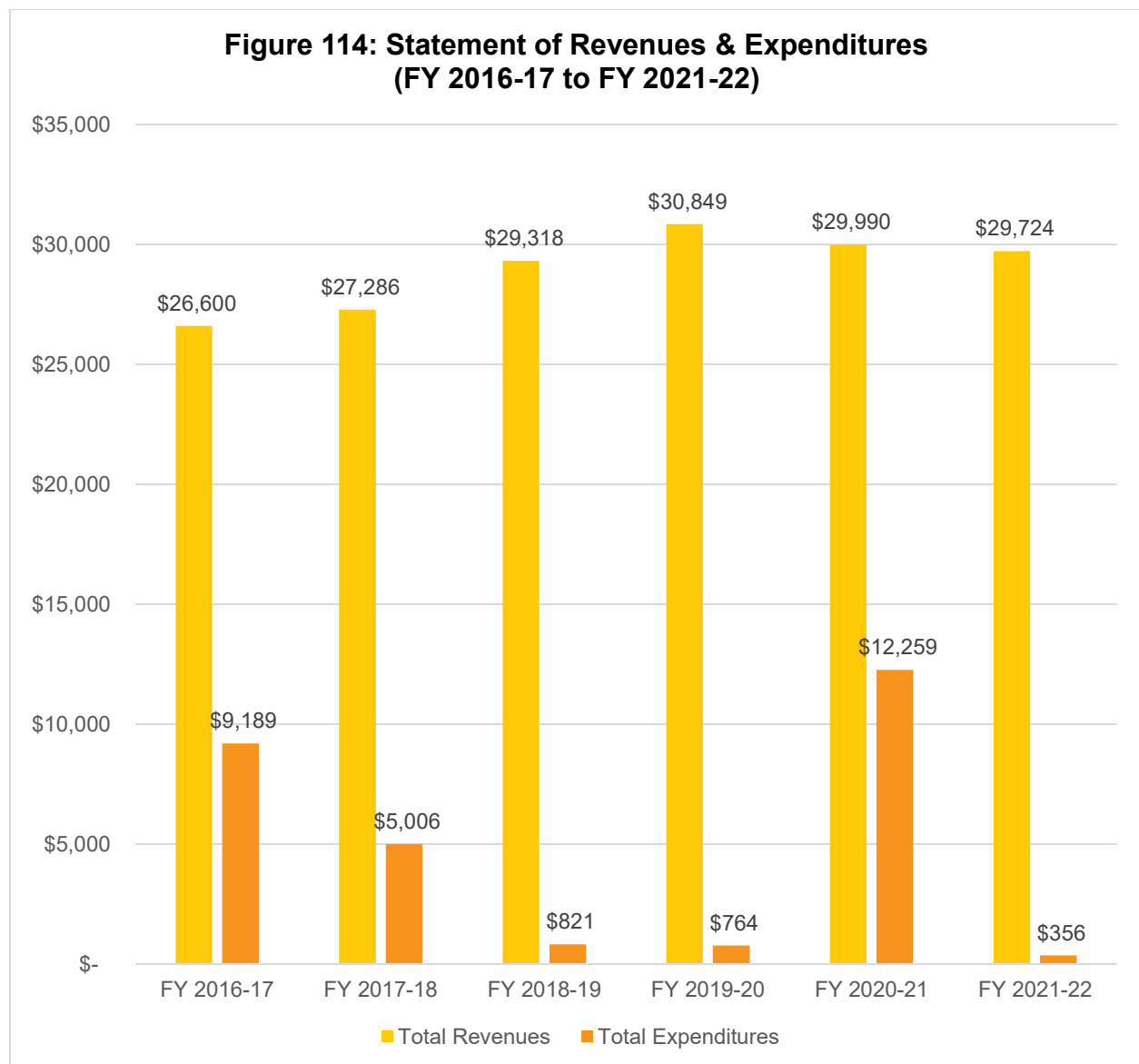
Figure 113: CSA 41's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 41's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 93** on page 244.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$29,700, representing a 0.89% decrease from the previous year (\$30,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$400, which decreased by 97% from the previous year (\$12,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, as shown in **Figure 114**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$218,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 92** and **Figure 115**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$89,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 92: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$89,214.19	\$111,494.10	\$139,991.60	\$170,076.72	\$187,807.42
Ending Balance	\$89,214	\$111,494	\$139,992	\$170,077	\$187,807	\$217,175
Change (\$)	-	\$22,280	\$28,498	\$30,085	\$17,731	\$29,368

**Figure 115: Net Position from 2016 to 2022
(Ending Balance)**

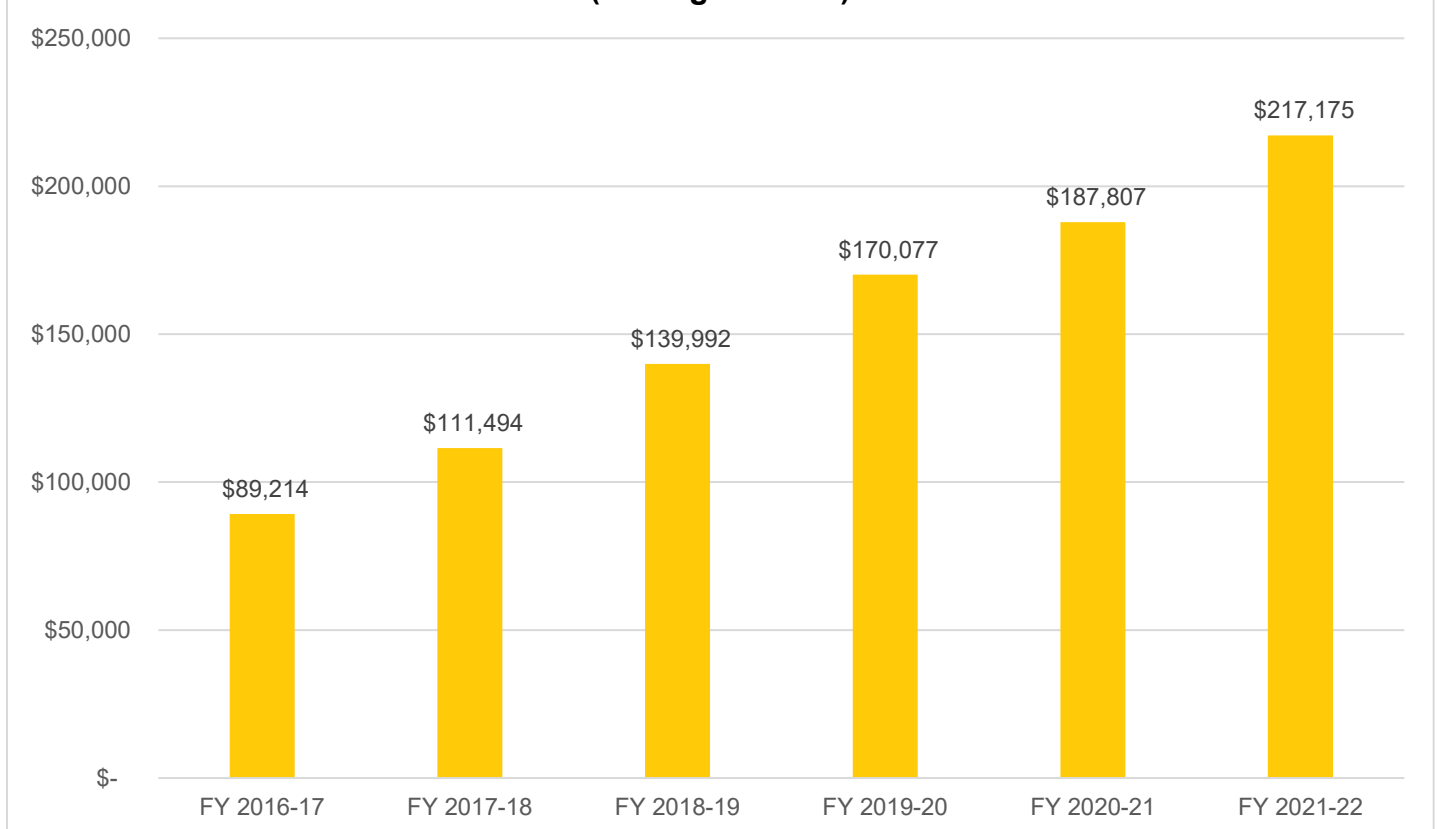


Table 93: Total Revenues & Expenditures

CSA 41	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 682.40	\$ 1,204.57	\$ 2,481.35	\$ 2,965.27	\$ 1,194.54	\$ 920.83
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 25,917.30	\$ 26,081.46	\$ 26,837.12	\$ 27,883.94	\$ 28,795.24	\$ 28,802.86
Total Revenues	\$ 26,599.70	\$ 27,286.03	\$ 29,318.47	\$ 30,849.21	\$ 29,989.78	\$ 29,723.69
EXPENDITURES						
DPW Services - Loma Prieta Drive	\$ 9,041.81	\$ 5,006.12	\$ 124.23	\$ 124.22	\$ 10,122.89	\$ 41.70
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 147.27	\$ -	\$ 280.94	\$ 148.42	\$ 149.42	\$ 152.02
Division Overhead - Admin	\$ -	\$ -	\$ 341.15	\$ 400.56	\$ 624.65	\$ 124.22
Dept Overhead Costs	\$ -	\$ -	\$ 74.65	\$ 90.89	\$ 1,362.12	\$ 38.15
Total Expenditures	\$ 9,189.08	\$ 5,006.12	\$ 820.97	\$ 764.09	\$ 12,259.08	\$ 356.09
Surplus/(Deficit)	\$ 17,410.62	\$ 22,279.91	\$ 28,497.50	\$ 30,085.12	\$ 17,730.70	\$ 29,367.60
FUND BALANCE						
Beginning of Year	\$ -	\$ 89,214.19	\$ 111,494.10	\$ 139,991.60	\$ 170,076.72	\$ 187,807.42
End of Year	\$ 89,214.19	\$ 111,494.10	\$ 139,991.60	\$ 170,076.72	\$ 187,807.42	\$ 217,175.02

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 41's first sphere of influence on August 3, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 116** on page 245 shows the current sphere of influence boundary.

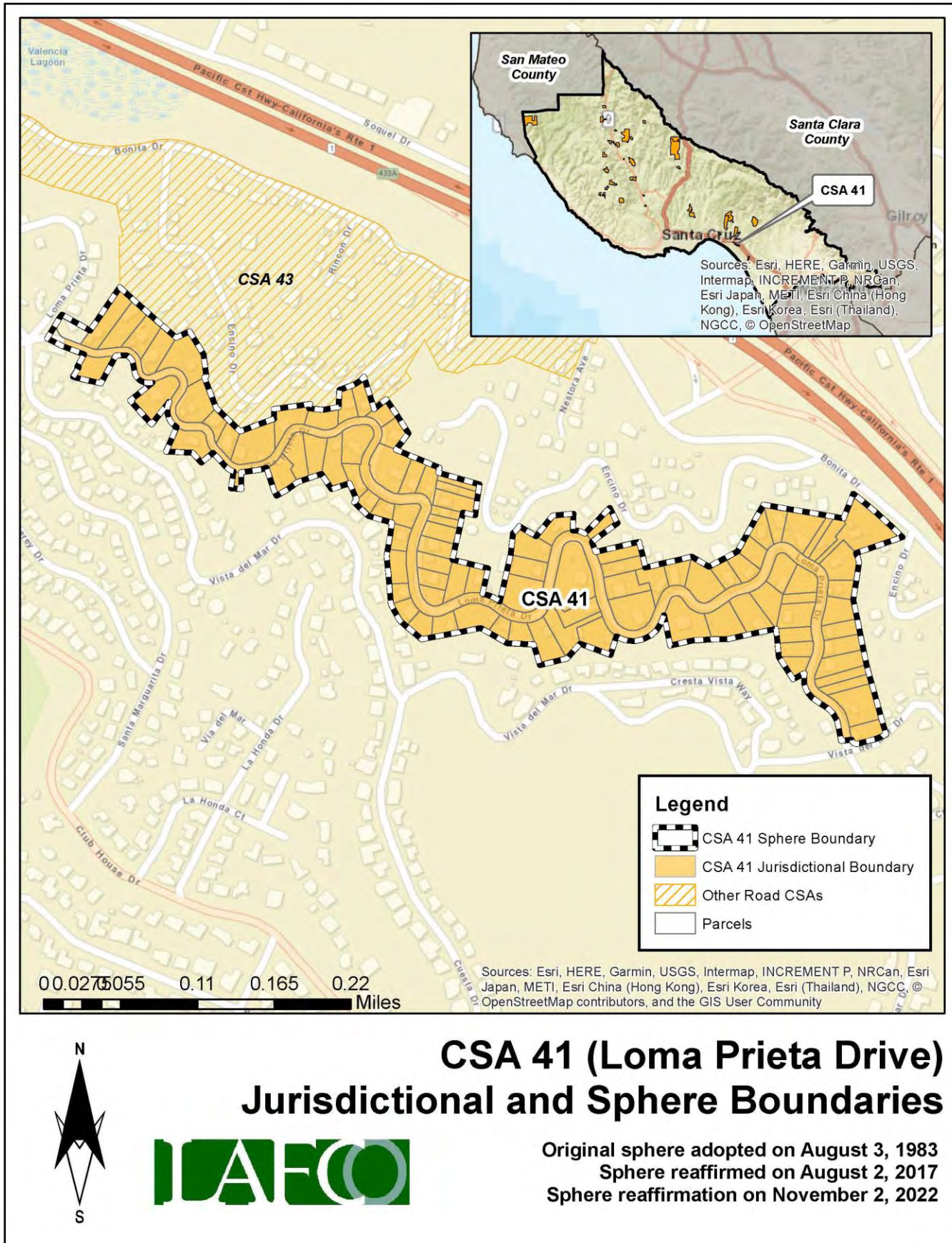
Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 111 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. LAFCO staff is recommending that the sphere boundary reaffirmed. However, the County should consider annexing the single parcel currently within the CSA's sphere but outside its jurisdictional boundary. **Figure 117** on page 246 shows the proposed sphere boundary.

Figure 116: CSA 41's Current Sphere Map



Figure 117: CSA 41's Proposed Sphere Map



District Summary

County Service Area 41	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.06 road miles
District Area	0.04 square miles (appx. 27 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$29,724</p> <p>Total Expenditure = \$356</p> <p>Net Position (Ending Balance) = \$217,175</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 41 in 2020 was estimated to be 56. Based on LAFCO's analysis, the population within the CSA will be approximately 57 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 41 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 41 is financially stable. The CSA ended with a surplus in each of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$217,175.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Urban Low Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 41 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 41 has 111 parcels within its jurisdictional boundary and provides extended services to approximately 1.06 miles of road for the residents.

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.

CSA 41 has a population of approximately 56. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 42 (SUNLIT LANE)

Overview

County Service Area 42 was formed on September 7, 1983 with the purpose of providing extended maintenance to 1.28 road miles. **Appendix 23** provides a copy of the formation resolution. There is a total of 46 parcels within the CSA (totaling approximately 172 acres). **Figure 118**, on page 251, is a vicinity map depicting CSA 42's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural and Mountain Residential. **Table 94** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 42 has three funding zones (Zones A-C) with different rates. The rates have remained the same since FY 2019-20. **Figure 119** on page 252 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 42.

Table 94: Benefit Assessment Rates (2017 to 2021)

CSA 42	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$101.70	\$101.70	\$151.70	\$151.70	\$151.70
Change (%)		0%	49%	0%	0%
Zone B	\$109.20	\$109.20	\$159.20	\$159.20	\$159.20
Change (%)		0%	46%	0%	0%
Zone C	\$117.30	\$117.30	\$167.30	\$167.30	\$167.30
Change (%)		0%	43%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 42 was 2020 is estimated to be 323. 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. **Table 95** shows the anticipated population within CSA 42. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 42. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 42 will be approximately 334 by 2040.

Table 95: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 42	323	326	329	331	334

Figure 118: CSA 42's Vicinity Map

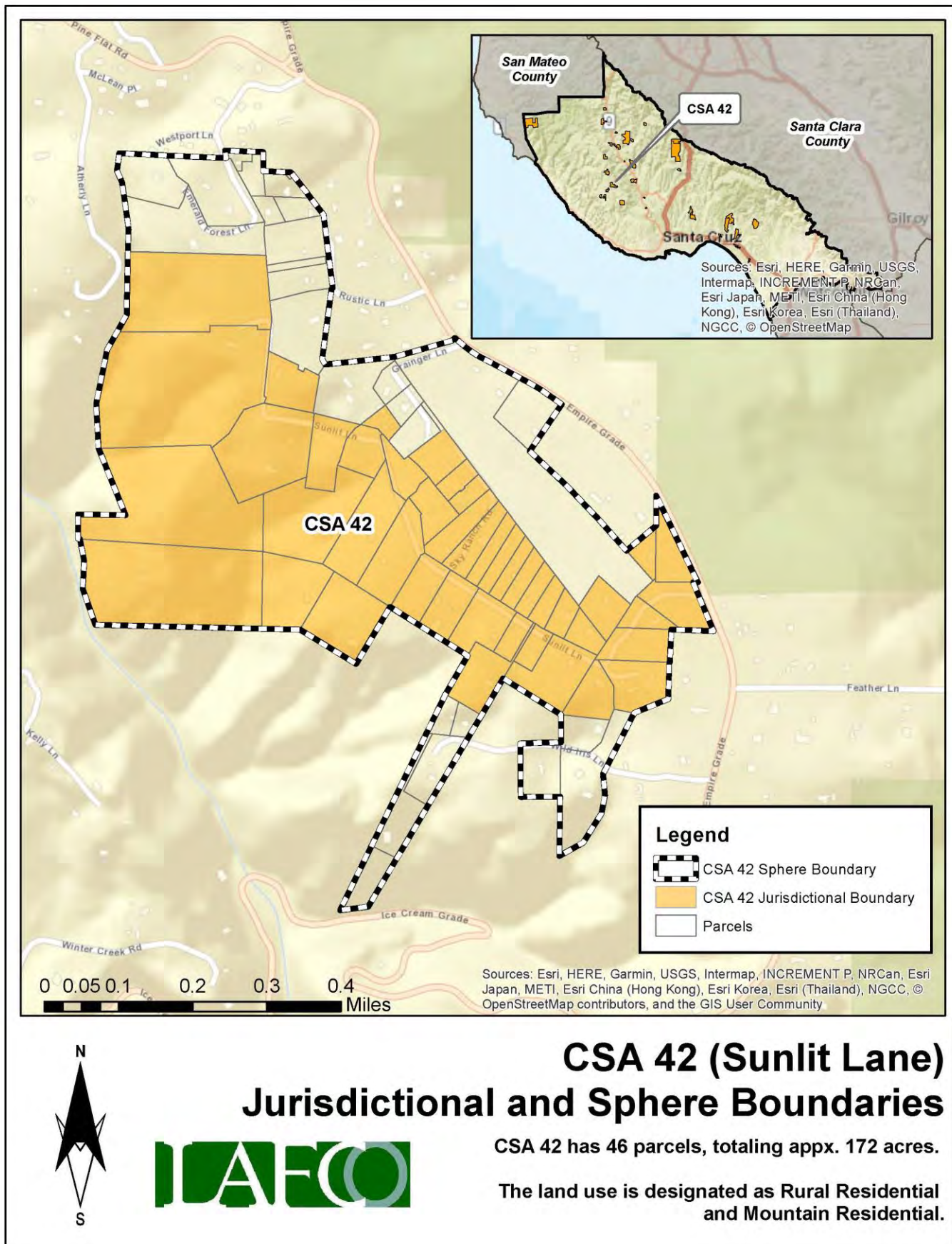
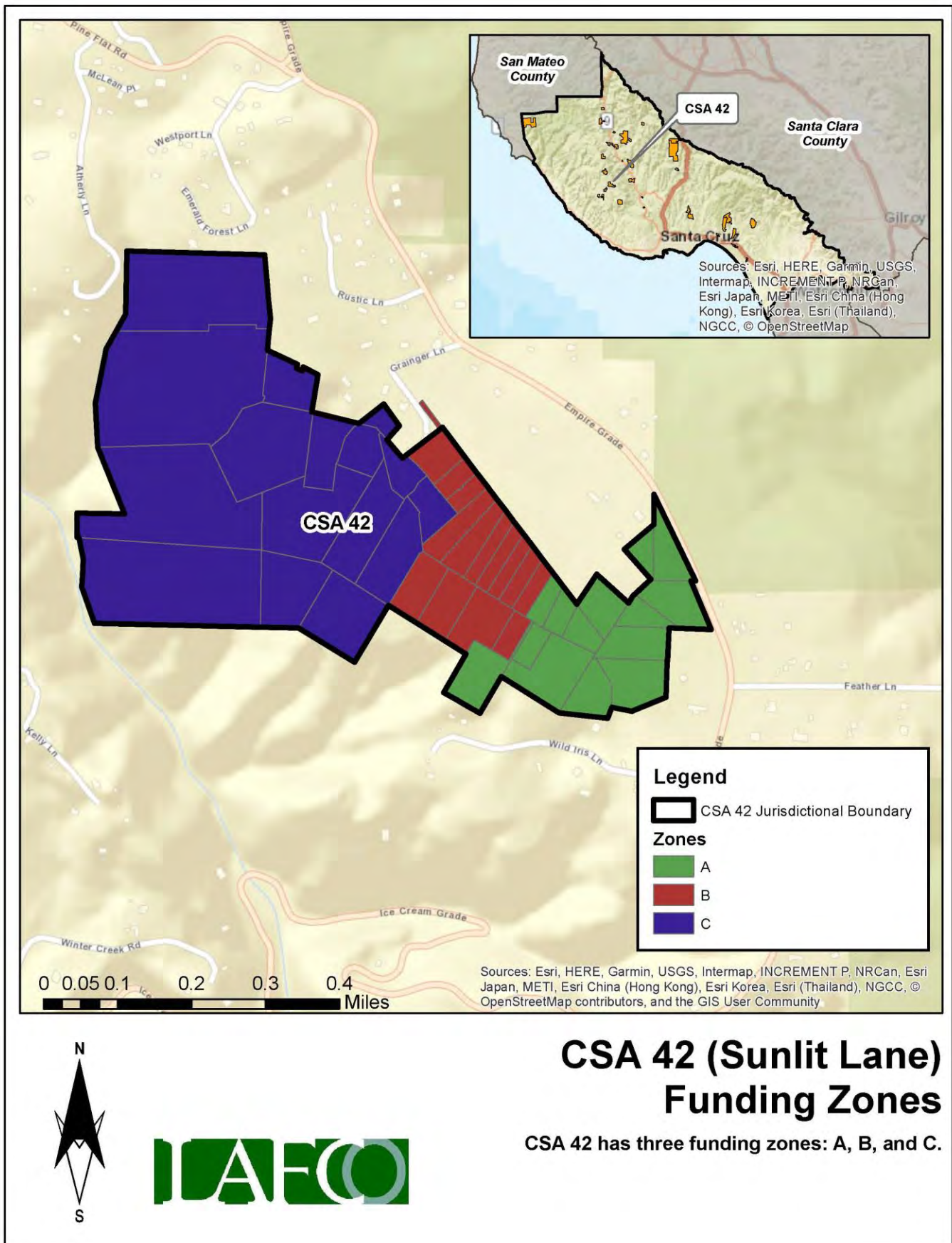


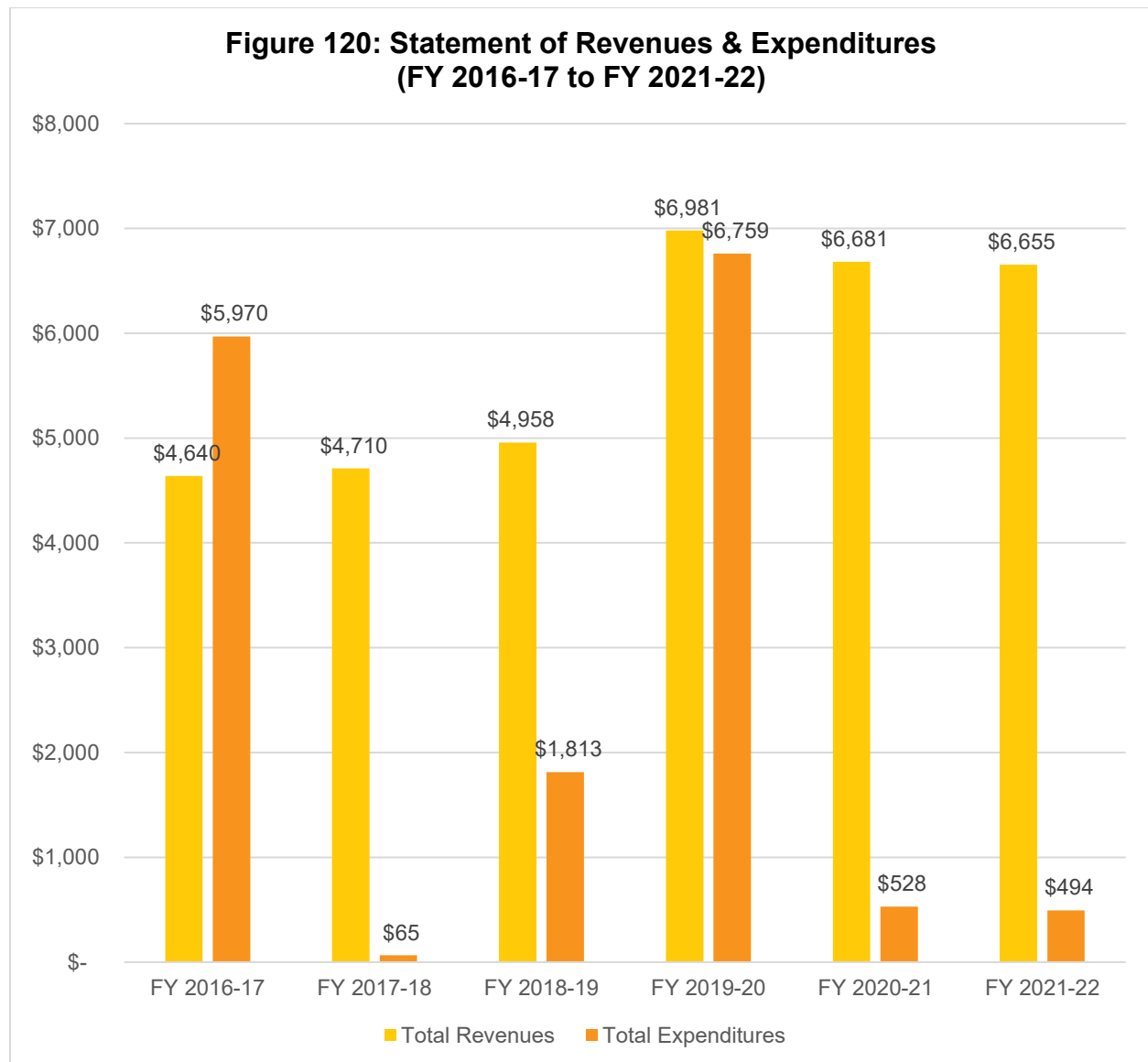
Figure 119: CSA 42's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 42's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 97** on page 255.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$6,660, representing a 0.39% decrease from the previous year (\$6,700 in FY 20-21). Total expenses for FY 2021-22 were approximately \$490, which decreased by 7% from the previous year (\$530 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17, as shown in **Figure 120**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$39,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 96** and **Figure 121**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$18,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 96: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$18,364.10	\$23,009.34	\$26,154.99	\$26,376.79	\$32,529.07
Ending Balance	\$18,364	\$23,009	\$26,155	\$26,377	\$32,529	\$38,690
Change (\$)	-	\$4,645	\$3,146	\$222	\$6,152	\$6,161

**Figure 121: Net Position from 2016 to 2022
(Ending Balance)**

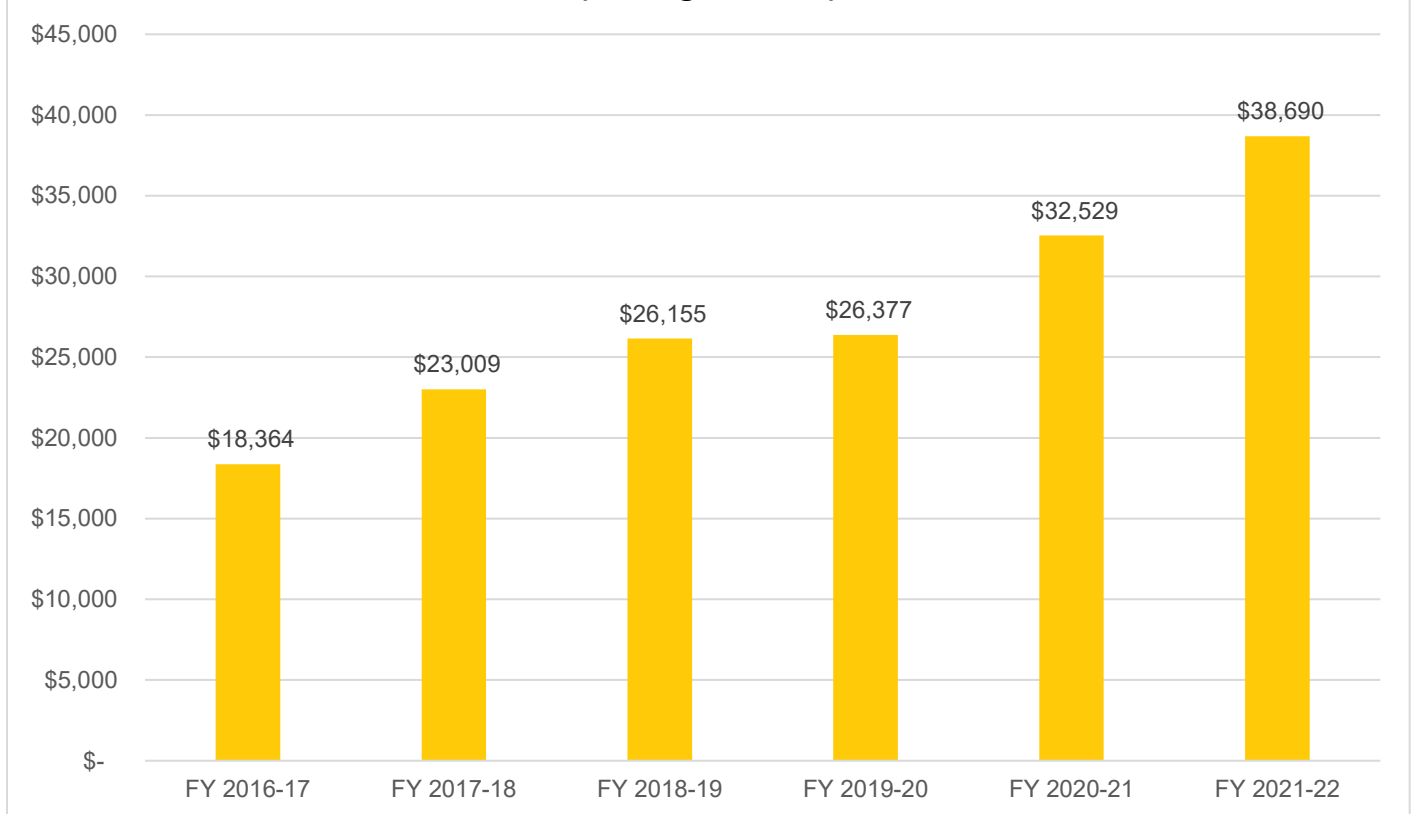


Table 97: Total Revenues & Expenditures

CSA 42	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 176.21	\$ 246.16	\$ 494.67	\$ 487.76	\$ 191.11	\$ 161.76
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 4,463.36	\$ 4,463.62	\$ 4,463.62	\$ 6,493.12	\$ 6,489.64	\$ 6,493.12
Total Revenues	\$ 4,639.57	\$ 4,709.78	\$ 4,958.29	\$ 6,980.88	\$ 6,680.75	\$ 6,654.88
EXPENDITURES						
DPW Services - Sunlit Lane	\$ 5,830.84	\$ 64.54	\$ 57.88	\$ 4,993.88	\$ 156.54	\$ 257.87
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,316.75	\$ 836.25	\$ 188.21	\$ 57.88
Dept Overhead Costs	\$ -	\$ -	\$ 188.01	\$ 803.95	\$ 58.72	\$ 52.89
Total Expenditures	\$ 5,969.59	\$ 64.54	\$ 1,812.64	\$ 6,759.08	\$ 528.47	\$ 493.64
Surplus/(Deficit)	\$ (1,330.02)	\$ 4,645.24	\$ 3,145.65	\$ 221.80	\$ 6,152.28	\$ 6,161.24
FUND BALANCE						
Beginning of Year	\$ -	\$ 18,364.10	\$ 23,009.34	\$ 26,154.99	\$ 26,376.79	\$ 32,529.07
End of Year	\$ 18,364.10	\$ 23,009.34	\$ 26,154.99	\$ 26,376.79	\$ 32,529.07	\$ 38,690.31

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 42's first sphere of influence on September 7, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 122** on page 256 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 46 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. However, the County should consider annexing the split parcel shown in Figure 119 as well as 27 additional parcels currently within the CSA's sphere but outside its jurisdictional boundary in the near future. Staff is recommending that the current sphere be reaffirmed. **Figure 123** on page 257 shows the proposed sphere boundary.

Figure 122: CSA 42's Current Sphere Map

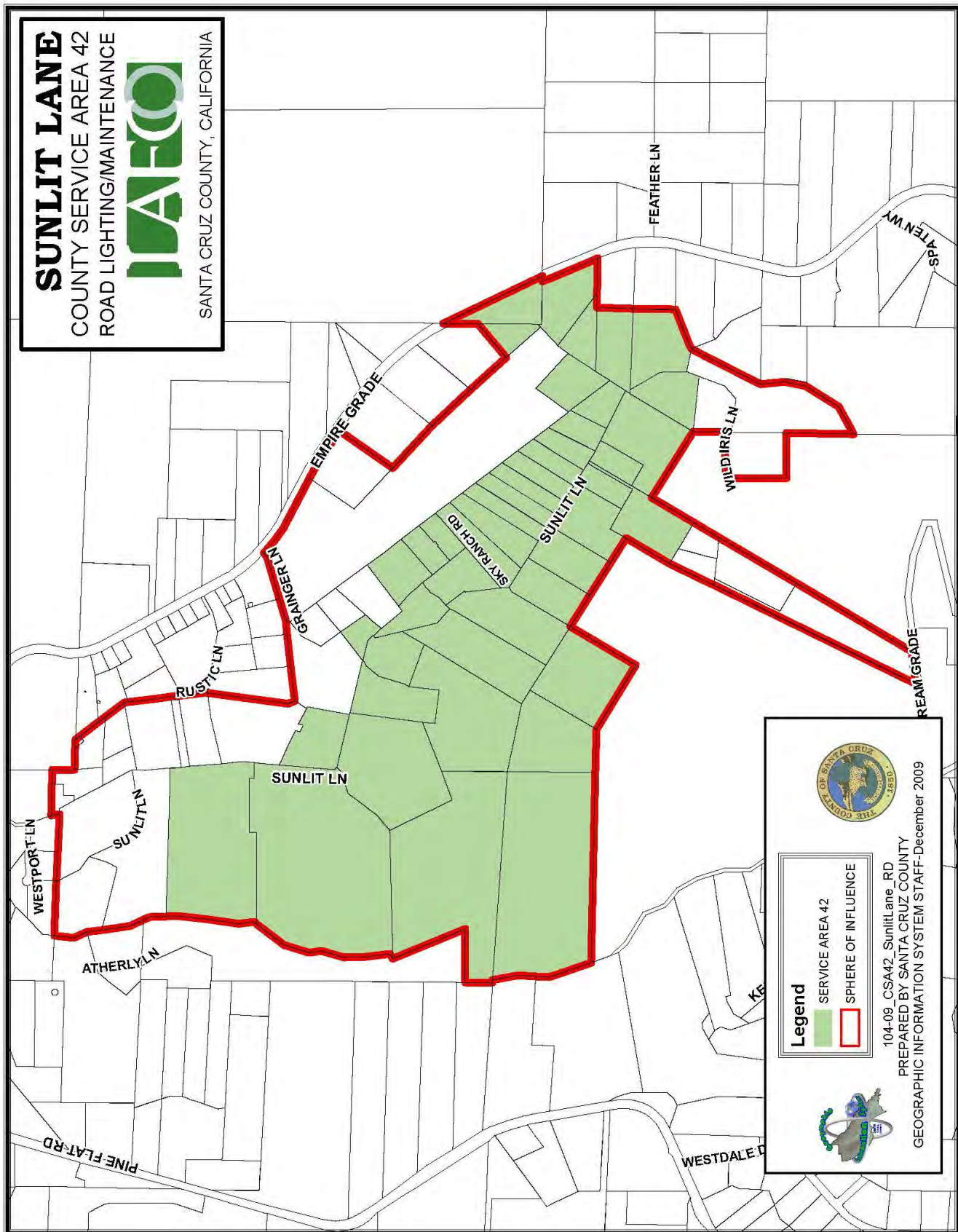
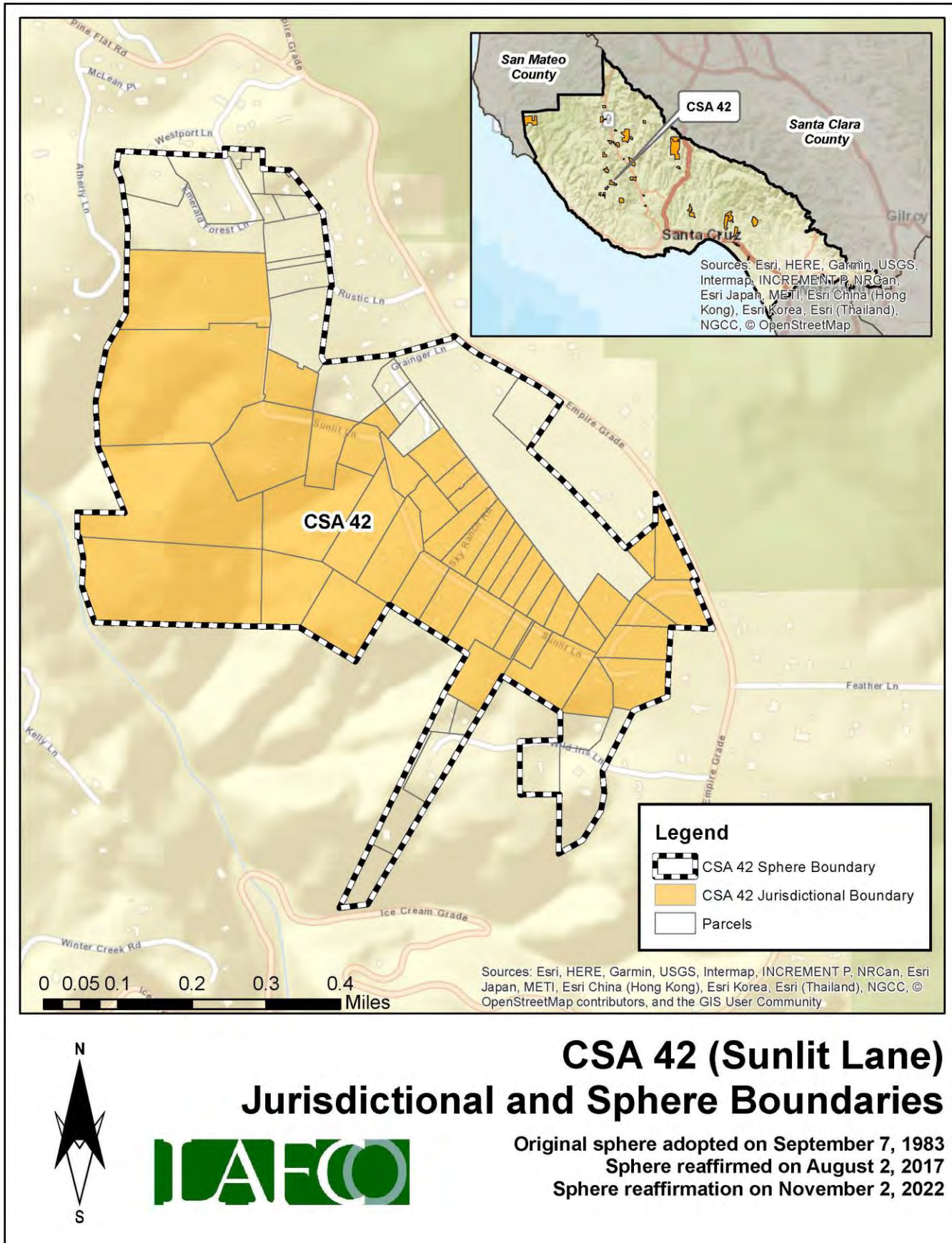


Figure 123: CSA 42's Proposed Sphere Map



District Summary

County Service Area 42	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.28 road miles
District Area	0.27 square miles (appx. 172 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$6,655</p> <p>Total Expenditure = \$494</p> <p>Net Position (Ending Balance) = \$38,690</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 42 in 2020 was estimated to be 323. Based on LAFCO's analysis, the population within the CSA will be approximately 334 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 42 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 42 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$38,690.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural and Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 42 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 42 has 46 parcels within its jurisdictional boundary and provides extended services to approximately 1.28 miles of road for the residents.

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.

CSA 42 has a population of approximately 323. The constituents fund the through three zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 43 (BONITA ENCINO)

Overview

County Service Area 43 was formed on September 7, 1983 with the purpose of providing extended maintenance to 1.04 road miles. **Appendix 24** provides a copy of the formation resolution. There is a total of 93 parcels within the CSA (totaling approximately 28 acres). **Figure 124**, on page 262, is a vicinity map depicting CSA 43's current jurisdictional boundary. The only boundary change involving the CSA occurred in 1994, which annexed 14 parcels. At present, the majority of land within the CSA is designated as Urban Low Residential. **Table 98** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 43 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 43.

Table 98: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 43	\$279.50	\$279.50	\$279.50	\$279.50	\$279.50
<i>Change (%)</i>		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 43 was 2020 is estimated to be 47. 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. **Table 99** shows the anticipated population within CSA 43. The average rate of change is 0.86%.

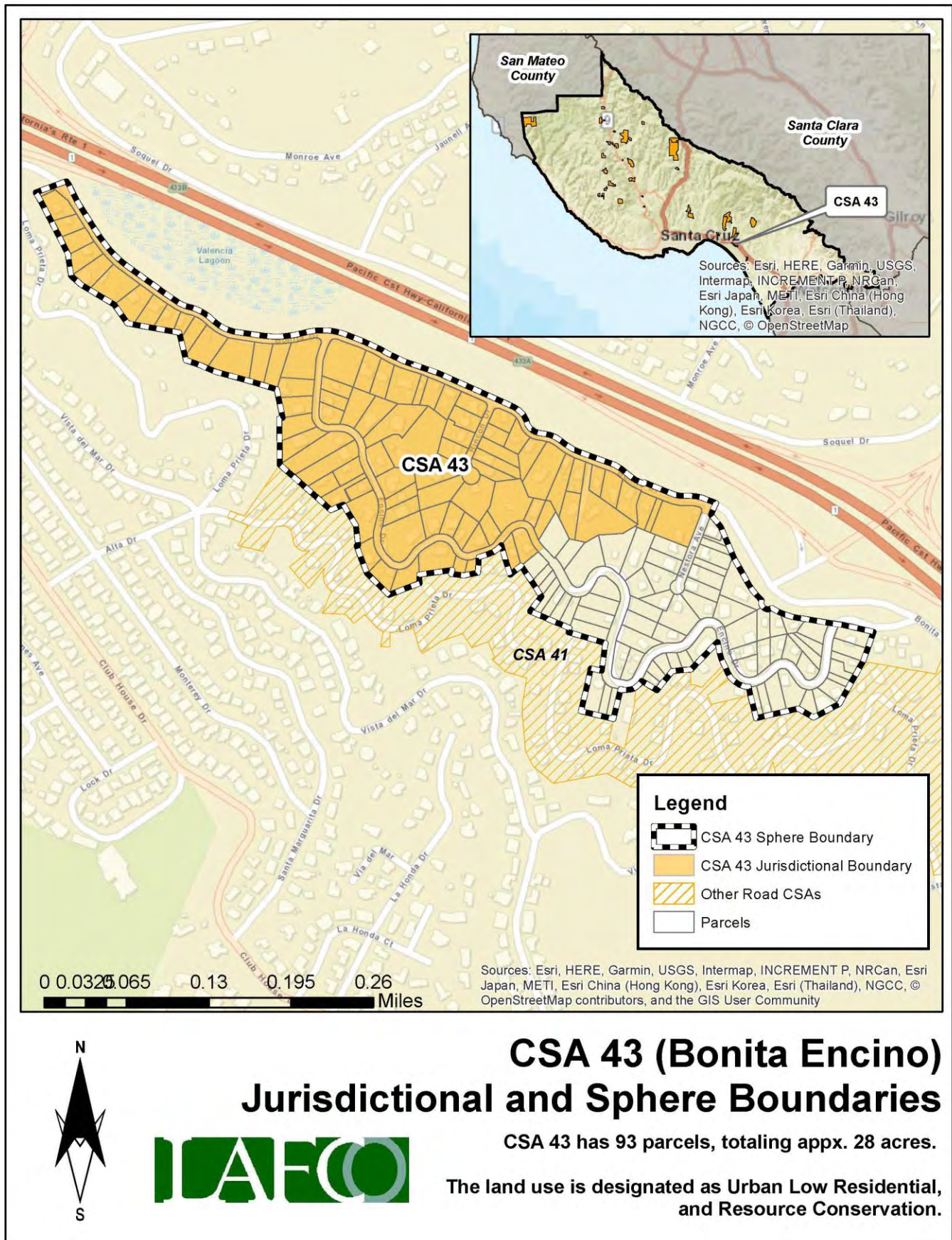
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 43. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 43 will be approximately 48 by 2040.

Table 99: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 43	47	47	47	48	48

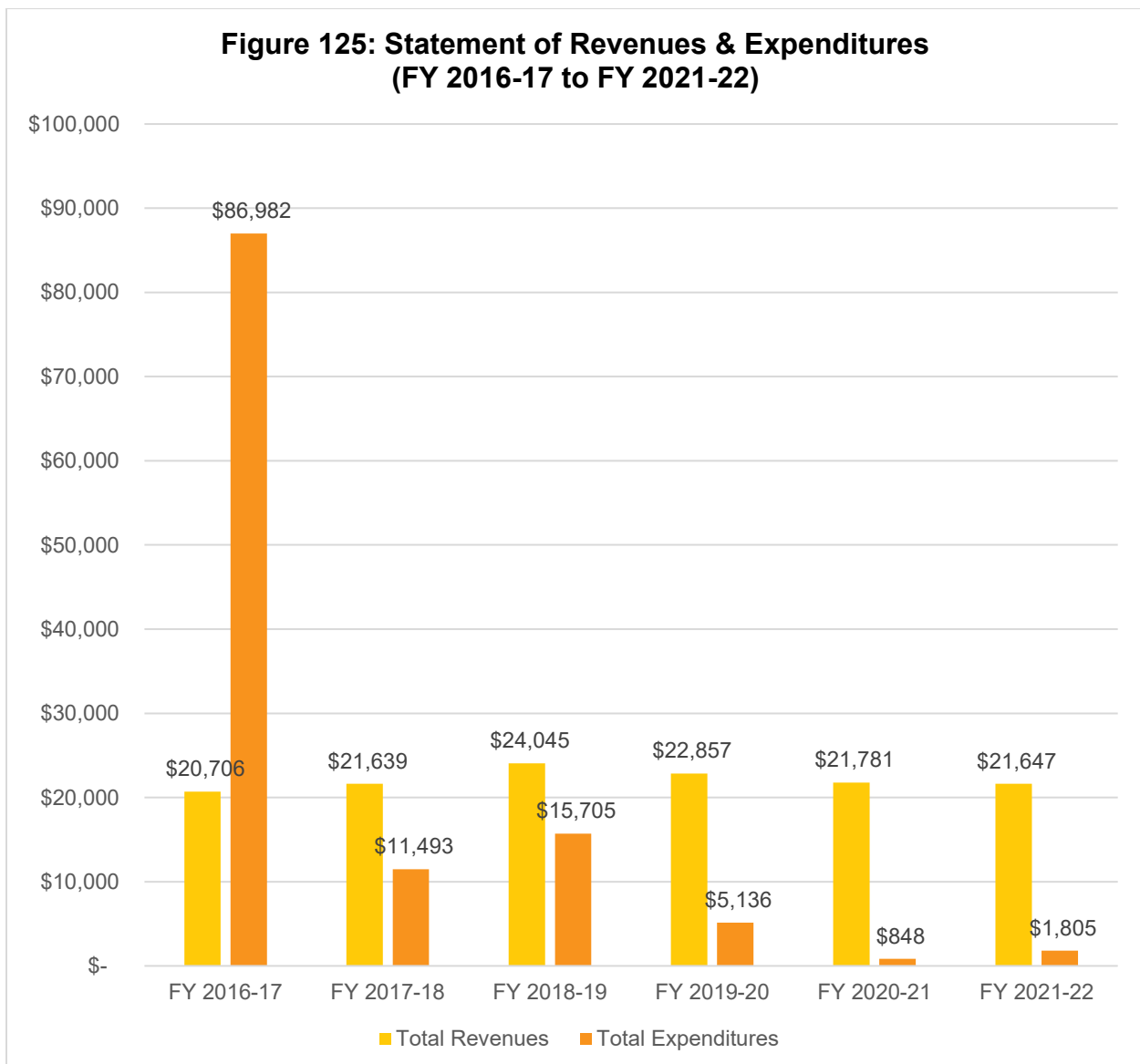
Figure 124: CSA 43's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 43's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 101** on page 265.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$21,650, representing a 0.61% decrease from the previous year (\$21,800 in FY 20-21). Total expenses for FY 2021-22 were approximately \$1,800, which increased by 113% from the previous year (\$850 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17, as shown in **Figure 125**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$146,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 100** and **Figure 126**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$68,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 100: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$68,519.00	\$78,664.22	\$87,003.60	\$104,724.44	\$125,657.53
Ending Balance	\$68,519	\$78,664	\$87,004	\$104,724	\$125,658	\$145,500
Change (\$)	-	\$10,145	\$8,339	\$17,721	\$20,933	\$19,843

**Figure 126: Net Position from 2016 to 2022
(Ending Balance)**

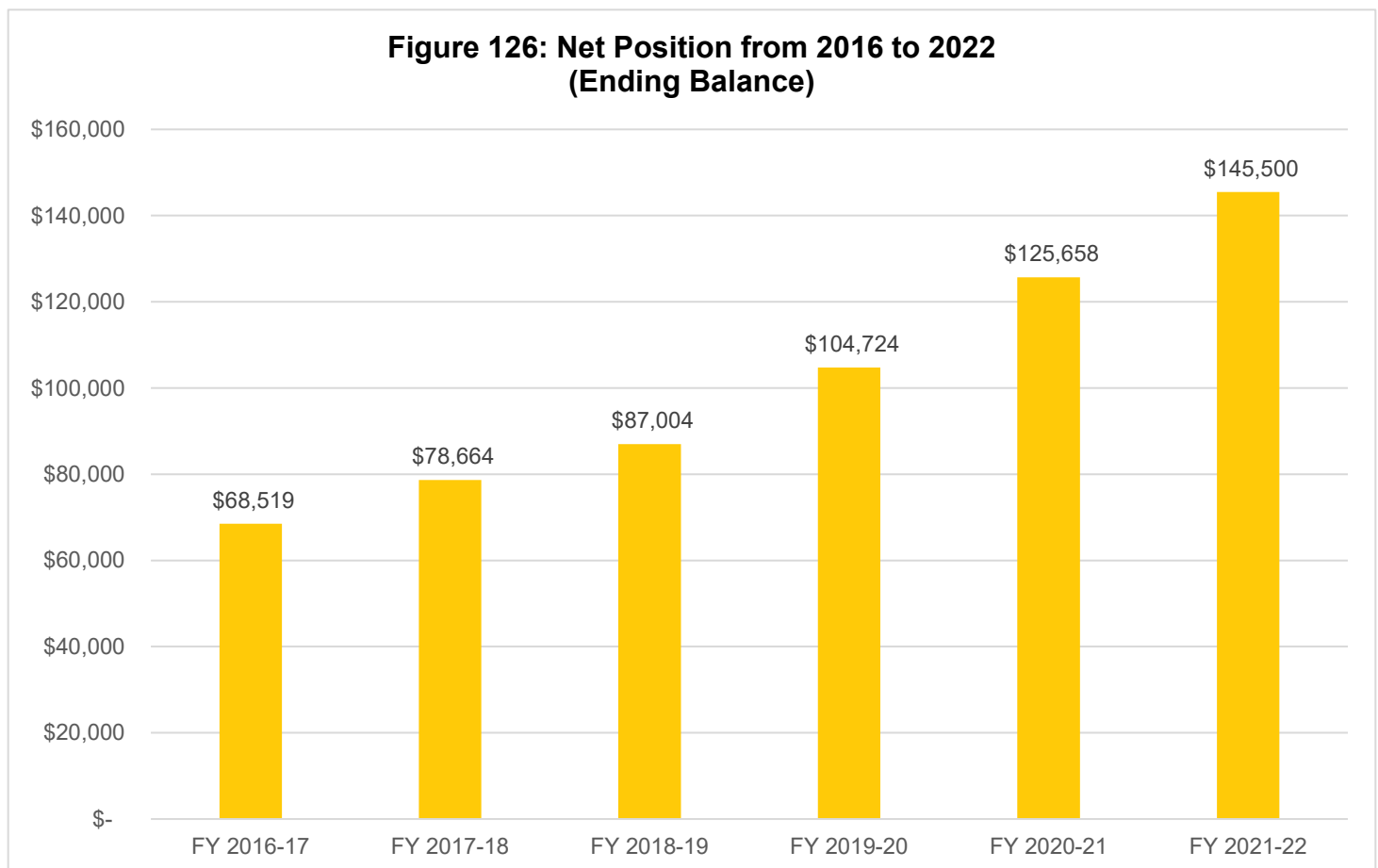


Table 101: Total Revenues & Expenditures

CSA 43	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 506.83	\$ 885.68	\$ 1,749.94	\$ 1,827.73	\$ 751.45	\$ 617.90
St-Natural Disaster Assistance	\$ -	\$ -	\$ 332.00	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ 1,210.00	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 20,199.10	\$ 20,752.88	\$ 20,752.88	\$ 21,029.58	\$ 21,029.58	\$ 21,029.58
Total Revenues	\$ 20,706	\$ 21,639	\$ 24,045	\$ 22,857	\$ 21,781	\$ 21,647
EXPENDITURES						
DPW Services - Bonita Encino Drive	\$ 86,843.00	\$ 7,482.53	\$ 10,215.58	\$ 108.70	\$ 207.36	\$ 1,153.76
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ 4,010.81	\$ -	\$ 3,650.57	\$ -	\$ 224.00
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 3,568.78	\$ 641.24	\$ 421.36	\$ 108.70
Dept Overhead Costs	\$ -	\$ -	\$ 1,671.08	\$ 610.96	\$ 94.22	\$ 193.38
Total Expenditures	\$ 86,982	\$ 11,493	\$ 15,705	\$ 5,136	\$ 848	\$ 1,805
Surplus/(Deficit)	\$ (66,275.82)	\$ 10,145.22	\$ 8,339.38	\$ 17,720.84	\$ 20,933.09	\$ 19,842.64
FUND BALANCE						
Beginning of Year	\$ -	\$ 68,519.00	\$ 78,664.22	\$ 87,003.60	\$ 104,724.44	\$ 125,657.53
End of Year	\$ 68,519	\$ 78,664	\$ 87,004	\$ 104,724	\$ 125,658	\$ 145,500

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 43's first sphere of influence on September 7, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 127** on page 266 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 93 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. LAFCO staff is recommending that the sphere boundary reaffirmed. However, the County should consider annexing the 75 parcels currently within the CSA's sphere but outside its jurisdictional boundary. **Figure 128** on page 267 shows the proposed sphere boundary.

Figure 127: CSA 43's Current Sphere Map

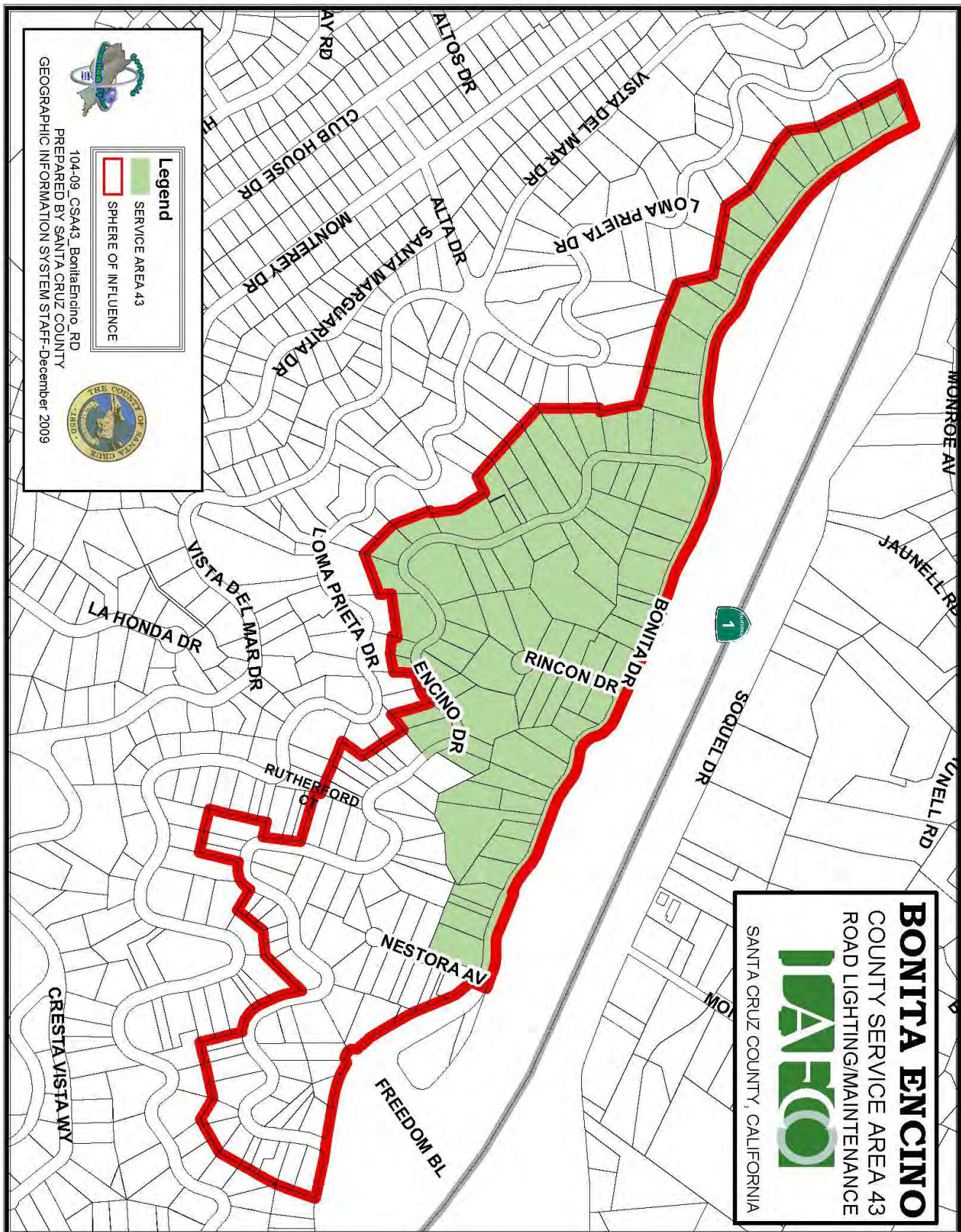
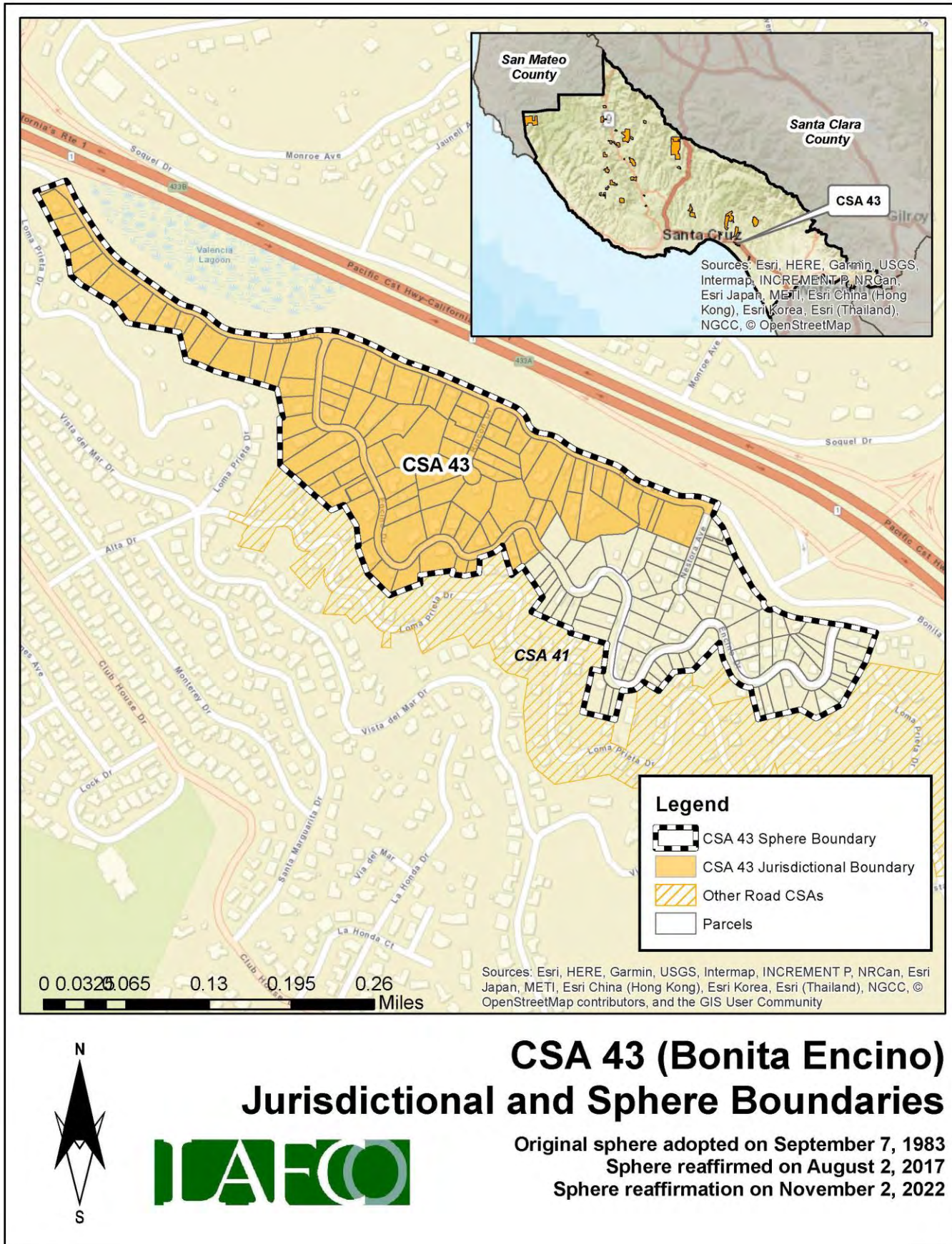


Figure 128: CSA 43's Proposed Sphere Map



District Summary

County Service Area 43	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.04 road miles
District Area	0.04 square miles (appx. 28 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$21,647</p> <p>Total Expenditure = \$1,805</p> <p>Net Position (Ending Balance) = \$145,500</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 43 in 2020 was estimated to be 47. Based on LAFCO's analysis, the population within the CSA will be approximately 48 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 43 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 43 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$146,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Urban Low Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 43 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 43 has 93 parcels within its jurisdictional boundary and provides extended services to approximately 1.04 miles of road for the residents.

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.

CSA 43 has a population of approximately 47. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 44 (SUNBEAM WOODS)

Overview

County Service Area 44 was formed on October 2, 1983 with the purpose of providing extended maintenance to 0.75 road miles. **Appendix 25** provides a copy of the formation resolution. There is a total of 63 parcels within the CSA (totaling approximately 20 acres). **Figure 129**, on page 272, is a vicinity map depicting CSA 44's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural Residential. **Table 102** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 44 does not have any zones and all constituents pay the same rate for improved parcels only. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 44.

Table 102: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 44	\$368.42	\$368.42	\$368.42	\$380.58	\$380.58
Change (%)		0%	0%	3%	0%

Population and Growth

Based on staff's analysis, the population of CSA 44 was 2020 is estimated to be 76. 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. **Table 103** shows the anticipated population within CSA 44. The average rate of change is 0.86%.

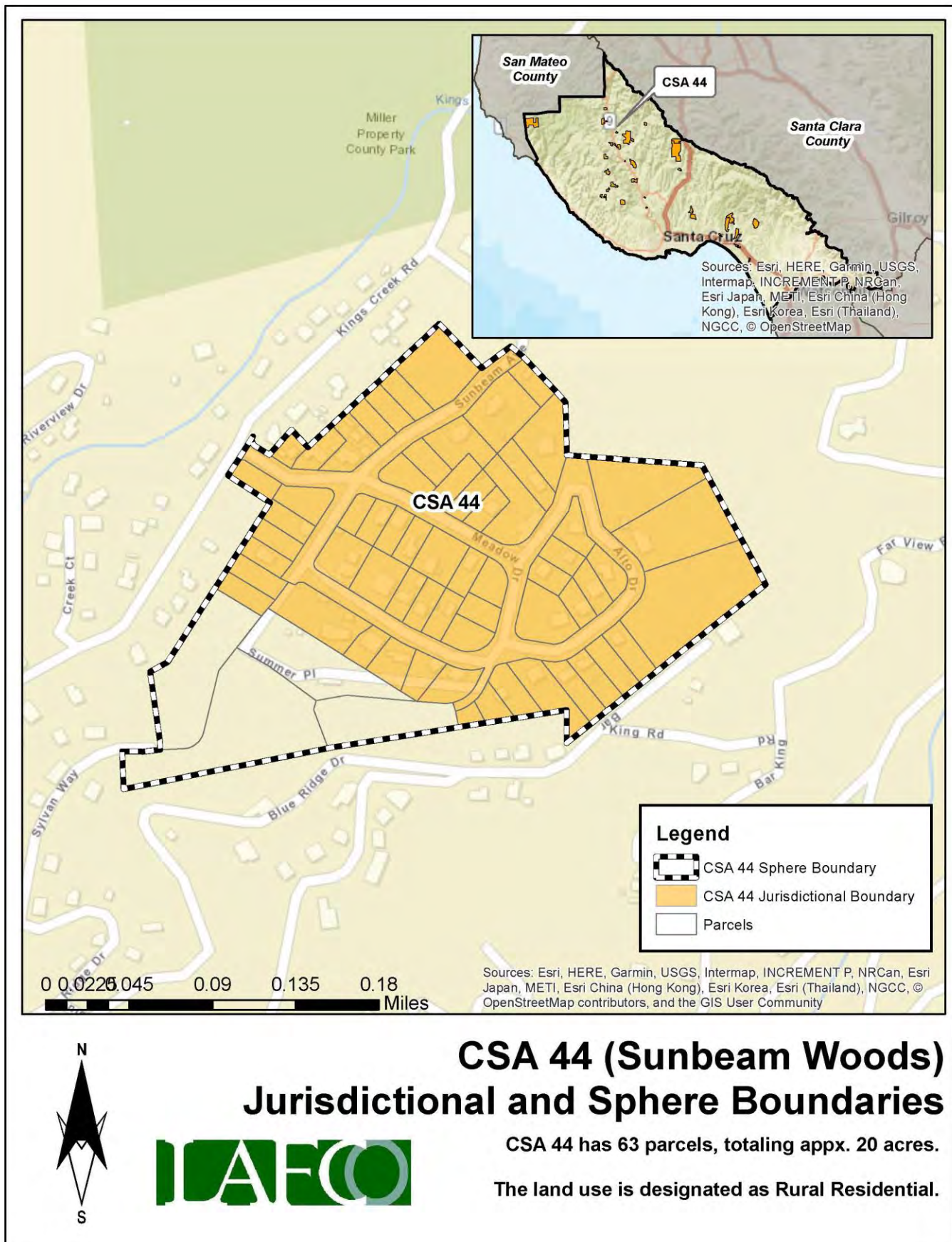
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 44. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 44 will be approximately 79 by 2040.

Table 103: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 44	76	77	77	78	79

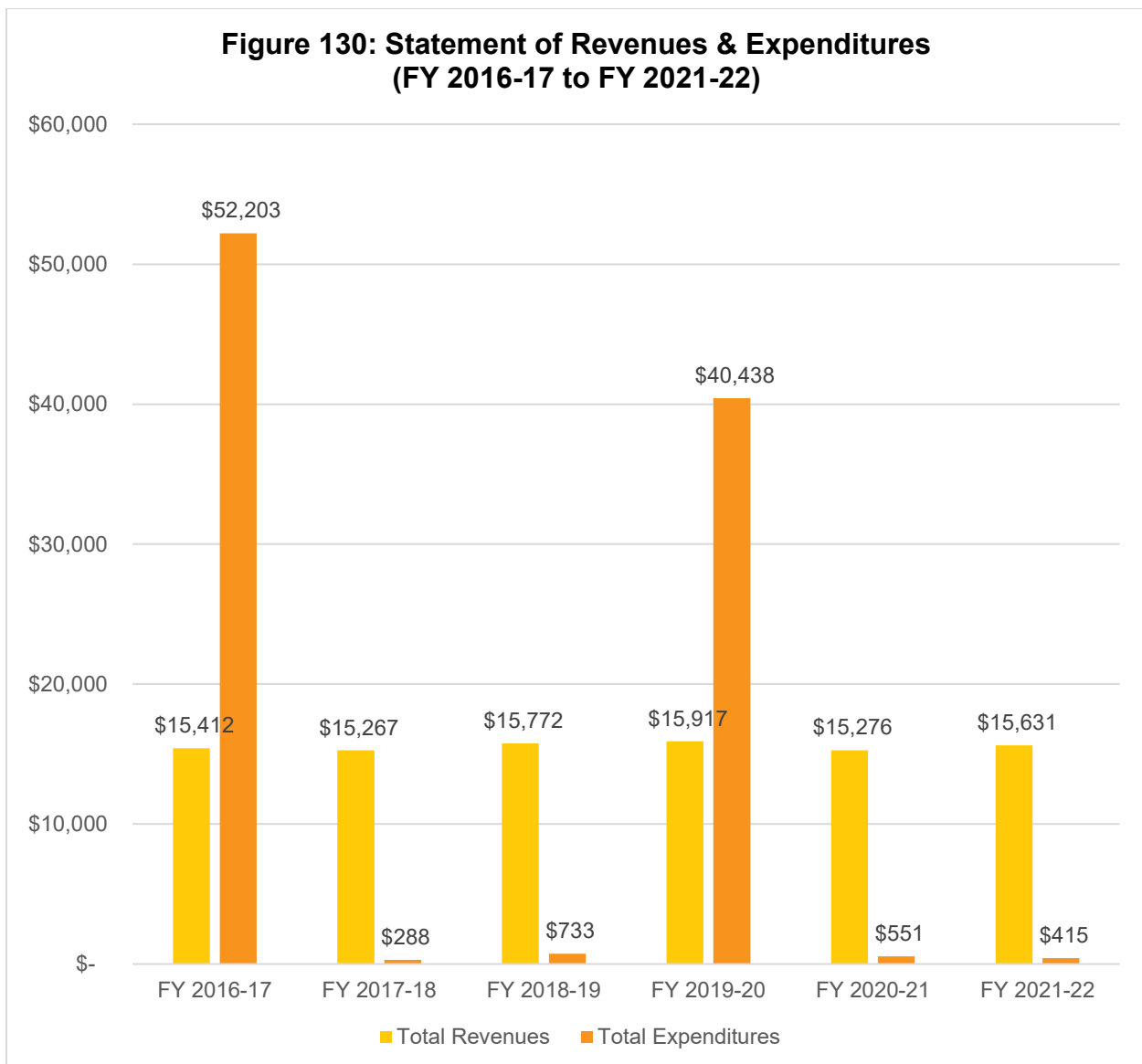
Figure 129: CSA 44's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 44's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 105** on page 275.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$15,600, representing a 2% increase from the previous year (\$15,300 in FY 20-21). Total expenses for FY 2021-22 were approximately \$415, which decreased by 25% from the previous year (\$550 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17 and FY 2019-20, as shown in **Figure 130**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$55,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 104** and **Figure 131**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$19,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 104: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$19,229.00	\$34,207.07	\$49,245.74	\$24,725.23	\$39,450.60
Ending Balance	\$19,229	\$34,207	\$49,246	\$24,725	\$39,451	\$54,666
Change (\$)	-	\$14,978	\$15,039	\$(24,521)	\$14,725	\$15,216

**Figure 131: Net Position from 2016 to 2022
(Ending Balance)**

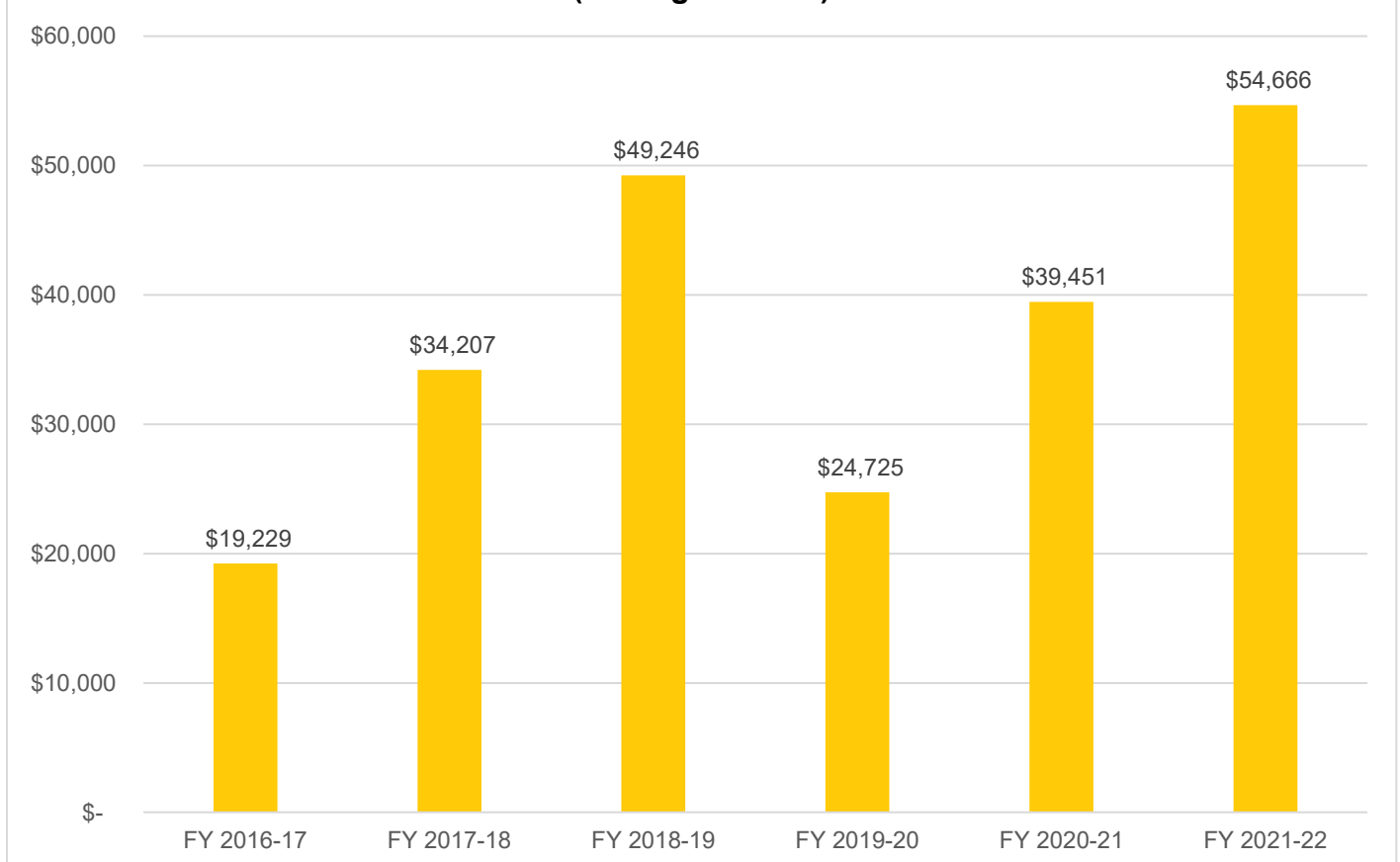


Table 105: Total Revenues & Expenditures

CSA 44	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 457.85	\$ 312.39	\$ 817.76	\$ 598.18	\$ 196.84	\$ 212.86
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 14,954.34	\$ 14,954.16	\$ 14,954.17	\$ 15,318.90	\$ 15,079.32	\$ 15,417.74
Total Revenues	\$ 15,412.19	\$ 15,266.55	\$ 15,771.93	\$ 15,917.08	\$ 15,276.16	\$ 15,630.60
EXPENDITURES						
DPW Services - Sunbeam Woods	\$ 52,064.46	\$ 288.48	\$ 57.88	\$ 34,457.88	\$ 156.54	\$ 187.64
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 353.02	\$ 1,044.95	\$ 208.05	\$ 57.88
Dept Overhead Costs	\$ -	\$ -	\$ 72.36	\$ 4,809.76	\$ 61.20	\$ 44.46
Total Expenditures	\$ 52,203.21	\$ 288.48	\$ 733.26	\$ 40,437.59	\$ 550.79	\$ 414.98
Surplus/(Deficit)	\$ (36,791.02)	\$ 14,978.07	\$ 15,038.67	\$ (24,520.51)	\$ 14,725.37	\$ 15,215.62
FUND BALANCE						
Beginning of Year	\$ -	\$ 19,229.00	\$ 34,207.07	\$ 49,245.74	\$ 24,725.23	\$ 39,450.60
End of Year	\$ 19,229.00	\$ 34,207.07	\$ 49,245.74	\$ 24,725.23	\$ 39,450.60	\$ 54,666.22

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 44's first sphere of influence on October 2, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 132** on page 276 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 63 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. LAFCO staff is recommending that the sphere boundary reaffirmed. However, the County should consider annexing the 4 parcels currently within the CSA's sphere but outside its jurisdictional boundary. **Figure 133** on page 277 shows the proposed sphere boundary.

Figure 132: CSA 44's Current Sphere Map

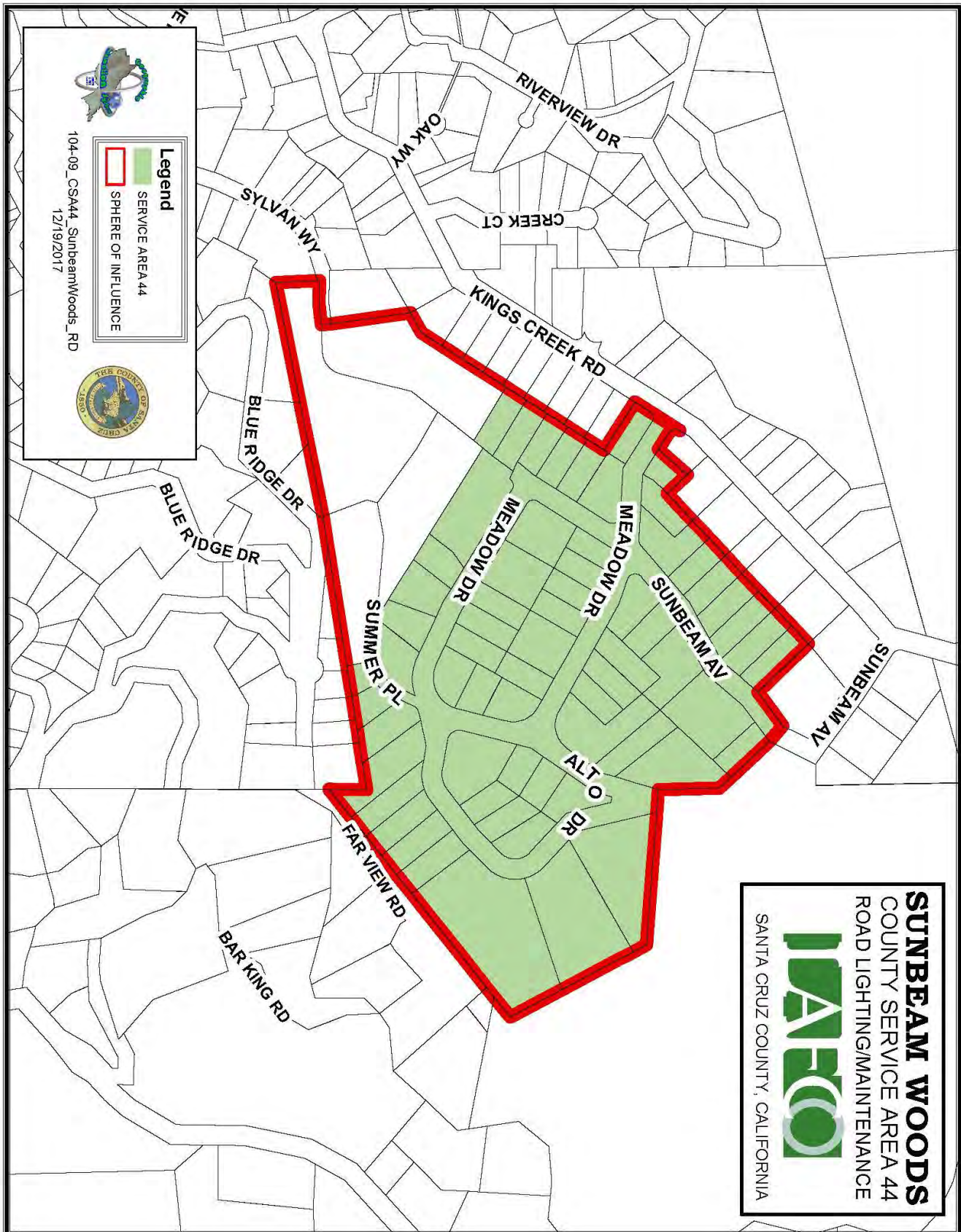
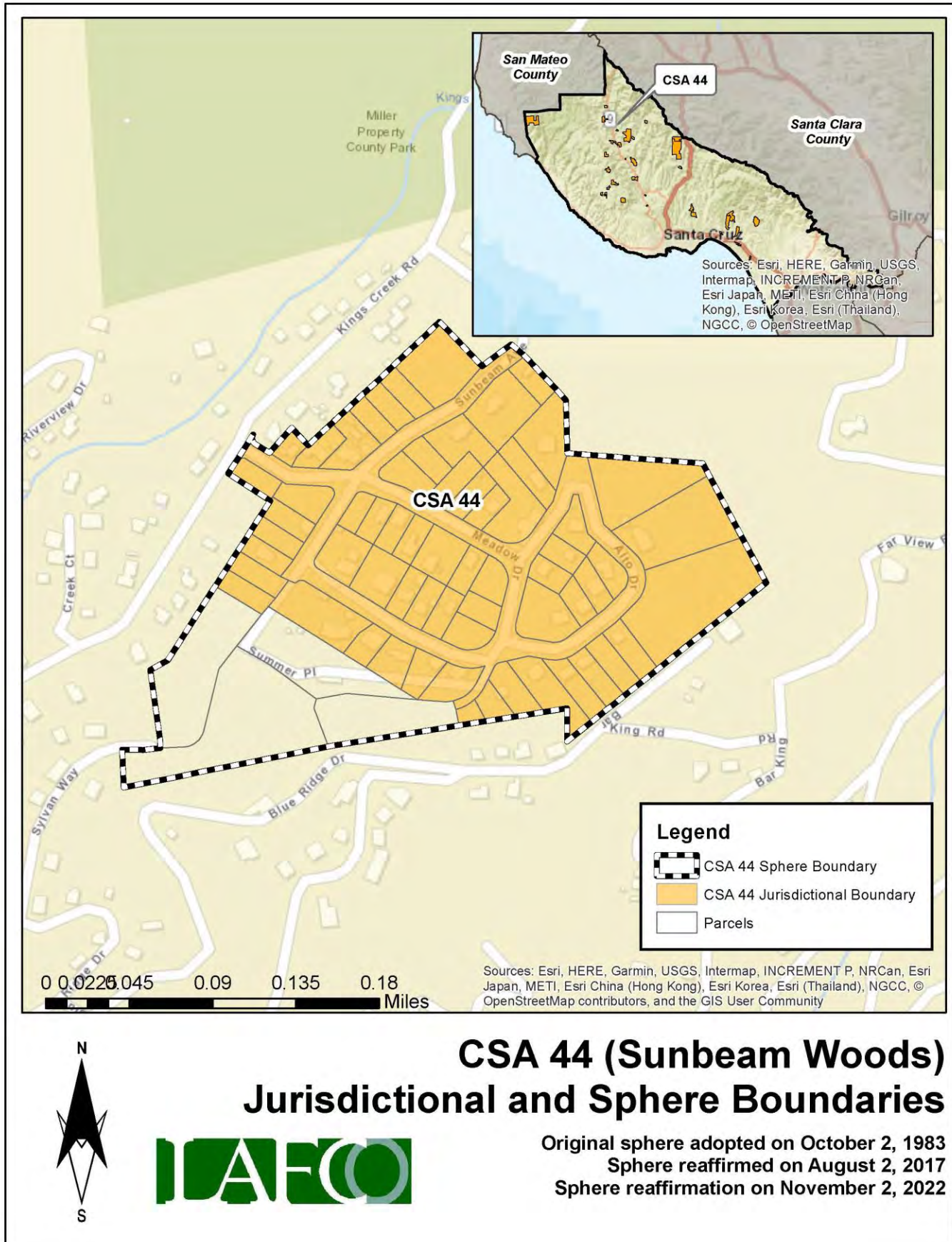


Figure 133: CSA 44's Proposed Sphere Map



District Summary

County Service Area 44	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.75 road miles
District Area	0.03 square miles (appx. 20 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$15,631</p> <p>Total Expenditure = \$415</p> <p>Net Position (Ending Balance) = \$54,666</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 44 in 2020 was estimated to be 76. Based on LAFCO's analysis, the population within the CSA will be approximately 79 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 44 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 44 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$55,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 44 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 44 has 63 parcels within its jurisdictional boundary and provides extended services to approximately 0.75 miles of road for the residents.

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.

CSA 44 has a population of approximately 76. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 46 (PINECREST DRIVE)

Overview

County Service Area 46 was formed on October 2, 1983 with the purpose of providing extended maintenance to 1.67 road miles. **Appendix 26** provides a copy of the formation resolution. There is a total of 60 parcels within the CSA (totaling approximately 379 acres). **Figure 134**, on page 283, is a vicinity map depicting CSA 46's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain and Rural Residential. **Table 106** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 46 has 20 funding zones (Zones A-T). The rates have remained the same since FY 2018-19. **Figure 135** on page 284 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 46.

Table 106: Benefit Assessment Rates (2017 to 2021)

CSA 46	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$29.00	\$29.84	\$29.84	\$29.84	\$29.84
Zone B	\$39.00	\$40.12	\$40.12	\$40.12	\$40.12
Zone C	\$42.00	\$43.20	\$43.20	\$43.20	\$43.20
Zone D	\$52.00	\$53.50	\$53.50	\$53.50	\$53.50
Zone E	\$75.00	\$77.16	\$77.16	\$77.16	\$77.16
Zone F	\$83.00	\$85.40	\$85.40	\$85.40	\$85.40
Zone G	\$171.00	\$175.94	\$175.94	\$175.94	\$175.94
Zone H	\$185.00	\$190.36	\$190.36	\$190.36	\$190.36
Zone I	\$276.00	\$284.00	\$284.00	\$284.00	\$284.00
Zone J	\$303.00	\$311.78	\$311.78	\$311.78	\$311.78
Zone K	\$337.00	\$346.76	\$346.76	\$346.76	\$346.76
Zone L	\$356.00	\$366.32	\$366.32	\$366.32	\$366.32
Zone M	\$388.00	\$399.24	\$399.24	\$399.24	\$399.24
Zone N	\$389.00	\$400.28	\$400.28	\$400.28	\$400.28
Zone O	\$428.00	\$440.40	\$440.40	\$440.40	\$440.40
Zone P	\$454.00	\$467.16	\$467.16	\$467.16	\$467.16
Zone Q	\$464.00	\$477.44	\$477.44	\$477.44	\$477.44
Zone R	\$501.00	\$515.52	\$515.52	\$515.52	\$515.52
Zone S	\$528.00	\$543.30	\$543.30	\$543.30	\$543.30
Zone T	\$558.00	\$574.18	\$574.18	\$574.18	\$574.18
Change (%)		3%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 46 was 2020 is estimated to be 30. 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. **Table 107** shows the anticipated population within CSA 46. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 46. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 46 will be approximately 31 by 2040.

Table 107: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 46	30	30	31	31	31

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Figure 134: CSA 46's Vicinity Map

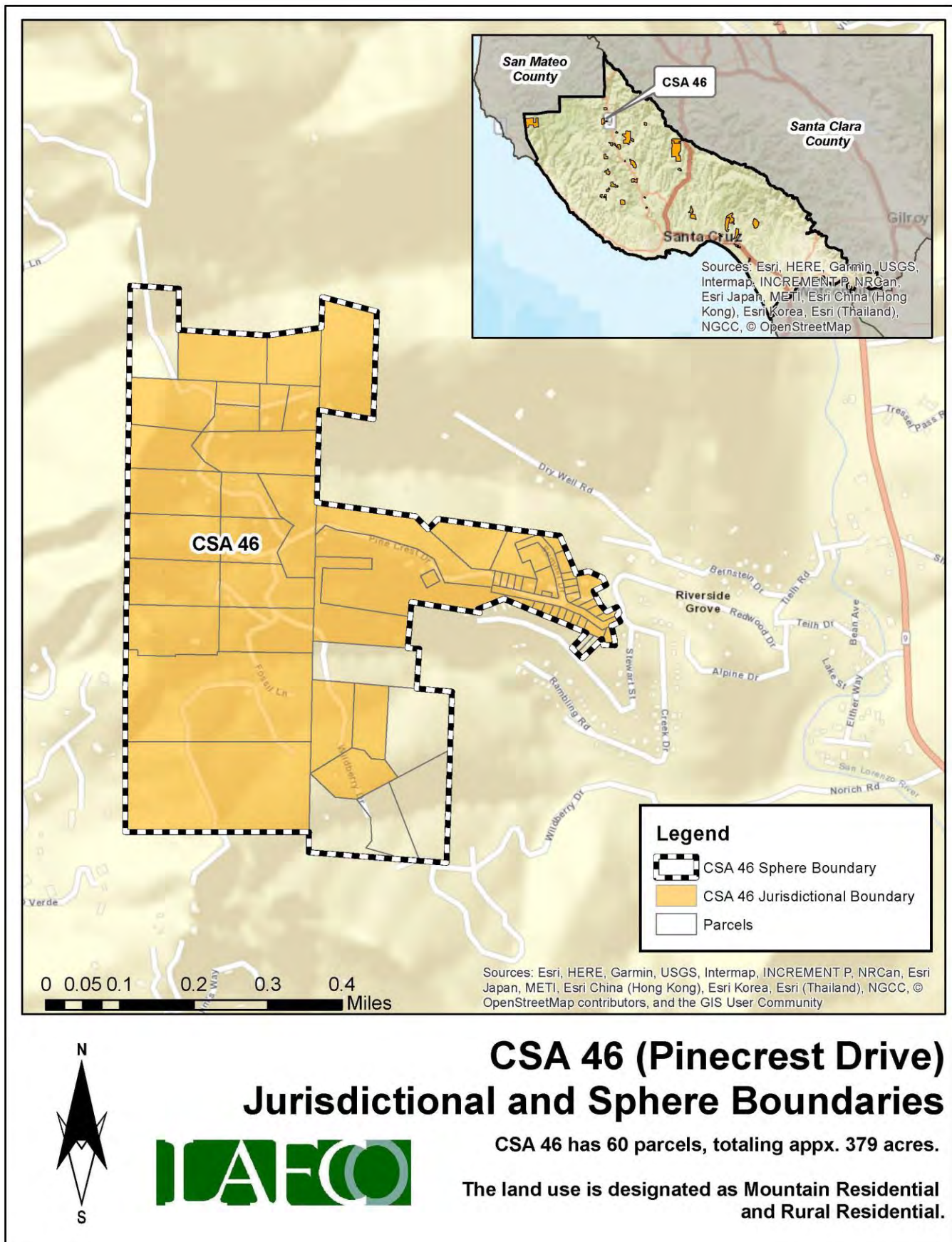
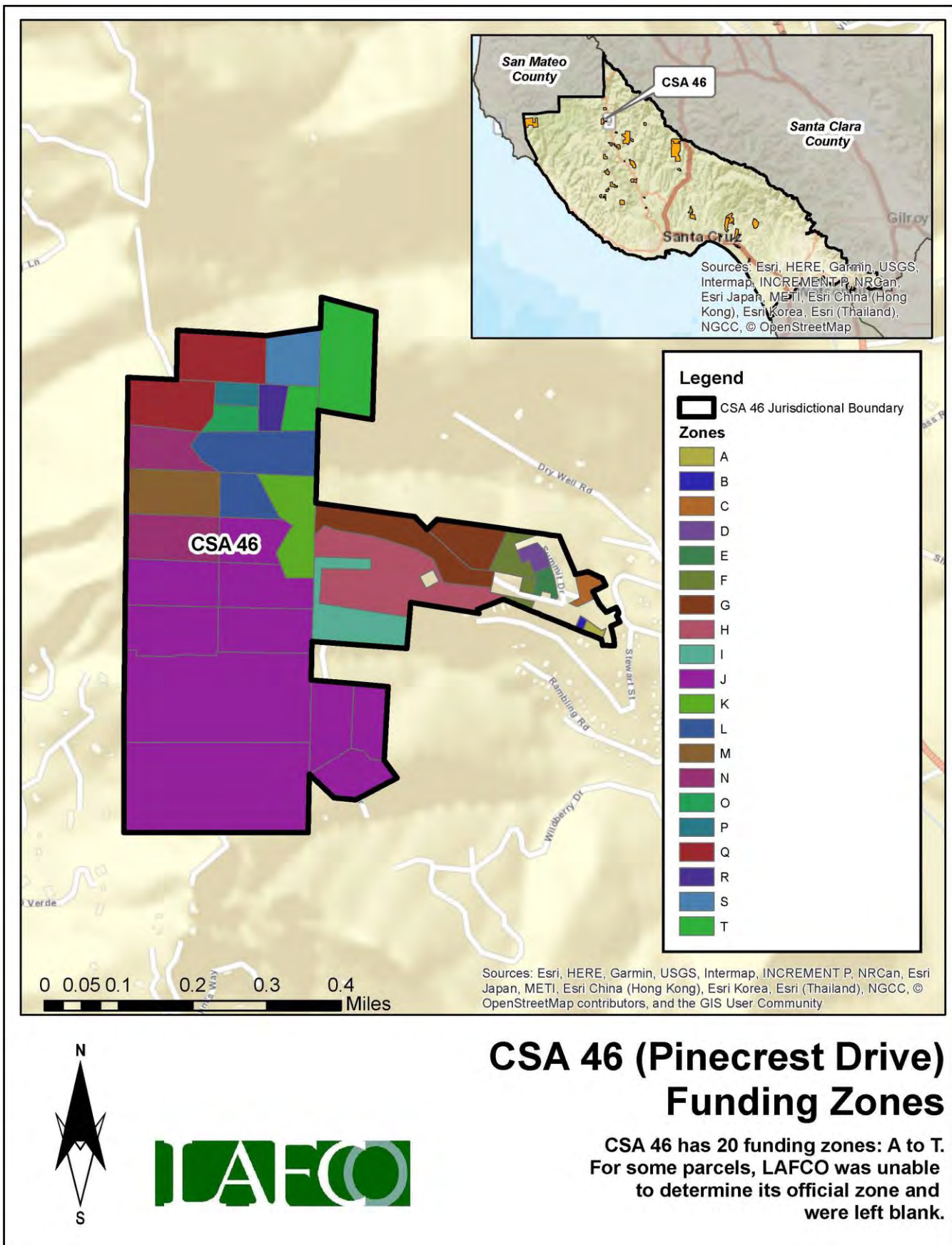


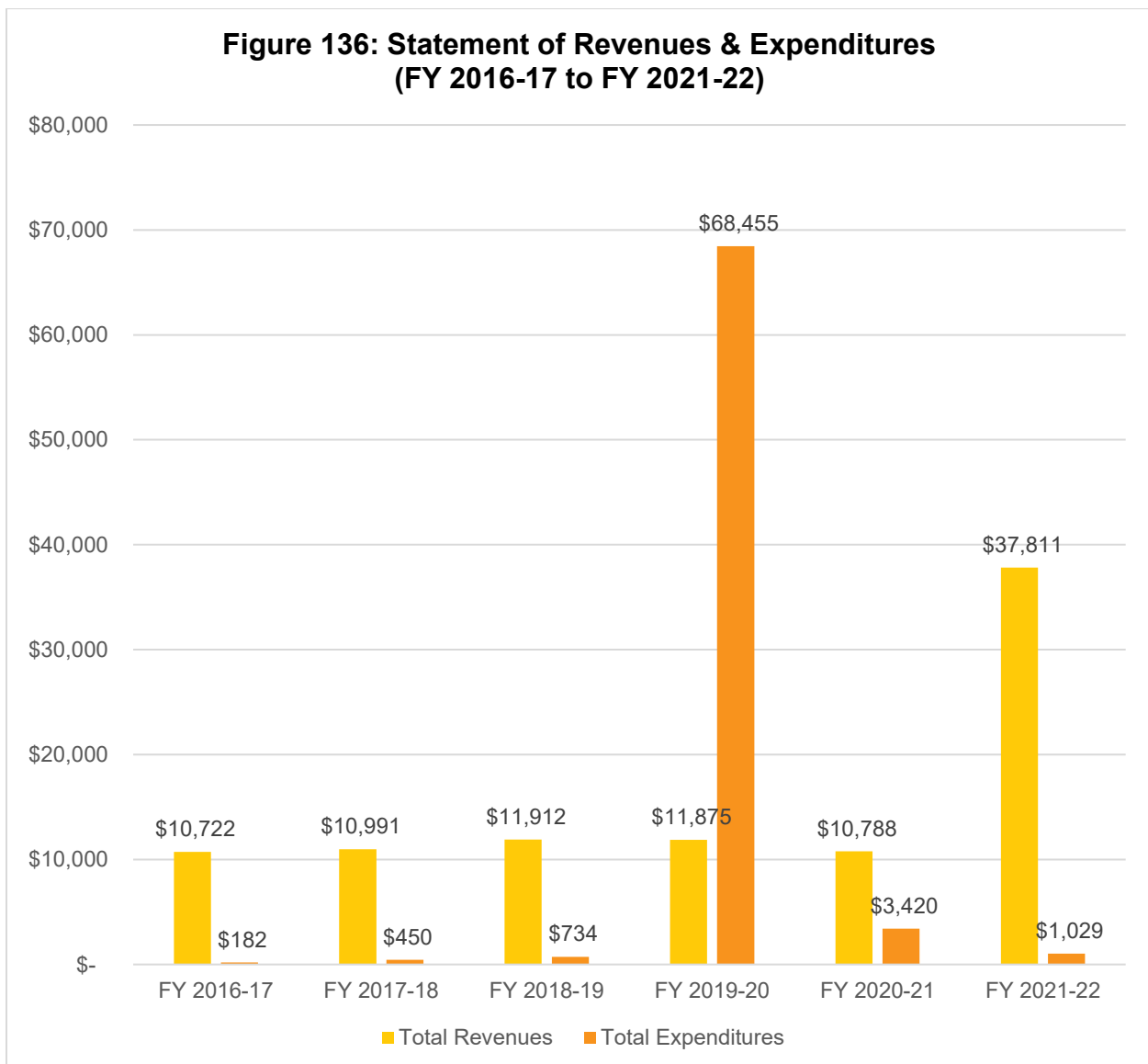
Figure 135: CSA 46's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 46's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 109** on page 287.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$38,000, representing a 250% increase from the previous year (\$11,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$1,000, which decreased by 70% from the previous year (\$3,400 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2019-20, as shown in **Figure 136**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$55,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 108** and **Figure 137**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$10,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 108: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$45,782.73	\$56,324.38	\$67,501.81	\$10,921.59	\$18,289.78
Ending Balance	\$45,783	\$56,324	\$67,502	\$10,922	\$18,290	\$55,072
Change (\$)	-	\$10,542	\$11,177	\$(56,580)	\$7,368	\$36,782

**Figure 137: Net Position from 2016 to 2022
(Ending Balance)**

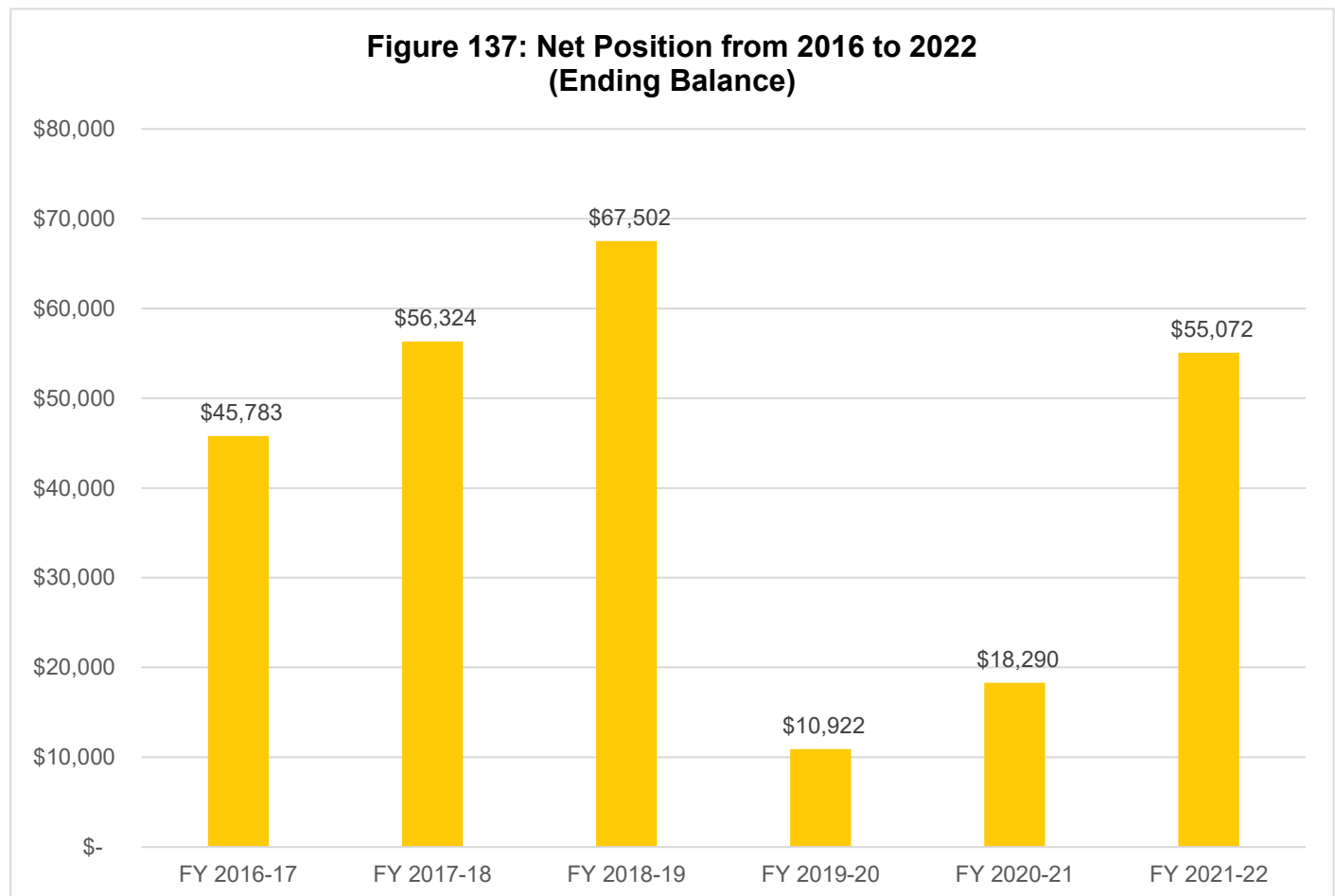


Table 109: Total Revenues & Expenditures

CSA 46	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 338.02	\$ 607.36	\$ 1,226.61	\$ 1,189.60	\$ 103.11	\$ 199.07
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,927.00
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00
Other Road & Street Services	\$ 10,383.88	\$ 10,384.10	\$ 10,684.95	\$ 10,684.95	\$ 10,684.95	\$ 10,684.95
Total Revenues	\$ 10,721.90	\$ 10,991.46	\$ 11,911.56	\$ 11,874.55	\$ 10,788.06	\$ 37,811.02
EXPENDITURES						
DPW Services - Pinecrest	\$ 43.48	\$ 449.81	\$ 50.82	\$ 58,850.82	\$ 1,904.23	\$ 574.72
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167.88
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 140.00
Division Overhead - Admin	\$ -	\$ -	\$ 360.10	\$ 1,336.75	\$ 1,065.20	\$ -
Dept Overhead Costs	\$ -	\$ -	\$ 73.21	\$ 8,142.20	\$ 325.44	\$ 146.03
Total Expenditures	\$ 182.23	\$ 449.81	\$ 734.13	\$ 68,454.77	\$ 3,419.87	\$ 1,028.63
Surplus/(Deficit)	\$ 10,539.67	\$ 10,541.65	\$ 11,177.43	\$ (56,580.22)	\$ 7,368.19	\$ 36,782.39
FUND BALANCE						
Beginning of Year	\$ -	\$ 45,782.73	\$ 56,324.38	\$ 67,501.81	\$ 10,921.59	\$ 18,289.78
End of Year	\$ 45,782.73	\$ 56,324.38	\$ 67,501.81	\$ 10,921.59	\$ 18,289.78	\$ 55,072.17

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 46's first sphere of influence on December 19, 1983. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 138** on page 288 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 60 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. LAFCO staff is recommending that the sphere boundary reaffirmed. However, the County should consider annexing the eight parcels currently within the CSA's sphere but outside its jurisdictional boundary. **Figure 139** on page 289 shows the proposed sphere boundary.

Figure 138: CSA 46's Current Sphere Map

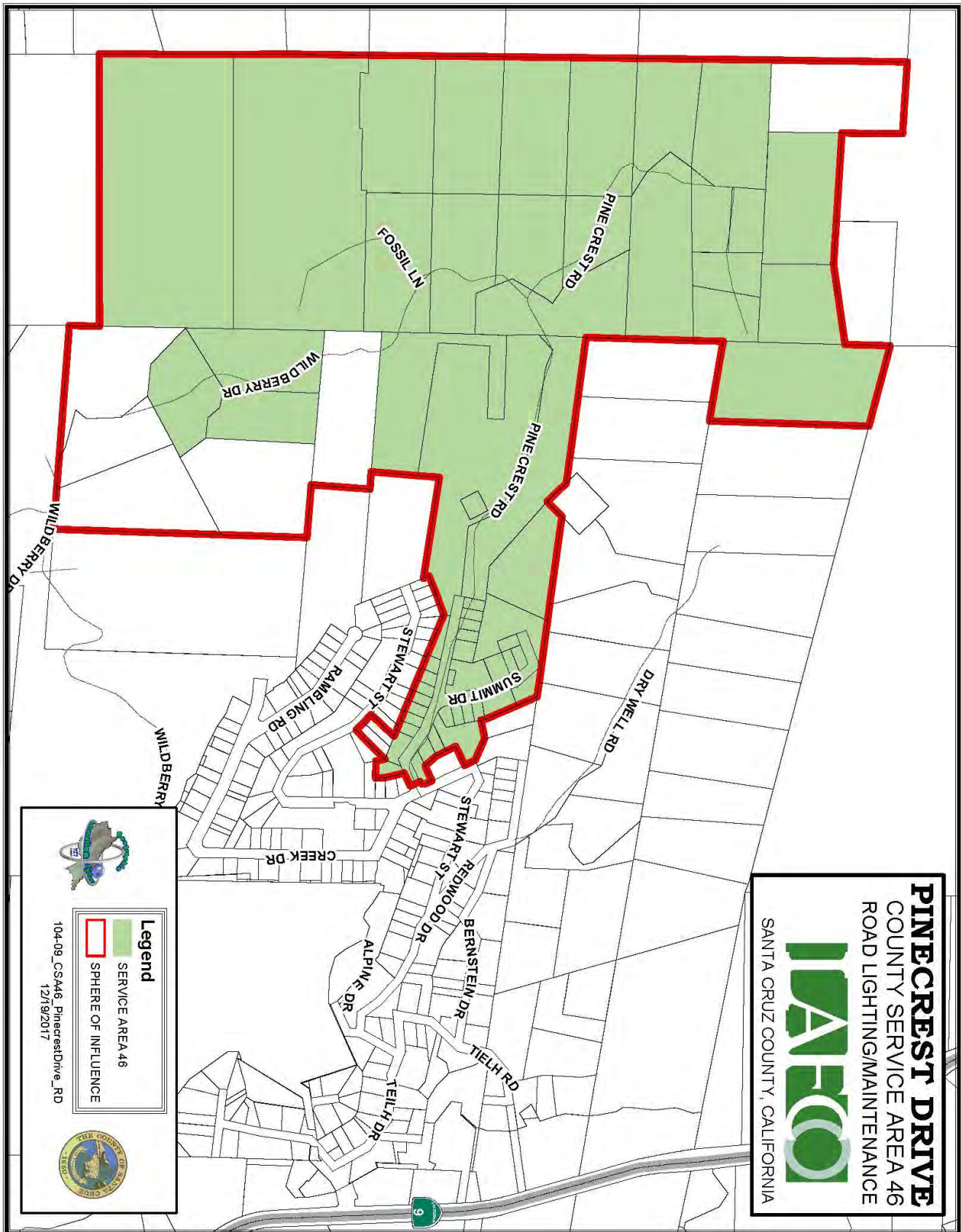
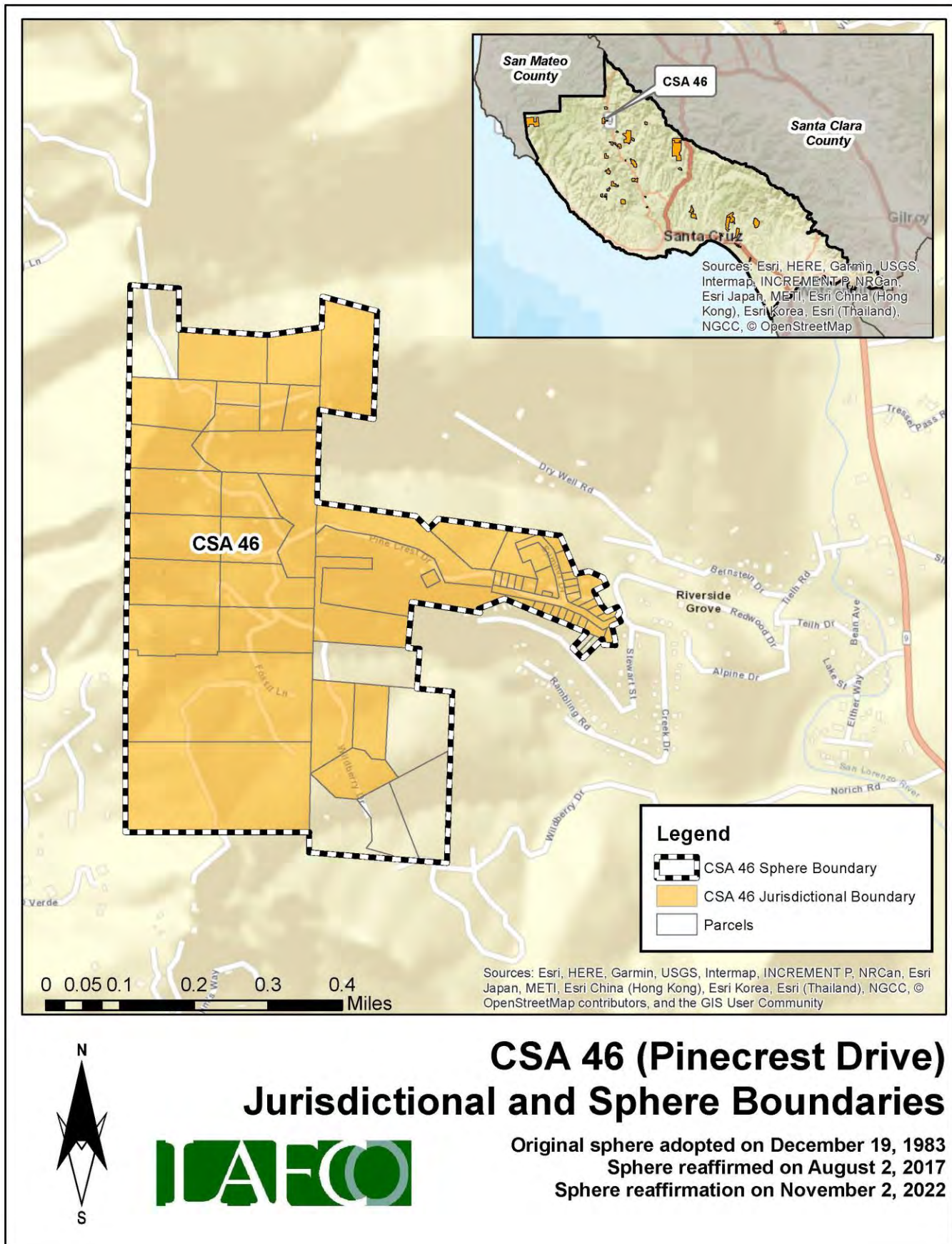


Figure 139: CSA 46's Proposed Sphere Map



District Summary

County Service Area 46	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.67 road miles
District Area	0.60 square miles (appx. 379 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$37,811</p> <p>Total Expenditure = \$1,029</p> <p>Net Position (Ending Balance) = \$55,072</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 46 in 2020 was estimated to be 30. Based on LAFCO's analysis, the population within the CSA will be approximately 31 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 46 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 46 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$55,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 46 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 46 has 60 parcels within its jurisdictional boundary and provides extended services to approximately 1.67 miles of road for the residents.

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.

CSA 46 has a population of approximately 30. The constituents fund the through 20 zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 47 (BRAEMOOR DRIVE)

Overview

County Service Area 47 was formed on January 9, 1985 with the purpose of providing extended maintenance to 1.29 road miles. **Appendix 27** provides a copy of the formation resolution. There is a total of 58 parcels within the CSA (totaling approximately 755 acres). **Figure 140**, on page 294, is a vicinity map depicting CSA 47's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain and Rural Residential. **Table 110** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 47 has two funding zones (Improved and Unimproved Parcels) with different rates. **Figure 141** on page 295 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 47.

Table 110: Benefit Assessment Rates (2017 to 2021)

CSA 47	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Unimproved	\$102.60	\$102.60	\$106.60	\$200.00	\$200.00
Improved	\$205.20	\$205.20	\$213.20	\$400.00	\$400.00
Change (%)		0%	4%	88%	0%

Population and Growth

Based on staff's analysis, the population of CSA 47 in 2020 is estimated to be 84. 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. **Table 111** shows the anticipated population within CSA 47. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 47. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 47 will be approximately 87 by 2040.

Table 111: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 47	84	85	85	86	87

Figure 140: CSA 47's Vicinity Map

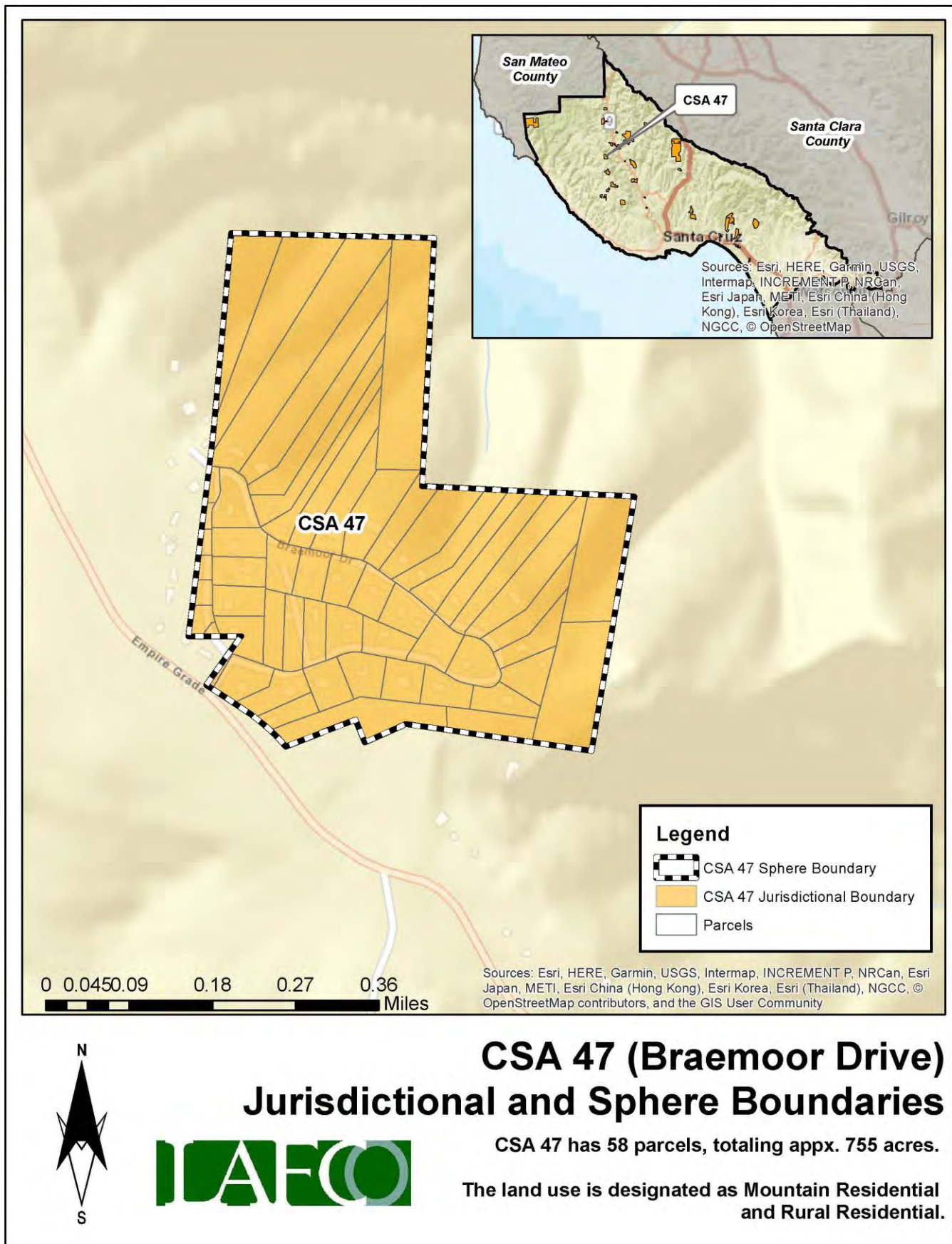
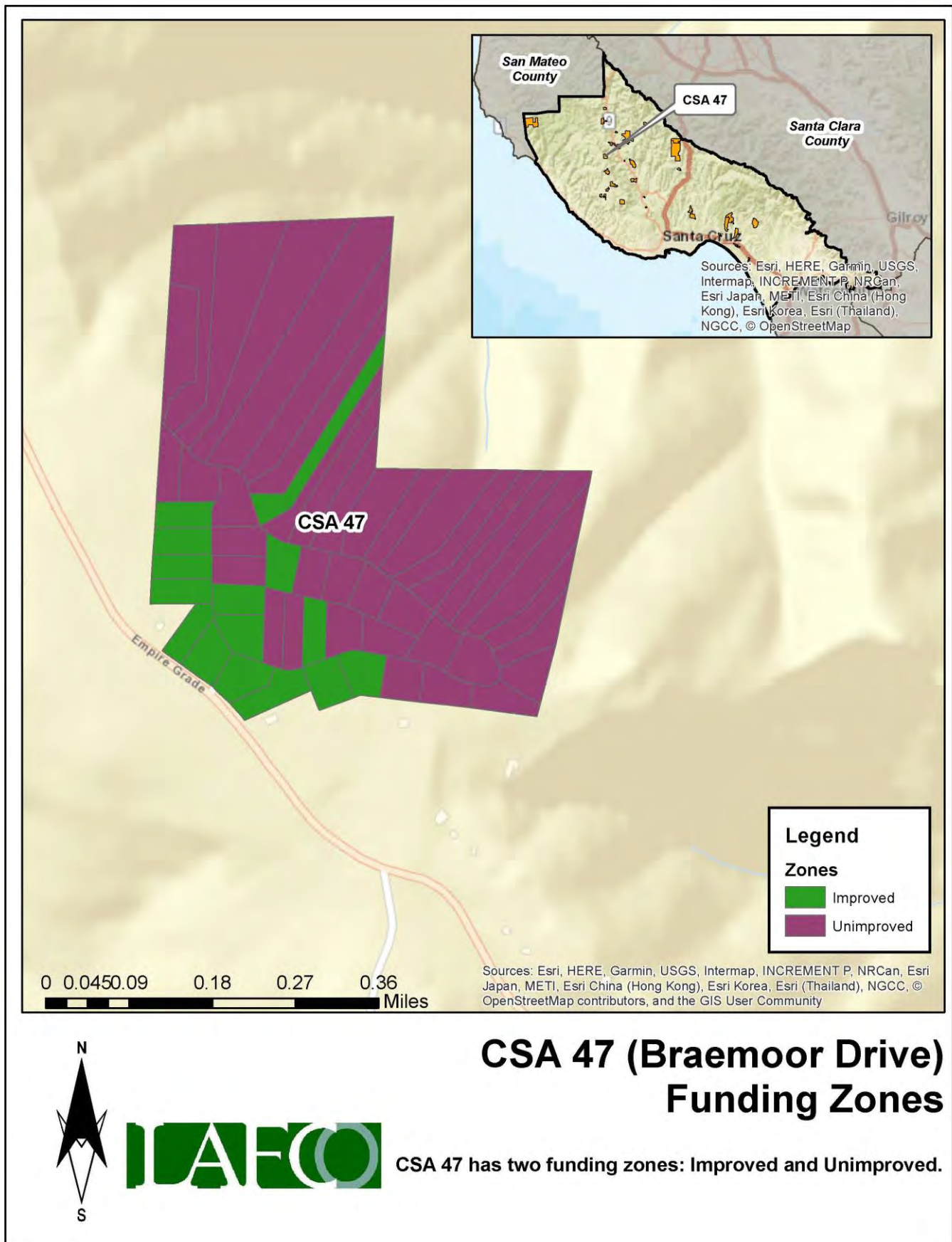


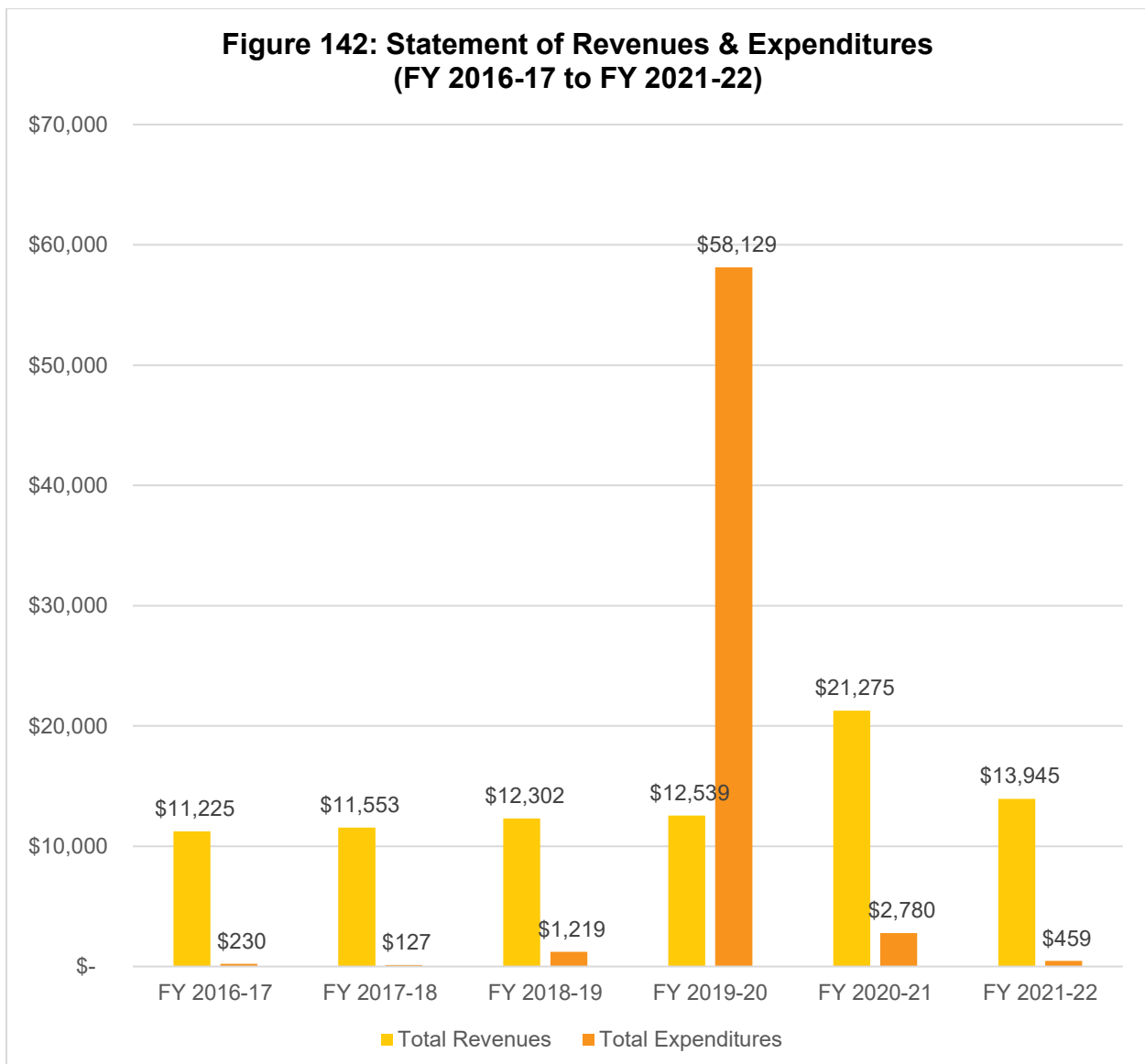
Figure 141: CSA 47's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 47's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 113** on page 298.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$14,000, representing a 34% decrease from the previous year (\$21,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$460, which decreased by 83% from the previous year (\$2,800 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2019-20, as shown in **Figure 142**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$69,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 112** and **Figure 143**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$37,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 112: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$60,211.73	\$71,638.25	\$82,721.45	\$37,131.81	\$55,626.90
Ending Balance	\$60,212	\$71,638	\$82,721	\$37,132	\$55,627	\$69,113
Change (\$)	-	\$11,427	\$11,083	\$(45,590)	\$18,495	\$13,486

**Figure 143: Net Position from 2016 to 2022
(Ending Balance)**

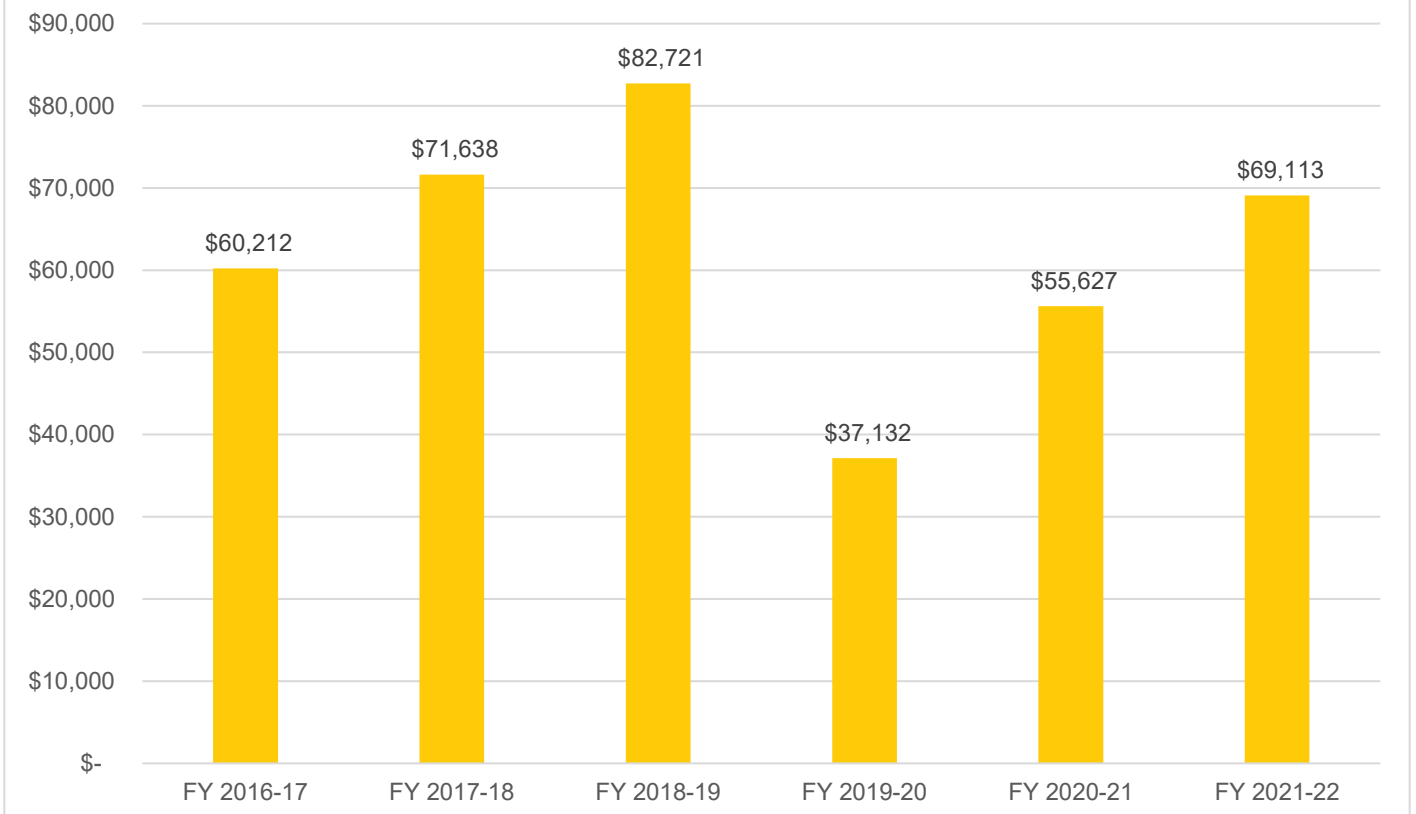


Table 113: Total Revenues & Expenditures

CSA 47	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 459.03	\$ 786.25	\$ 1,535.23	\$ 1,352.49	\$ 287.06	\$ 283.10
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 10,766.40	\$ 10,766.84	\$ 10,766.84	\$ 11,186.60	\$ 20,988.00	\$ 13,662.00
Total Revenues	\$ 11,225.43	\$ 11,553.09	\$ 12,302.07	\$ 12,539.09	\$ 21,275.06	\$ 13,945.10
EXPENDITURES						
DPW Services - Braemoor	\$ 90.93	\$ 126.57	\$ 76.23	\$ 45,276.22	\$ 1,829.33	\$ 208.49
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 770.21	\$ 5,813.52	\$ 562.78	\$ 76.22
Dept Overhead Costs	\$ -	\$ -	\$ 122.43	\$ 6,913.99	\$ 262.86	\$ 49.17
Total Expenditures	\$ 229.68	\$ 126.57	\$ 1,218.87	\$ 58,128.73	\$ 2,779.97	\$ 458.88
Surplus/(Deficit)	\$ 10,995.75	\$ 11,426.52	\$ 11,083.20	\$ (45,589.64)	\$ 18,495.09	\$ 13,486.22
FUND BALANCE						
Beginning of Year	\$ -	\$ 60,211.73	\$ 71,638.25	\$ 82,721.45	\$ 37,131.81	\$ 55,626.90
End of Year	\$ 60,211.73	\$ 71,638.25	\$ 82,721.45	\$ 37,131.81	\$ 55,626.90	\$ 69,113.12

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 47's first sphere of influence on January 9, 1985. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 144** on page 299 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 58 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 145** on page 300 shows the proposed sphere boundary.

Figure 144: CSA 47's Current Sphere Map

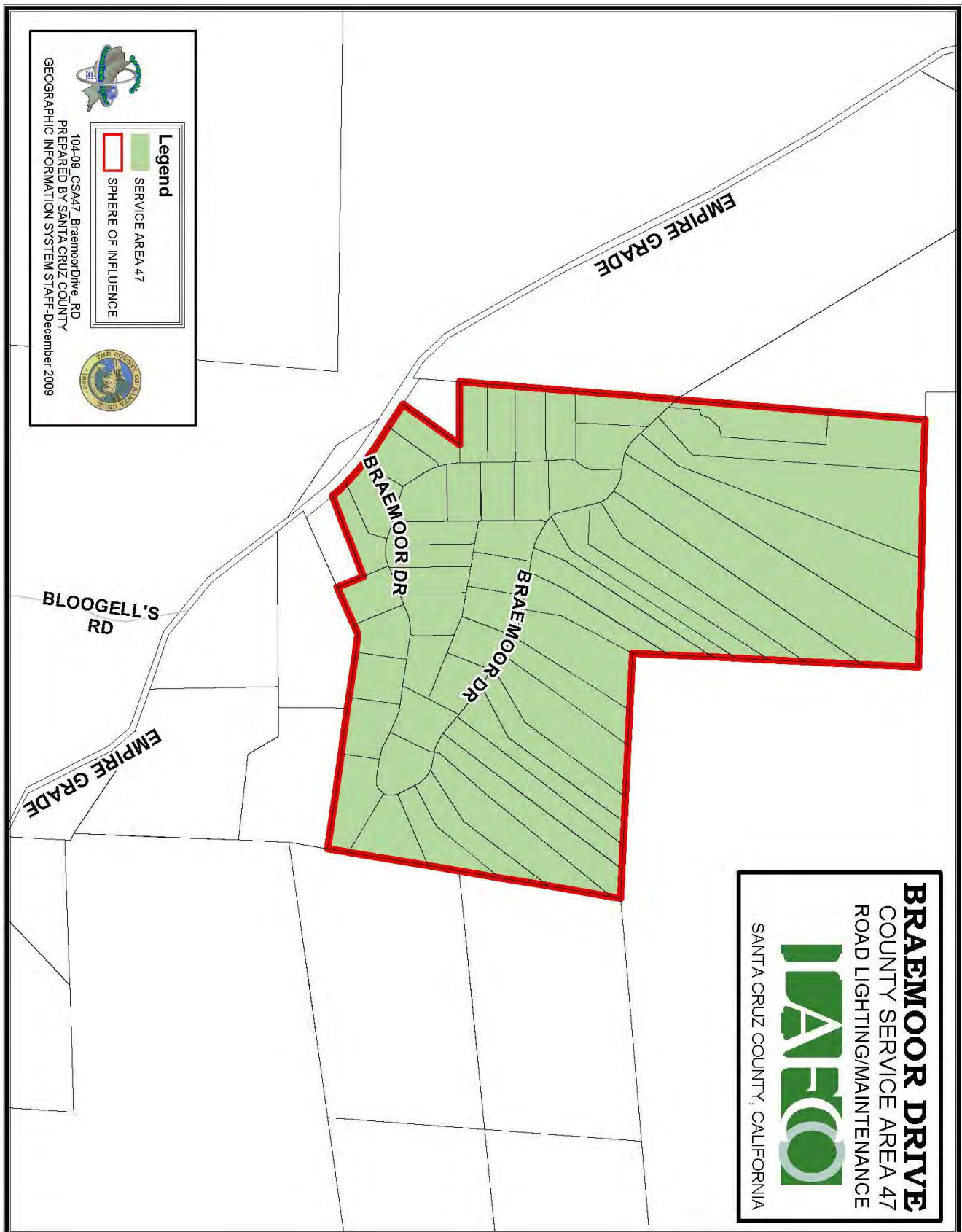
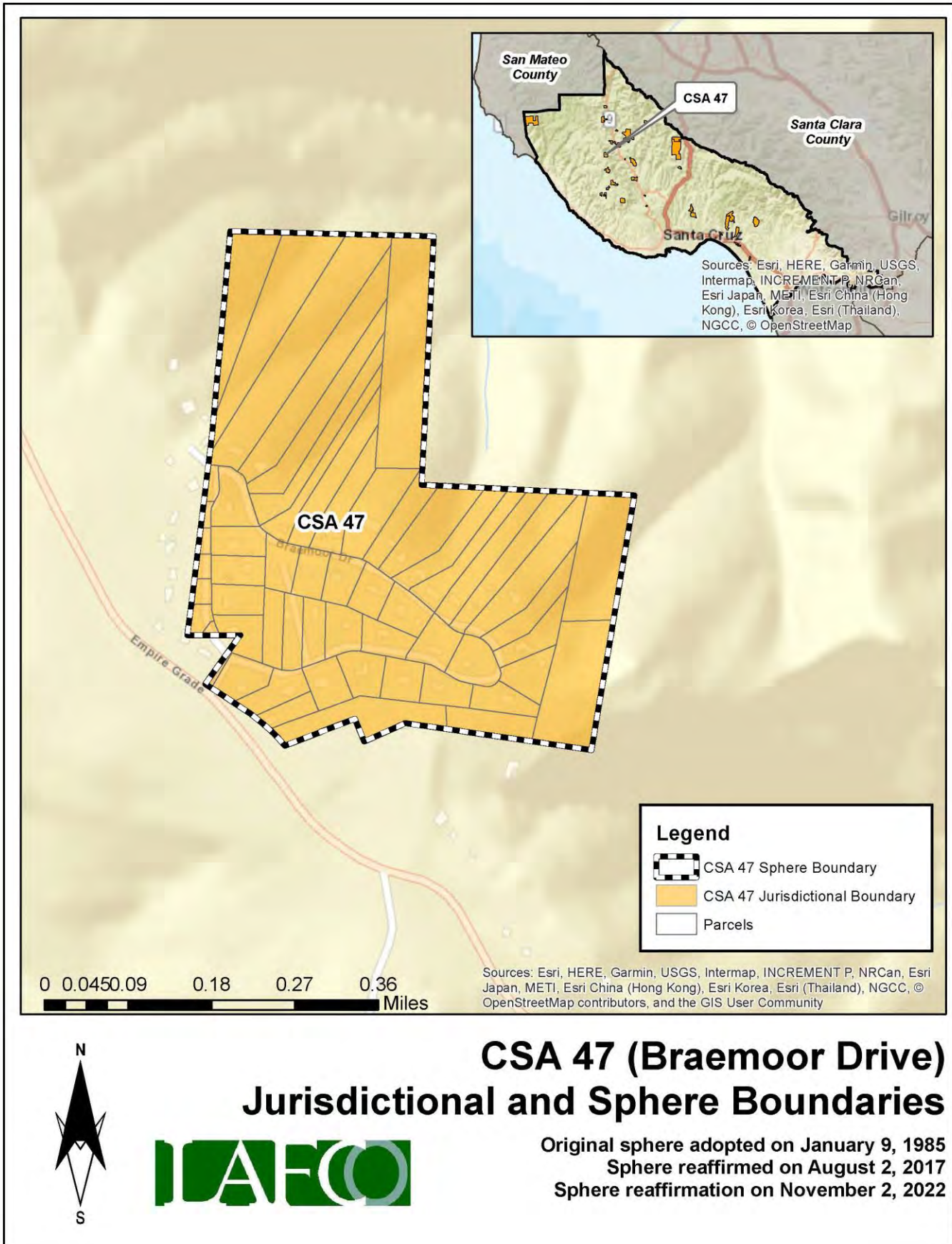


Figure 145: CSA 47's Proposed Sphere Map



District Summary

County Service Area 47	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.29 road miles
District Area	1.18 square miles (appx. 755 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$13,945</p> <p>Total Expenditure = \$459</p> <p>Net Position (Ending Balance) = \$69,113</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 47 in 2020 was estimated to be 84. Based on LAFCO's analysis, the population within the CSA will be approximately 87 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 47 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 47 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$69,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 47 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 47 has 58 parcels within its jurisdictional boundary and provides extended services to approximately 1.29 miles of road for the residents.

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.

CSA 47 has a population of approximately 84. The constituents fund the through two zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 50 (THE VINEYARD)

Overview

County Service Area 50 was formed on October 7, 1987 with the purpose of providing extended maintenance to 1.65 road miles. **Appendix 28** provides a copy of the formation resolution. There is a total of 57 parcels within the CSA (totaling approximately 61 acres). **Figure 146**, on page 305, is a vicinity map depicting CSA 50's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Rural Residential. **Table 114** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 50 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 50.

Table 114: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 50	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Change (%)		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 50 was 2020 is estimated to be 27. 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. **Table 115** shows the anticipated population within CSA 50. The average rate of change is 0.86%.

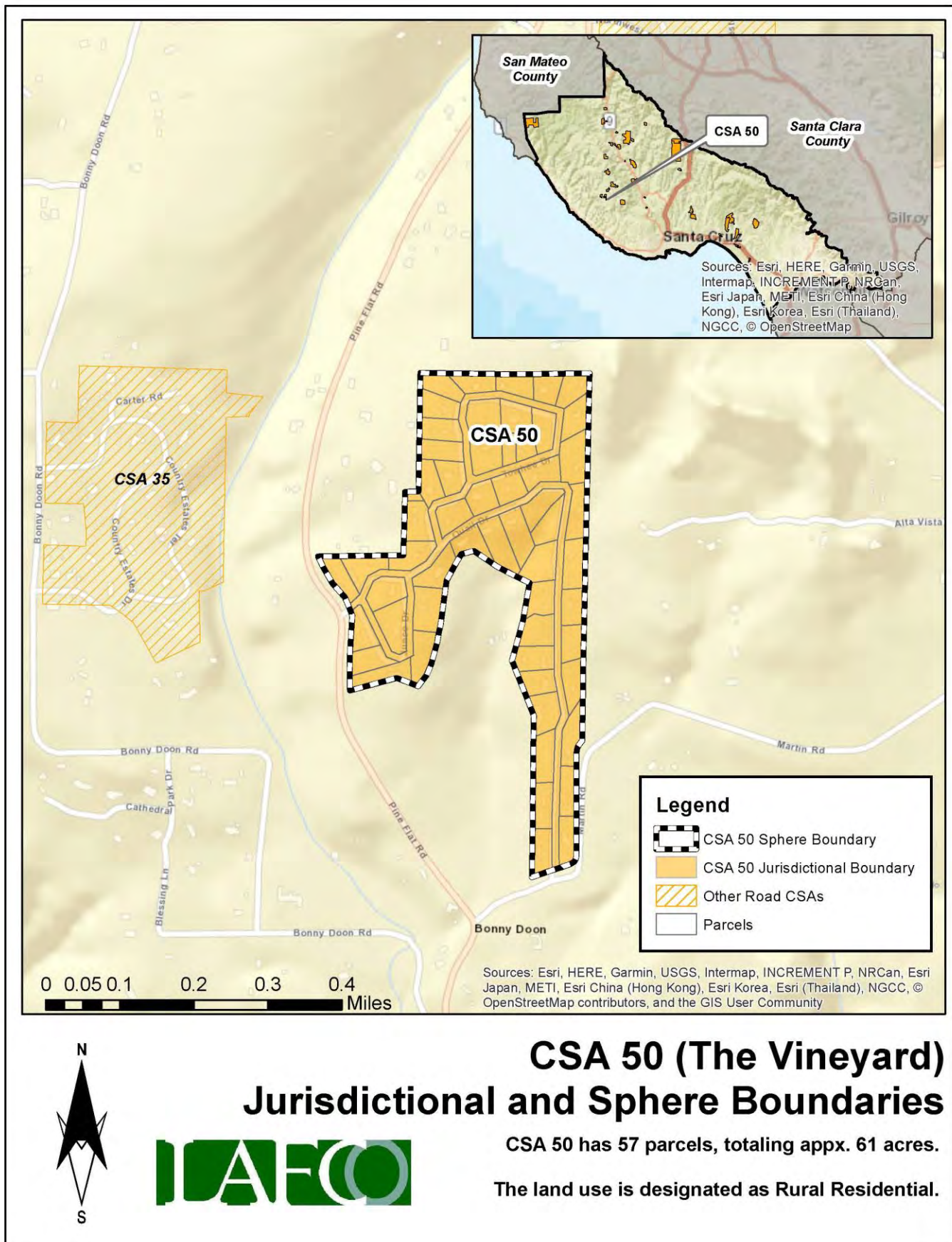
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 50. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 50 will be approximately 28 by 2040.

Table 115: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 18	27	27	27	28	28

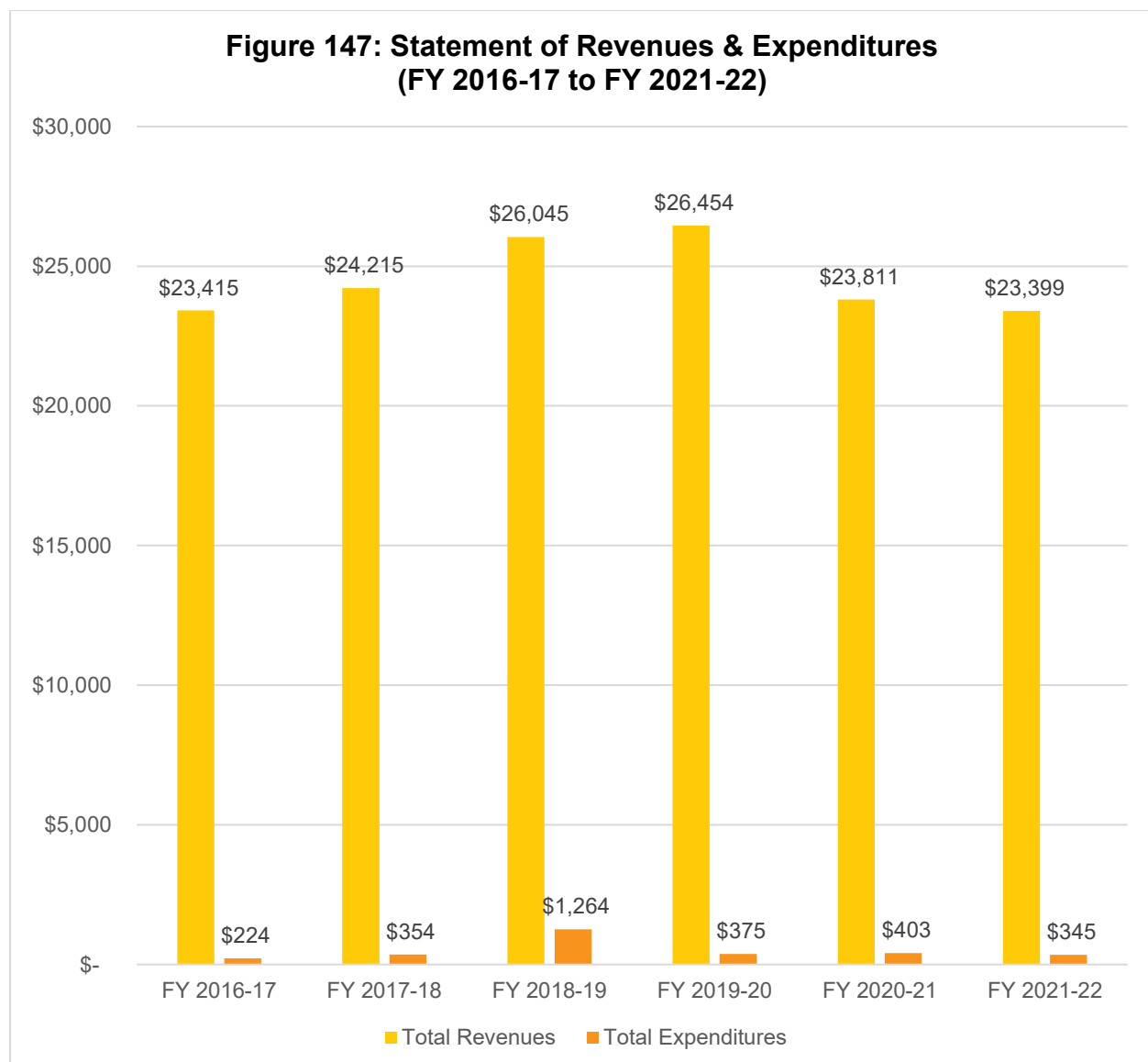
Figure 146: CSA 50's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 50's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 117** on page 308.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$23,400, representing a 2% decrease from the previous year (\$23,800 in FY 20-21). Total expenses for FY 2021-22 were approximately \$345, which decreased by 14% from the previous year (\$400 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, as shown in **Figure 147**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$280,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 116** and **Figure 148**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$158,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 116: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$158,793.11	\$182,654.16	\$207,435.22	\$233,513.94	\$256,921.32
Ending Balance	\$158,793	\$182,654	\$207,435	\$233,514	\$256,921	\$279,975
Change (\$)	-	\$23,861	\$24,781	\$26,079	\$23,407	\$23,054

**Figure 148: Net Position from 2016 to 2022
(Ending Balance)**

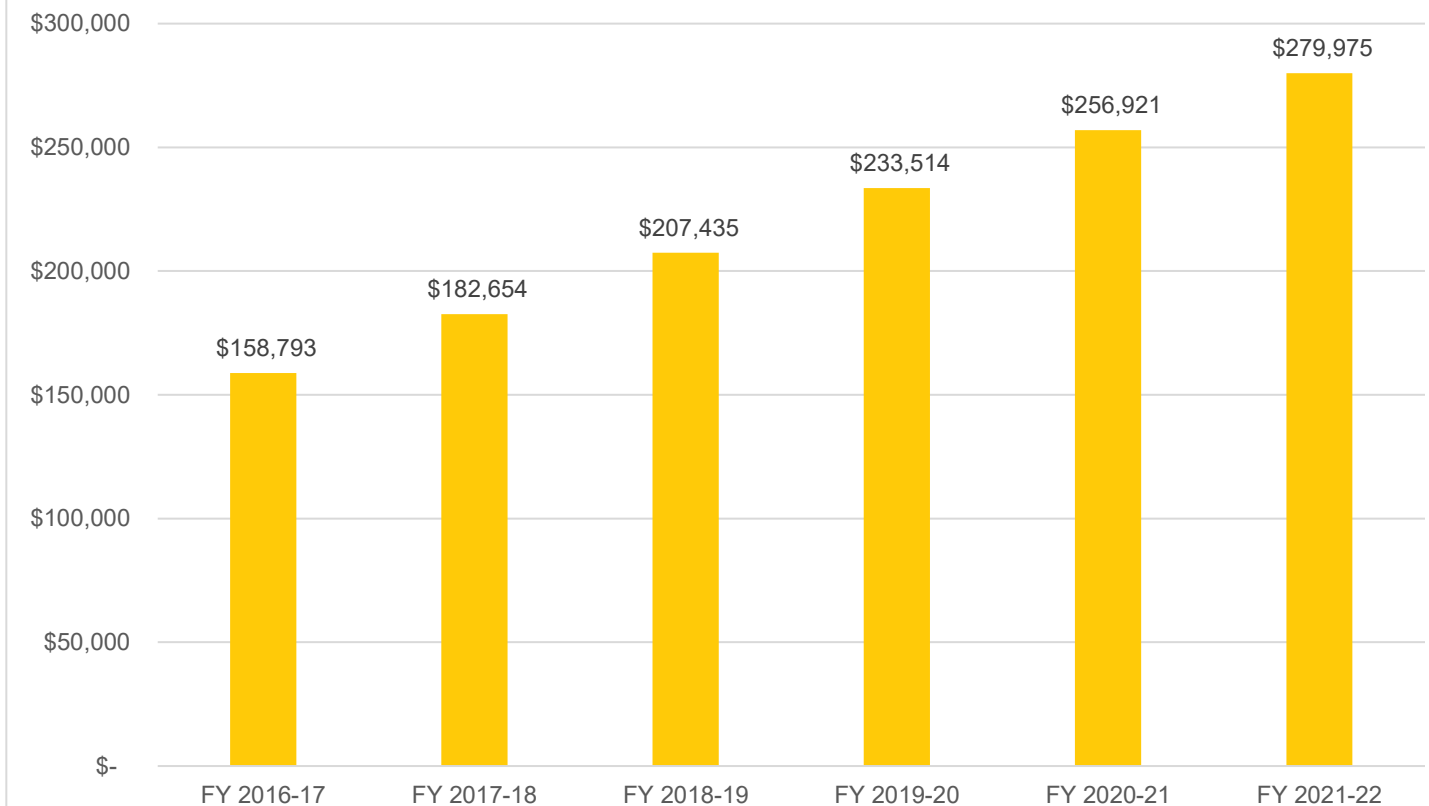


Table 117: Total Revenues & Expenditures

CSA 50	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 1,239.45	\$ 2,039.35	\$ 3,868.96	\$ 4,277.63	\$ 1,634.61	\$ 1,223.02
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 22,176.00	\$ 22,176.00	\$ 22,176.00	\$ 22,176.00	\$ 22,176.00	\$ 22,176.00
Total Revenues	\$ 23,415.45	\$ 24,215.35	\$ 26,044.96	\$ 26,453.63	\$ 23,810.61	\$ 23,399.02
EXPENDITURES						
DPW Services - Vineyard	\$ 85.26	\$ 354.30	\$ 79.05	\$ 79.06	\$ 177.72	\$ 104.25
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 129.88	\$ 131.38	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 807.90	\$ 121.38	\$ 49.33	\$ 79.06
Dept Overhead Costs	\$ -	\$ -	\$ 126.95	\$ 44.59	\$ 44.80	\$ 37.00
Total Expenditures	\$ 224.01	\$ 354.30	\$ 1,263.90	\$ 374.91	\$ 403.23	\$ 345.31
Surplus/(Deficit)	\$ 23,191.44	\$ 23,861.05	\$ 24,781.06	\$ 26,078.72	\$ 23,407.38	\$ 23,053.71
FUND BALANCE						
Beginning of Year	\$ -	\$ 158,793.11	\$ 182,654.16	\$ 207,435.22	\$ 233,513.94	\$ 256,921.32
End of Year	\$158,793.11	\$ 182,654.16	\$207,435.22	\$ 233,513.94	\$256,921.32	\$279,975.03

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 50's first sphere of influence on October 7, 1987. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 149** on page 309 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 57 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 150** on page 310 shows the proposed sphere boundary.

Figure 149: CSA 50's Current Sphere Map

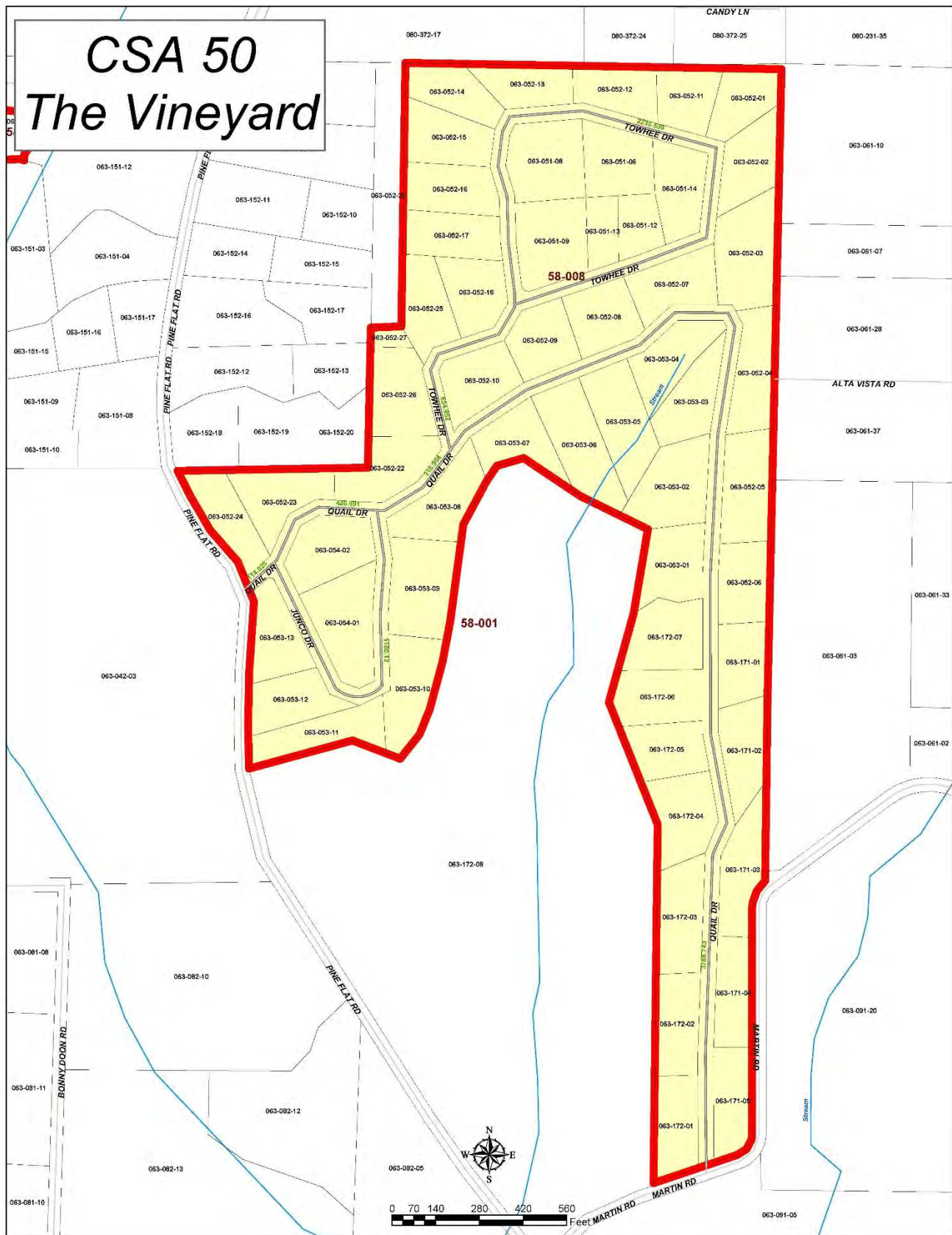
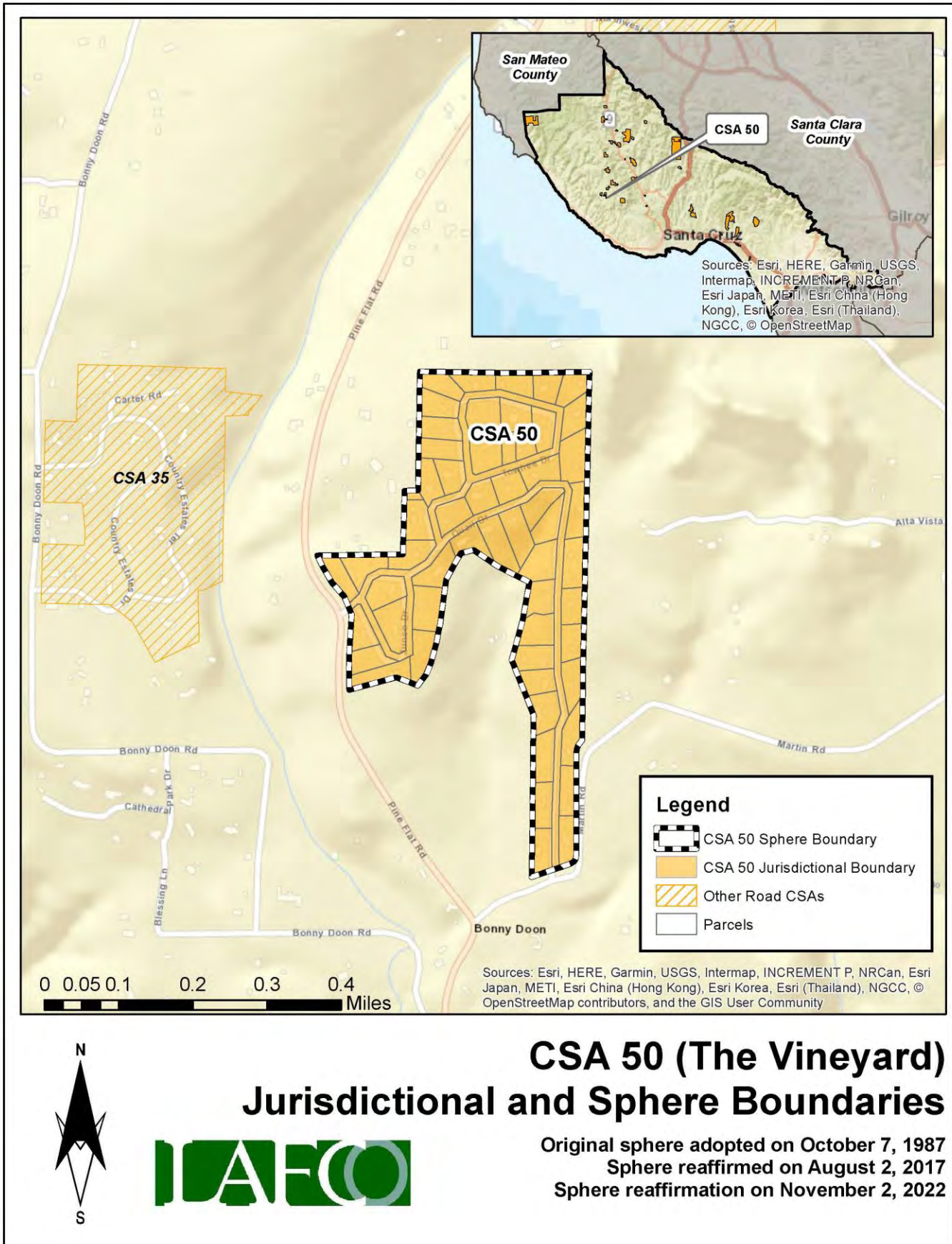


Figure 150: CSA 50's Proposed Sphere Map



District Summary

County Service Area 50	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.65 road miles
District Area	0.10 square miles (appx. 61 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$23,399</p> <p>Total Expenditure = \$345</p> <p>Net Position (Ending Balance) = \$279,975</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 50 in 2020 was estimated to be 27. Based on LAFCO's analysis, the population within the CSA will be approximately 28 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 50 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 50 is financially stable. The CSA ended with a surplus in each of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$280,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 50 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 50 has 57 parcels within its jurisdictional boundary and provides extended services to approximately 1.65 miles of road for the residents.

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.

CSA 50 has a population of approximately 27. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 51 (HOPKINS GULCH ROAD)

Overview

County Service Area 51 was formed on September 6, 1989 with the purpose of providing extended maintenance to 4.07 road miles. **Appendix 29** provides a copy of the formation resolution. There is a total of 68 parcels within the CSA (totaling approximately 716 acres). **Figure 151**, on page 316, is a vicinity map depicting CSA 51's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain Residential. **Table 118** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 51 has 15 funding zones (Zones A-G for improved and unimproved parcels), including a separate rate for the excavating company. **Figure 152** on page 317 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 51.

Table 106: Benefit Assessment Rates (2017 to 2021)

CSA 51	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A (unimproved)	\$6.36	\$6.54	\$6.54	\$6.54	\$6.64
Zone A (improved)	\$25.54	\$26.28	\$26.28	\$26.28	\$26.72
Zone B (unimproved)	\$40.80	\$114.22	\$41.98	\$41.98	\$42.68
Zone B (improved)	\$163.22	\$456.94	\$167.94	\$167.94	\$170.78
Zone C (unimproved)	\$100.82	\$343.23	\$103.74	\$103.74	\$105.50
Zone C (improved)	\$403.36	\$1,373.04	\$415.04	\$415.04	\$422.08
Jackson Excavating Company	\$1,210.24	\$2,203.32	\$1,245.32	\$1,245.32	\$1,266.24
Zone D (unimproved)	\$132.04	\$374.86	\$135.86	\$135.86	\$138.16
Zone D (improved)	\$528.24	\$1,501.54	\$543.54	\$543.54	\$552.78
Zone E (unimproved)	\$144.04	\$387.69	\$148.20	\$148.20	\$150.70
Zone E (improved)	\$576.26	\$1,550.96	\$592.96	\$592.96	\$603.04
Zone F (unimproved)	\$184.88	\$429.73	\$190.24	\$190.24	\$193.46
Zone F (improved)	\$739.50	\$1,719.02	\$761.02	\$761.02	\$773.94
Zone G (unimproved)	\$240.10	\$1,021.54	\$247.06	\$247.06	\$251.26
Zone G (improved)	\$960.48	\$4,086.32	\$988.32	\$988.32	\$1,005.12
Change (%)		3%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 51 was 2020 is estimated to be 34. 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. **Table 119** shows the anticipated population within CSA 51. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 51. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 51 will be approximately 35 by 2040.

Table 119: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 51	34	34	35	35	35

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Figure 151: CSA 51's Vicinity Map

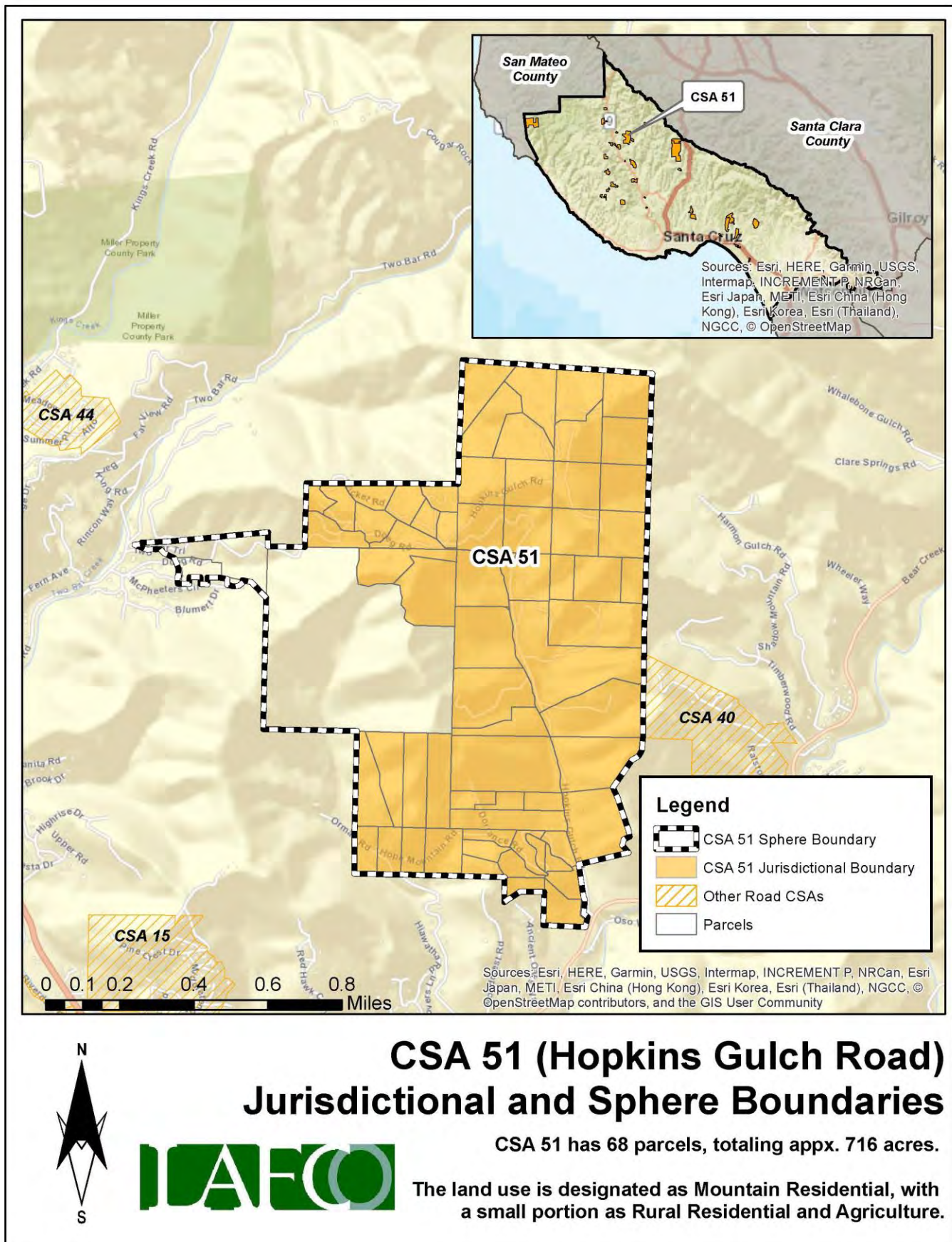
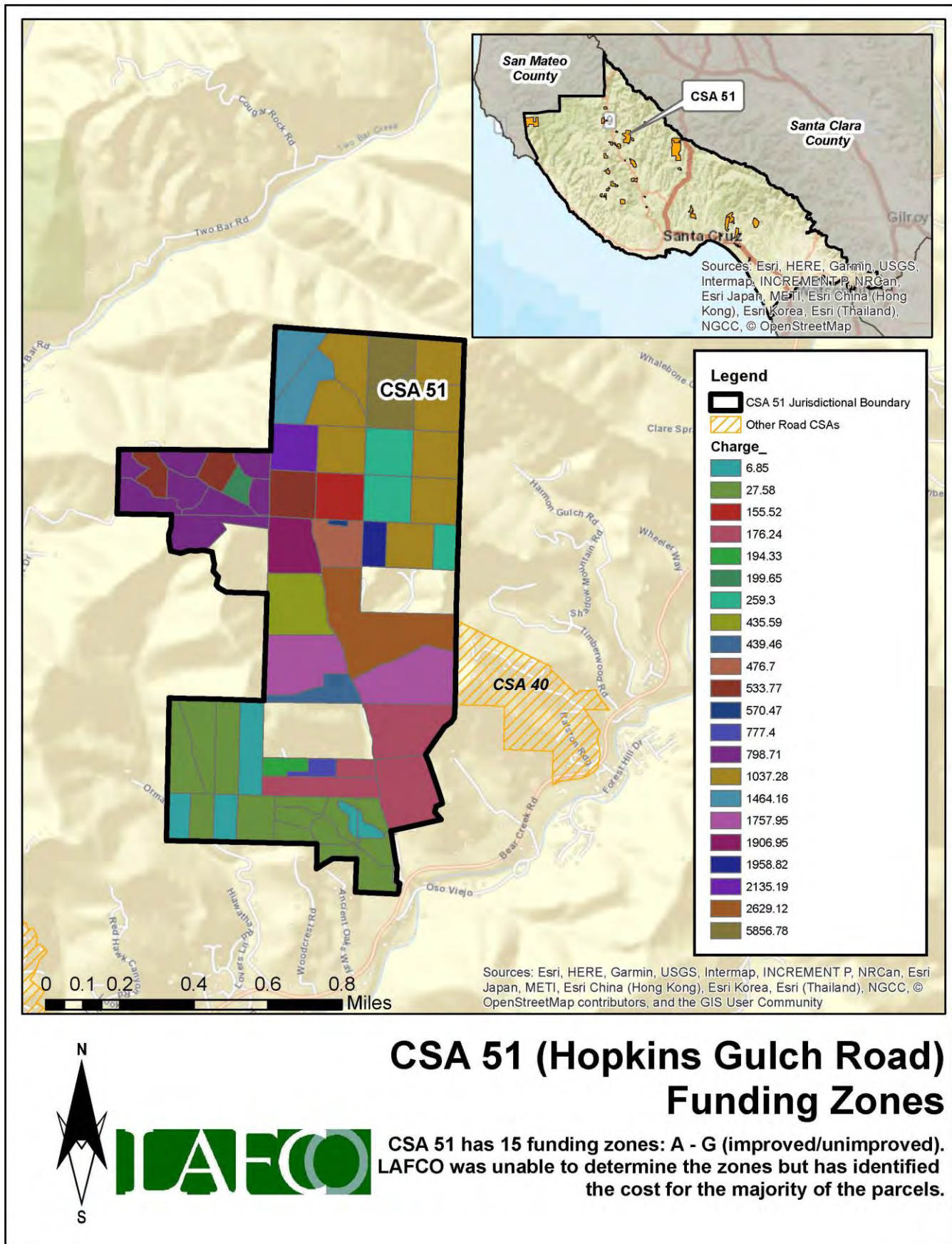


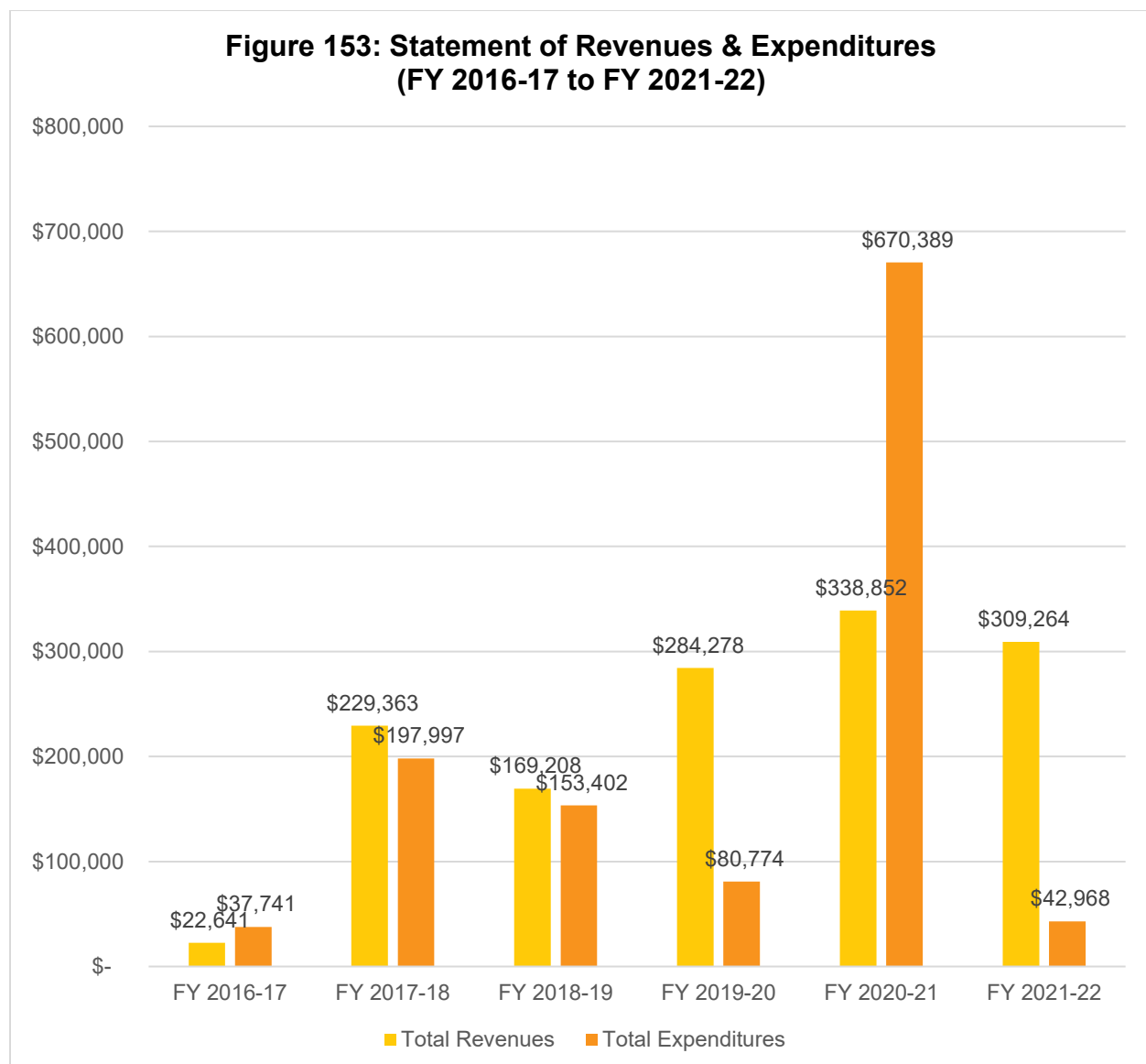
Figure 152: CSA 51's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 51's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 121** on page 320.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$309,000, representing an 8% decrease from the previous year (\$339,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$43,000, which decreased by 94% from the previous year (\$670,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17 and FY 2020-21, as shown in **Figure 153**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$189,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 120** and **Figure 154**, the CSA's fund balance has fluctuated over the years and ended in a deficit in FY 2020-21, totaling almost \$78,000. Based on this historical trend, LAFCO staff believes the positive balance may deplete unless the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 120: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$3,415.10	\$34,780.31	\$50,587.04	\$254,091.57	\$(77,444.60)
Ending Balance	\$3,415	\$34,780	\$50,587	\$254,092	\$(77,445)	\$188,851
Change (\$)	-	\$31,365	\$15,807	\$203,505	\$(331,536)	\$266,296

**Figure 154: Net Position from 2016 to 2022
(Ending Balance)**

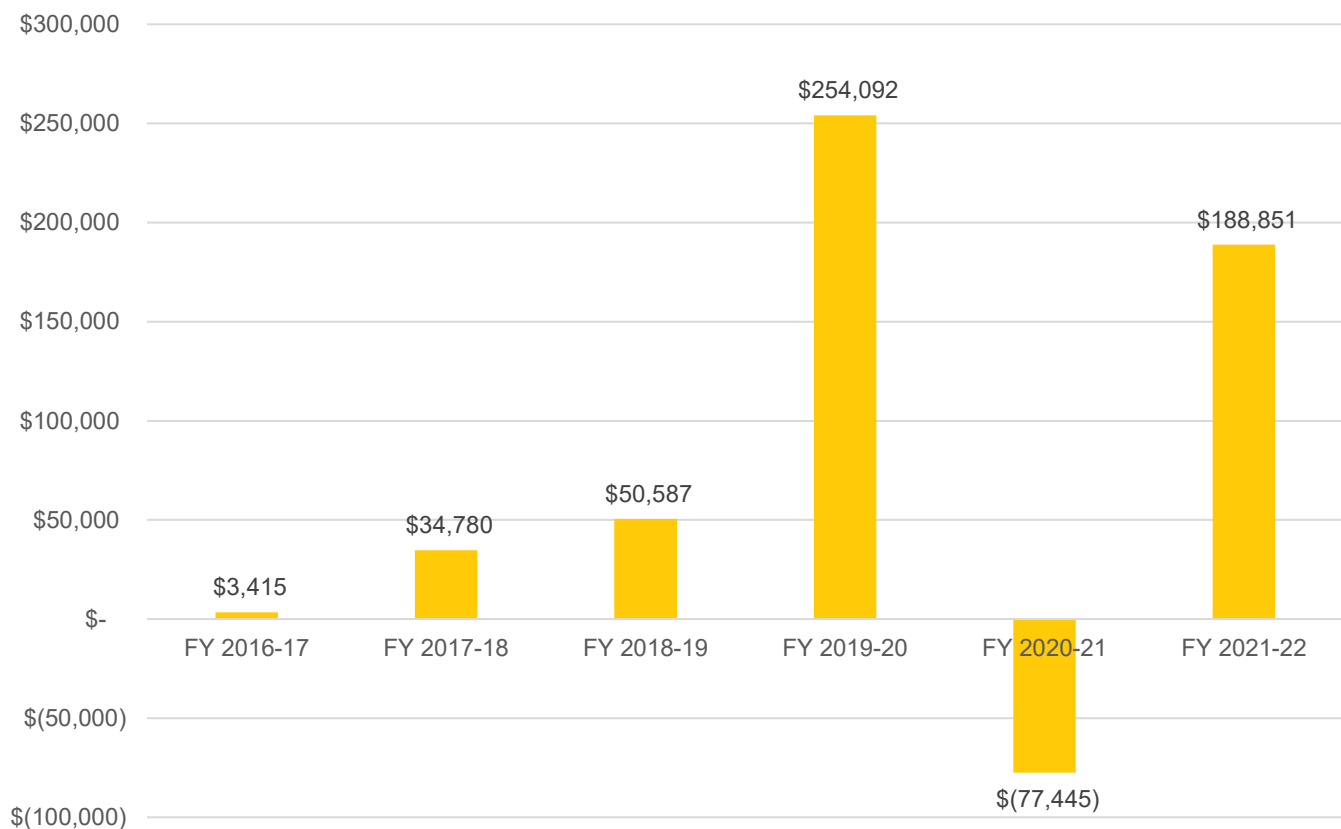


Table 121: Total Revenues & Expenditures

CSA 51	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ (2.29)	\$ (661.46)	\$ (455.04)	\$ (115.43)	\$ (661.31)	\$ (152.05)
St-Natural Disaster Assistance	\$ -	\$ 8,169.00	\$ 83,255.14	\$ 32,826.82	\$ 61,944.00	\$ 48,609.19
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ 148,532.58	\$ 8,233.67	\$ 44,190.12	\$ 225,667.70	\$ 194,437.80
Other Revenue	\$ -	\$ 50,000.00	\$ -	\$ (46,601.17)	\$ 27,585.76	\$ 27,585.83
Member Contributions	\$ -	\$ -	\$ -	\$ 229,654.57	\$ -	\$ 14,046.98
Other Road & Street Services	\$ 22,643.24	\$ 23,322.54	\$ 78,174.64	\$ 24,323.53	\$ 24,316.24	\$ 24,736.16
Total Revenues	\$ 22,640.95	\$ 229,362.66	\$ 169,208.41	\$ 284,278.44	\$ 338,852.39	\$ 309,263.91
EXPENDITURES						
DPW Services - Hopkins Gulch	\$ 37,602.25	\$ 197,997.45	\$ 122,059.93	\$ 12,231.07	\$ 31,171.13	\$ 2,123.74
FEMA Labor	\$ -	\$ -	\$ -	\$ 44,572.41	\$ 561,164.67	\$ 34,765.49
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan	\$ -	\$ -	\$ -	\$ 2,000.00	\$ -	\$ -
Interest on Long Term Debt	\$ -	\$ -	\$ -	\$ 508.81	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 500.00	\$ 500.00
Division Overhead - Admin	\$ -	\$ -	\$ 14,991.84	\$ 12,448.40	\$ 3,448.28	\$ 1,081.05
Dept Overhead Costs	\$ -	\$ -	\$ 16,099.91	\$ 8,888.22	\$ 74,104.48	\$ 4,497.55
Total Expenditures	\$ 37,741.00	\$ 197,997.45	\$ 153,401.68	\$ 80,773.91	\$ 670,388.56	\$ 42,967.83
Surplus/(Deficit)	\$ (15,100.05)	\$ 31,365.21	\$ 15,806.73	\$ 203,504.53	\$ (331,536.17)	\$ 266,296.08
FUND BALANCE						
Beginning of Year	\$ -	\$ 3,415.10	\$ 34,780.31	\$ 50,587.04	\$ 254,091.57	\$ (77,444.60)
End of Year	\$ 3,415.10	\$ 34,780.31	\$ 50,587.04	\$ 254,091.57	\$ (77,444.60)	\$ 188,851.48

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 51's first sphere of influence on September 6, 1989. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 155** on page 321 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 68 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. LAFCO staff is recommending that the sphere boundary reaffirmed. However, the County should consider annexing the five parcels currently within the CSA's sphere but outside its jurisdictional boundary. **Figure 156** on page 322 shows the proposed sphere boundary.

Figure 155: CSA 51's Current Sphere Map

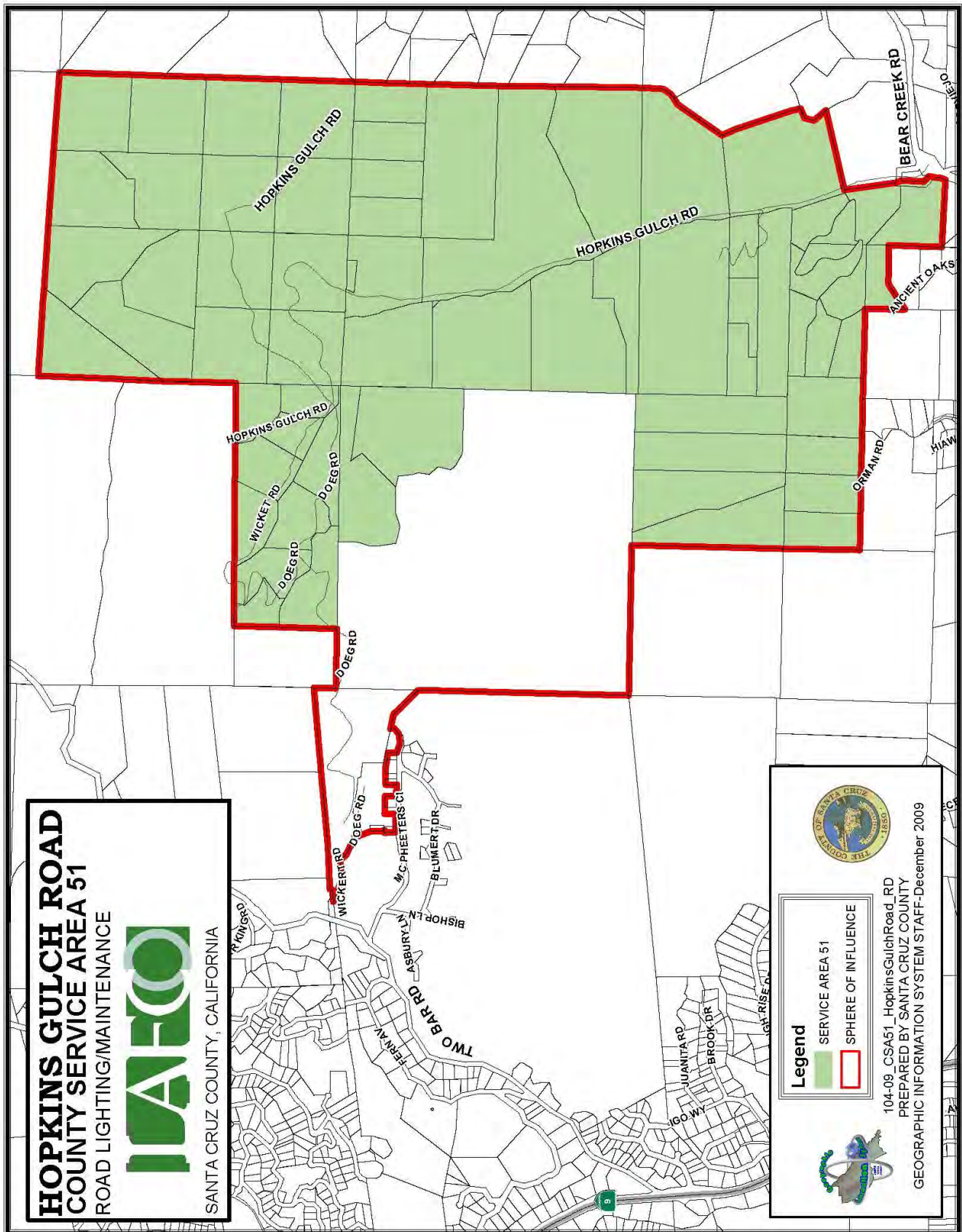
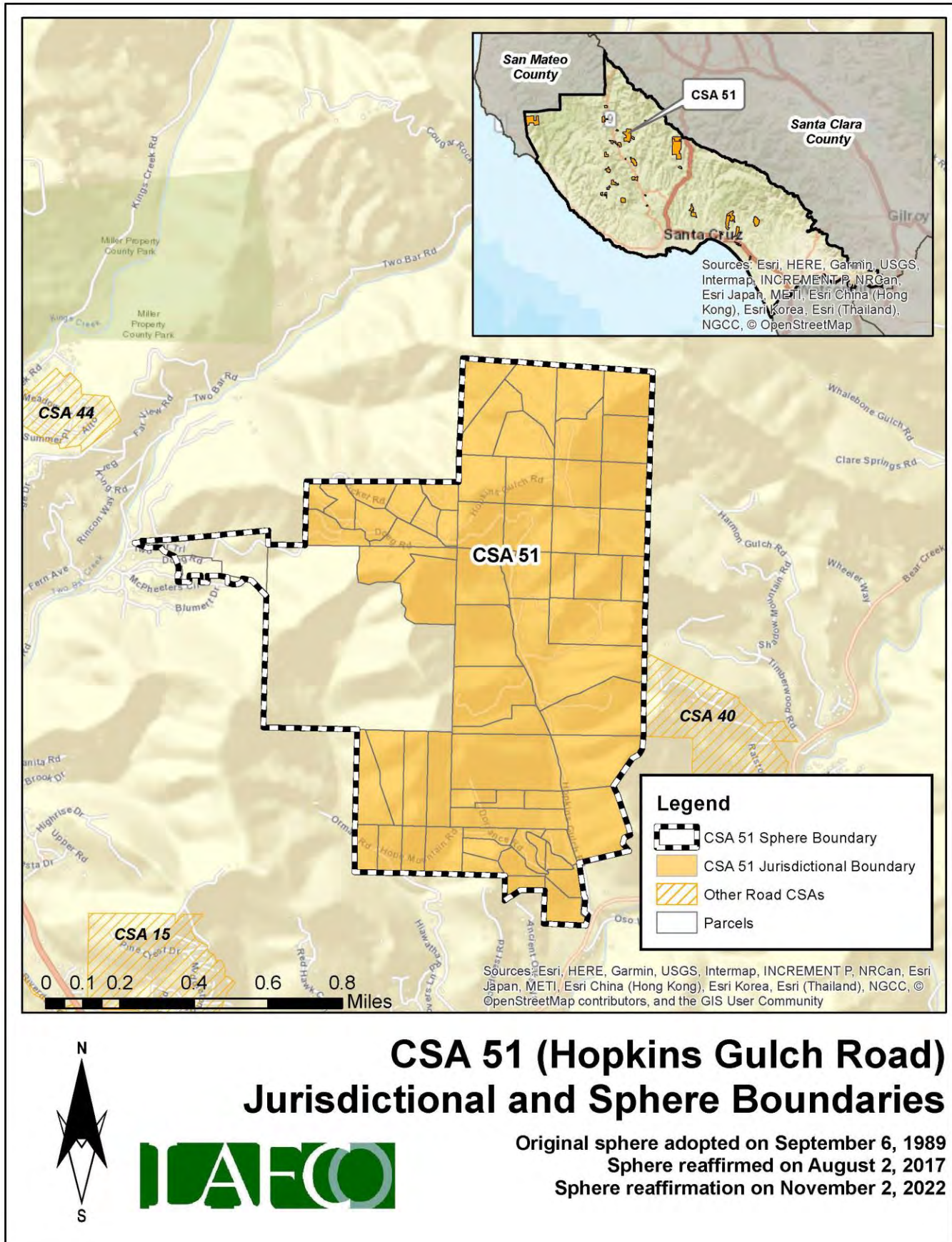


Figure 156: CSA 51's Proposed Sphere Map



District Summary

County Service Area 51	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	4.07 road miles
District Area	1.12 square miles (appx. 716 acres)
Sphere of Influence	<p>Current Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p> <p>Proposed Sphere: Larger than District (i.e., sphere boundary extends beyond the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$309,264</p> <p>Total Expenditure = \$42,968</p> <p>Net Position (Ending Balance) = \$188,851</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 51 in 2020 was estimated to be 34. Based on LAFCO's analysis, the population within the CSA will be approximately 35 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 51 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 51 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$189,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 51 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 51 has 68 parcels within its jurisdictional boundary and provides extended services to approximately 4.07 miles of road for the residents.

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.

CSA 51 has a population of approximately 34. The constituents fund the through 15 zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 52 (UPPER PLEASANT VALLEY ROAD)

Overview

County Service Area 52 was formed on November 7, 1990 with the purpose of providing extended maintenance to 1.58 road miles. **Appendix 30** provides a copy of the formation resolution. There is a total of 54 parcels within the CSA (totaling approximately 388 acres). **Figure 157**, on page 328, is a vicinity map depicting CSA 52's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain and Rural Residential. **Table 122** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 52 has 18 funding zones (Zones A-U) for improved parcels only. **Figure 158** on page 329 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 52.

Table 122: Benefit Assessment Rates (2017 to 2021)

CSA 52	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A (improved)	\$185.94	\$191.32	\$198.78	\$205.34	\$208.82
Zone D (improved)	\$160.10	\$164.74	\$171.16	\$176.80	\$179.80
Zone E (improved)	\$203.48	\$209.38	\$217.54	\$224.72	\$228.54
Zone F (improved)	\$83.18	\$85.58	\$88.92	\$91.84	\$93.40
Zone G (improved)	\$281.56	\$289.72	\$301.02	\$310.94	\$316.22
Zone H (improved)	\$51.52	\$53.00	\$55.06	\$56.88	\$57.84
Zone I (improved)	\$50.84	\$52.30	\$54.34	\$56.12	\$57.06
Zone J (improved)	\$118.32	\$121.74	\$126.48	\$130.64	\$132.86
Zone K (improved)	\$240.04	\$247.00	\$256.62	\$265.08	\$269.58
Zone L (improved)	\$256.90	\$264.34	\$274.64	\$283.70	\$288.52
Zone M (improved)	\$243.92	\$250.98	\$260.76	\$269.36	\$273.92
Zone N (improved)	\$223.02	\$229.48	\$238.42	\$246.28	\$250.46
Zone O (improved)	\$156.22	\$160.74	\$167.00	\$172.50	\$175.42
Zone P (improved)	\$293.00	\$301.48	\$313.24	\$323.58	\$329.08
Zone R (improved)	\$182.92	\$188.22	\$195.56	\$202.00	\$205.42
Zone S (improved)	\$118.92	\$122.36	\$127.12	\$131.30	\$133.52
Zone T (improved)	\$254.56	\$261.94	\$272.16	\$281.14	\$285.90
Zone U (improved)	\$266.98	\$274.72	\$285.42	\$294.84	\$299.84
Change (%)		3%	4%	3%	2%

Population and Growth

Based on staff's analysis, the population of CSA 52 was 2020 is estimated to be 27. 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. **Table 123** shows the anticipated population within CSA 52. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 52. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 52 will be approximately 28 by 2040.

Table 123: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 52	27	27	27	28	28

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Figure 157: CSA 52's Vicinity Map

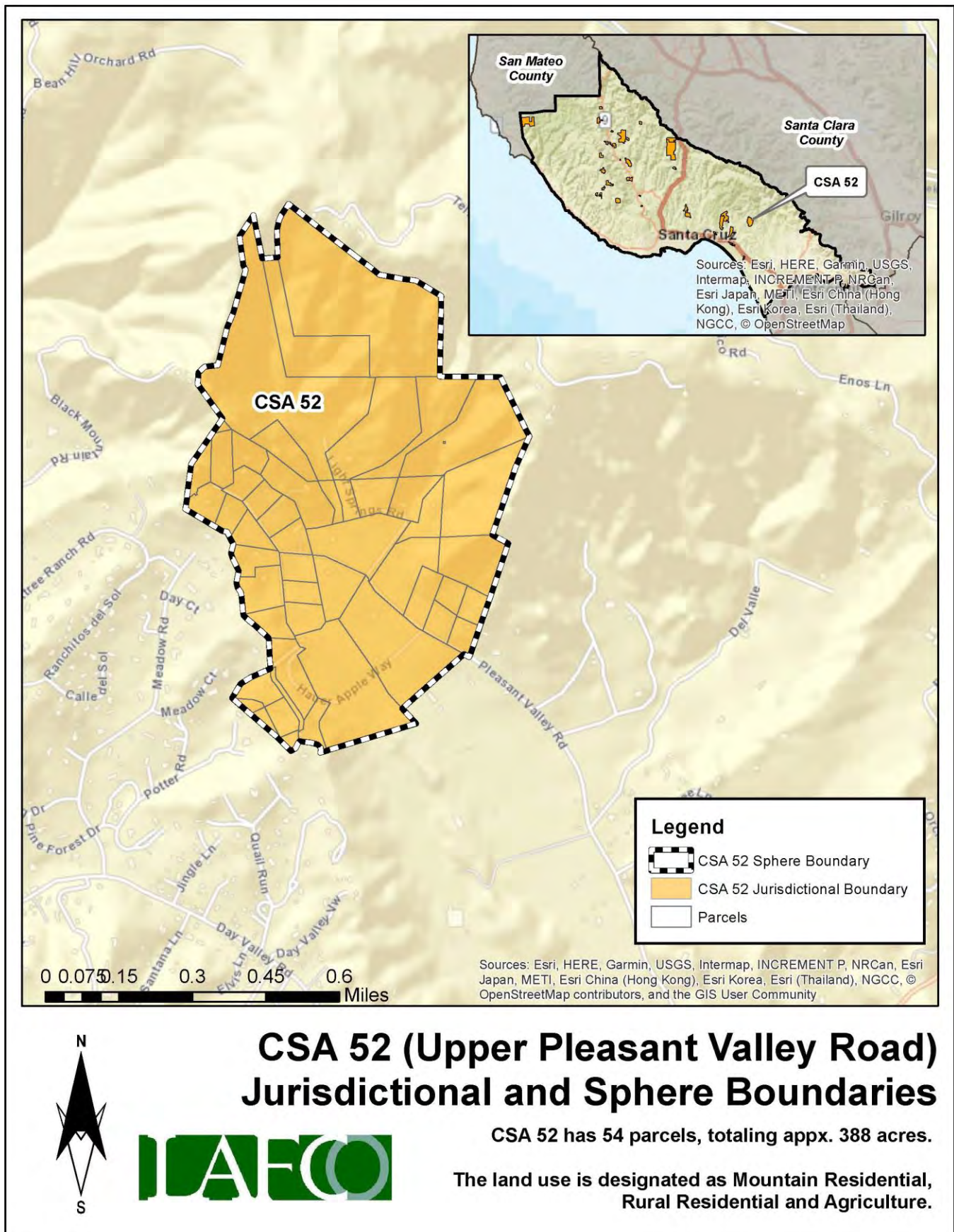
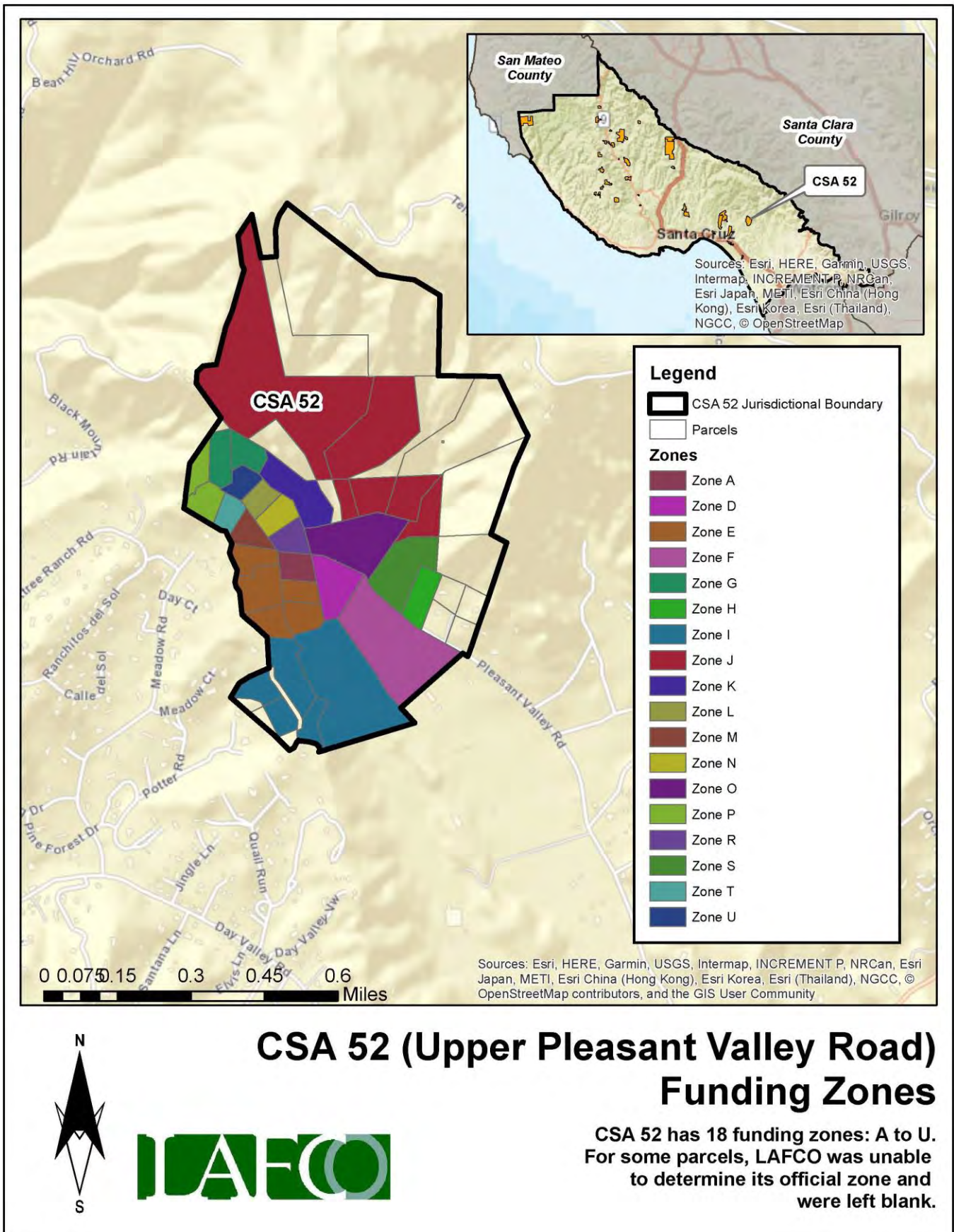


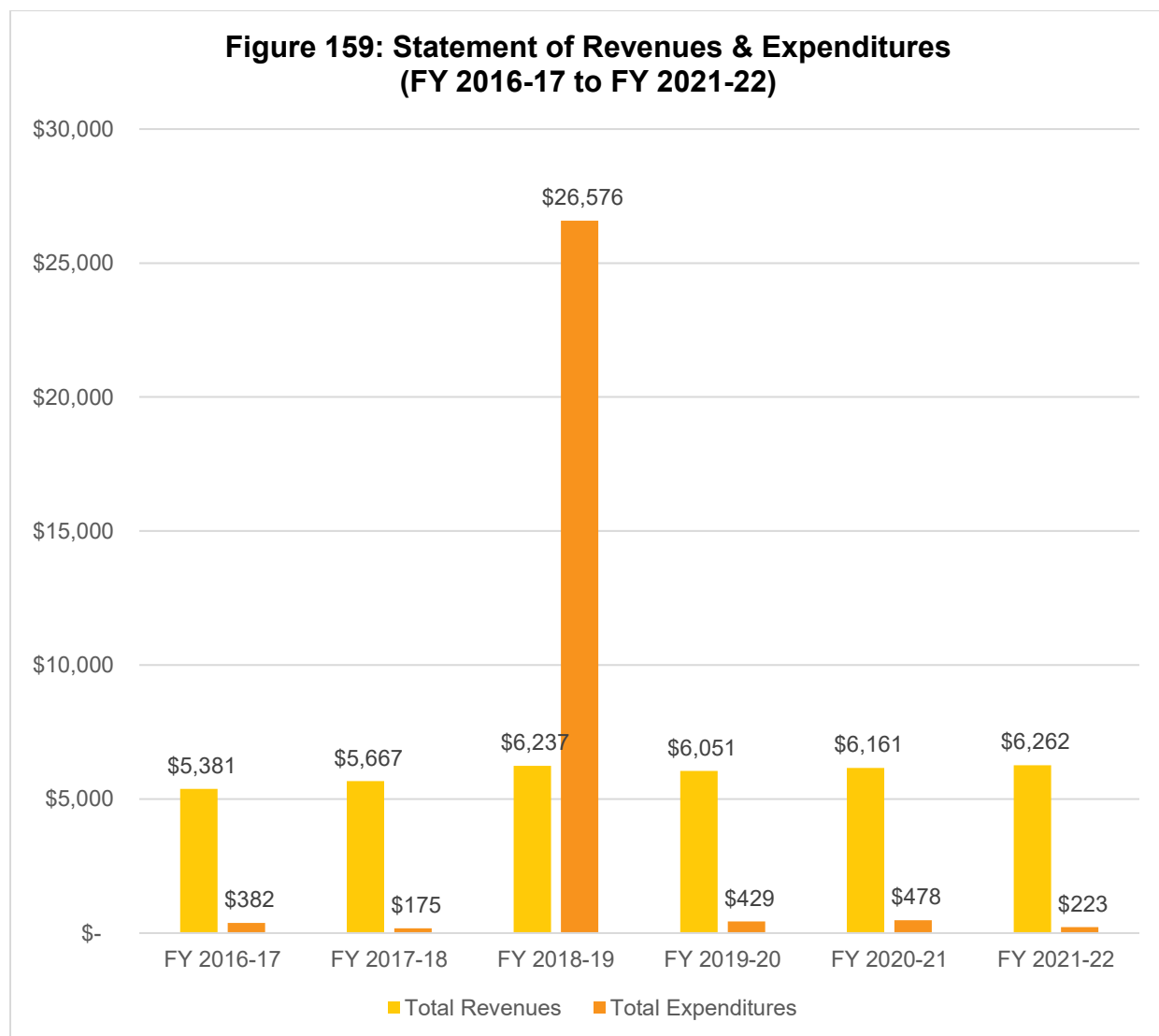
Figure 158: CSA 52's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 52's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 125** on page 332.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$6,260, representing a 1.64% increase from the previous year (\$6,160 in FY 20-21). Total expenses for FY 2021-22 were approximately \$220, which decreased by 53% from the previous year (\$480 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2018-19, as shown in **Figure 159**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$24,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 124** and **Figure 160**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$6,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 124: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$21,202.86	\$26,694.82	\$6,355.43	\$11,977.24	\$17,659.44
Ending Balance	\$21,203	\$26,695	\$6,355	\$11,977	\$17,659	\$23,698
Change (\$)	-	\$5,492	\$(20,339)	\$5,622	\$5,682	\$6,038

**Figure 160: Net Position from 2016 to 2022
(Ending Balance)**

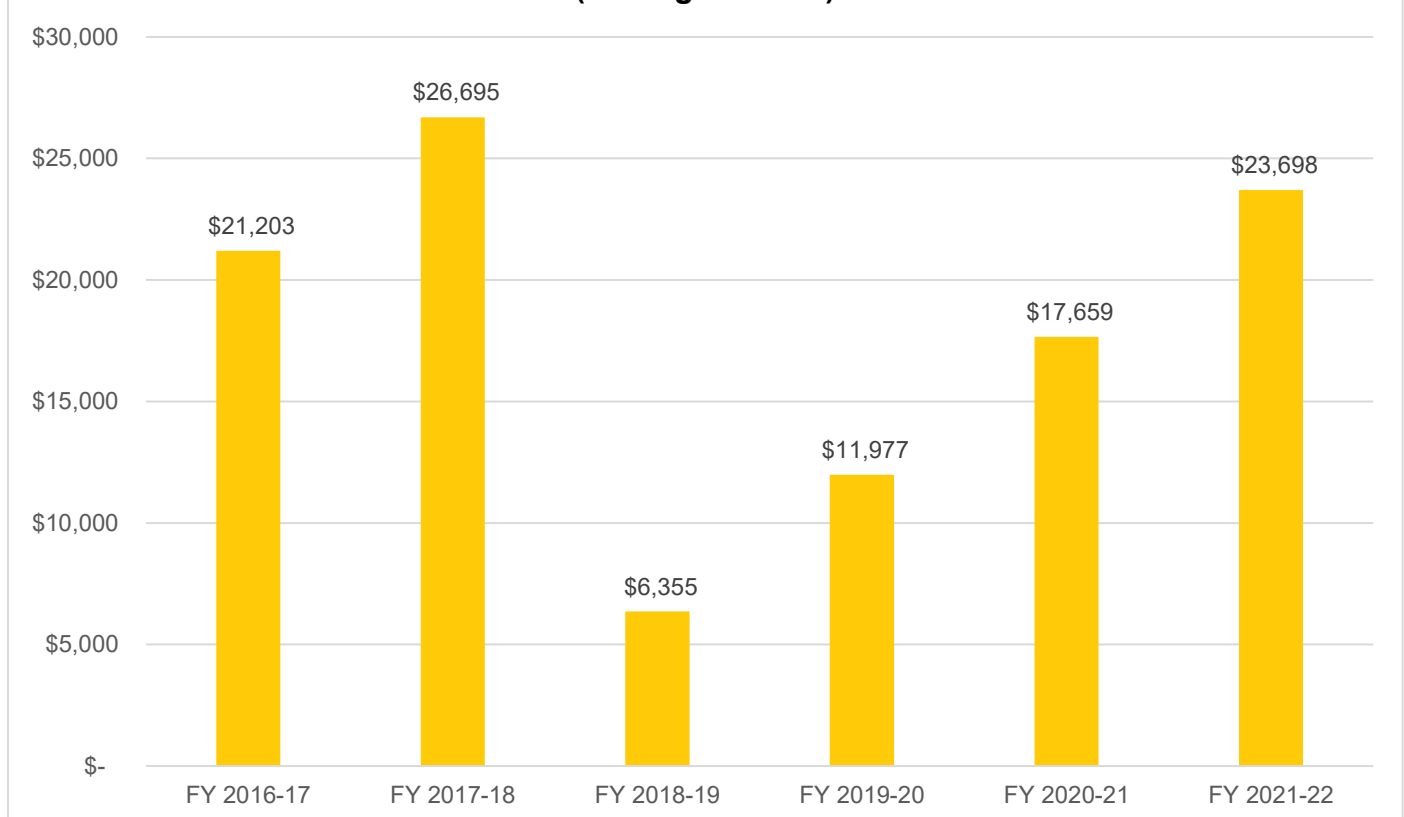


Table 125: Total Revenues & Expenditures

CSA 52	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 155.90	\$ 284.94	\$ 578.54	\$ 172.24	\$ 92.16	\$ 85.76
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 5,224.82	\$ 5,381.58	\$ 5,658.50	\$ 5,879.04	\$ 6,068.50	\$ 6,175.82
Total Revenues	\$ 5,380.72	\$ 5,666.52	\$ 6,237.04	\$ 6,051.28	\$ 6,160.66	\$ 6,261.58
EXPENDITURES						
DPW Services - Pleasant Valley	\$ 243.44	\$ 174.56	\$ 22,733.64	\$ 53.64	\$ 250.96	\$ 20.85
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 751.06	\$ 199.74	\$ 49.33	\$ 53.64
Dept Overhead Costs	\$ -	\$ -	\$ 2,841.73	\$ 51.09	\$ 53.17	\$ 23.94
Total Expenditures	\$ 382.19	\$ 174.56	\$ 26,576.43	\$ 429.47	\$ 478.46	\$ 223.43
Surplus/(Deficit)	\$ 4,998.53	\$ 5,491.96	\$ (20,339.39)	\$ 5,621.81	\$ 5,682.20	\$ 6,038.15
FUND BALANCE						
Beginning of Year	\$ -	\$ 21,202.86	\$ 26,694.82	\$ 6,355.43	\$ 11,977.24	\$ 17,659.44
End of Year	\$ 21,202.86	\$ 26,694.82	\$ 6,355.43	\$ 11,977.24	\$ 17,659.44	\$ 23,697.59

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 52's first sphere of influence on November 7, 1990. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 161** on page 333 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 54 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 162** on page 334 shows the proposed sphere boundary.

Figure 161: CSA 52's Current Sphere Map

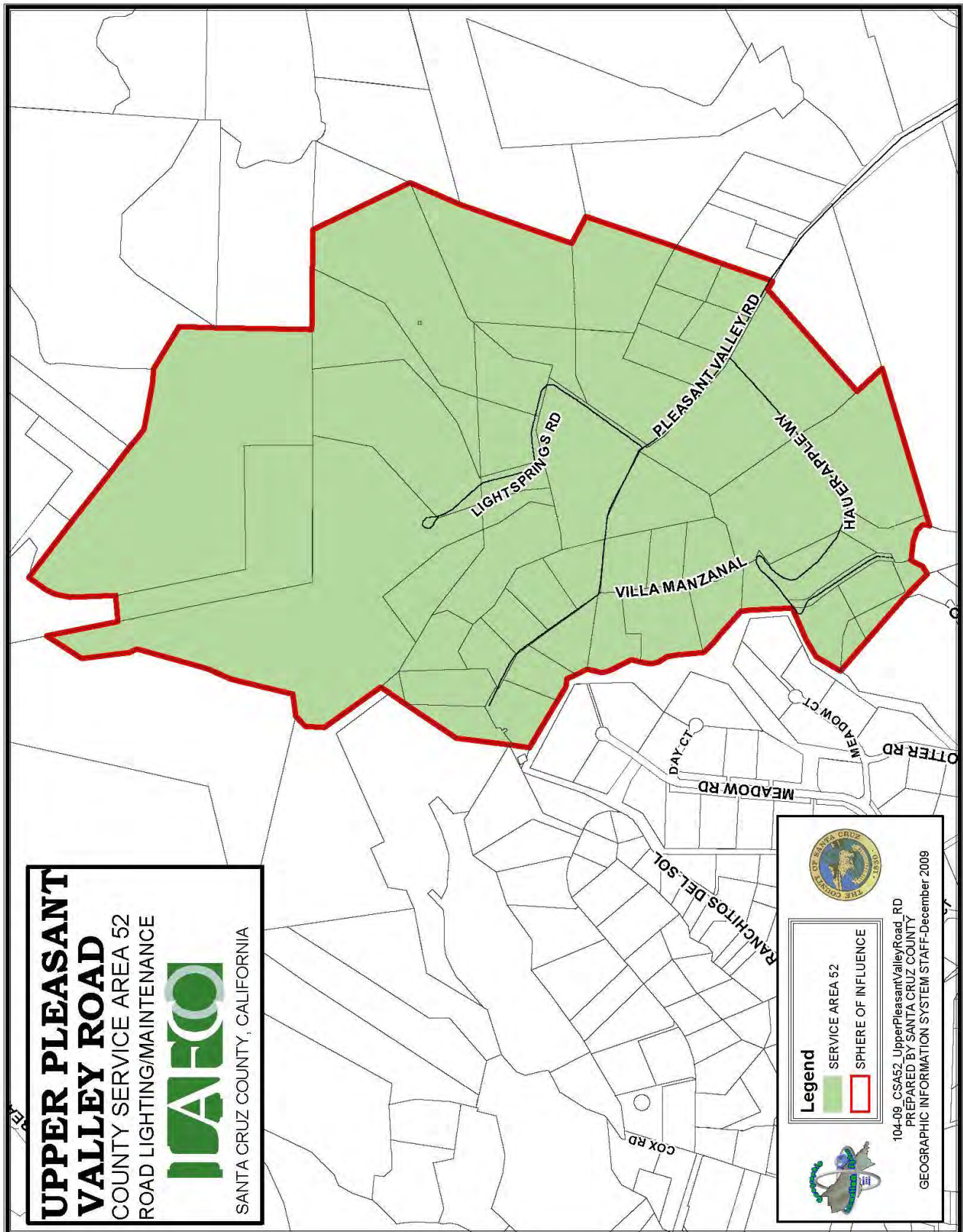
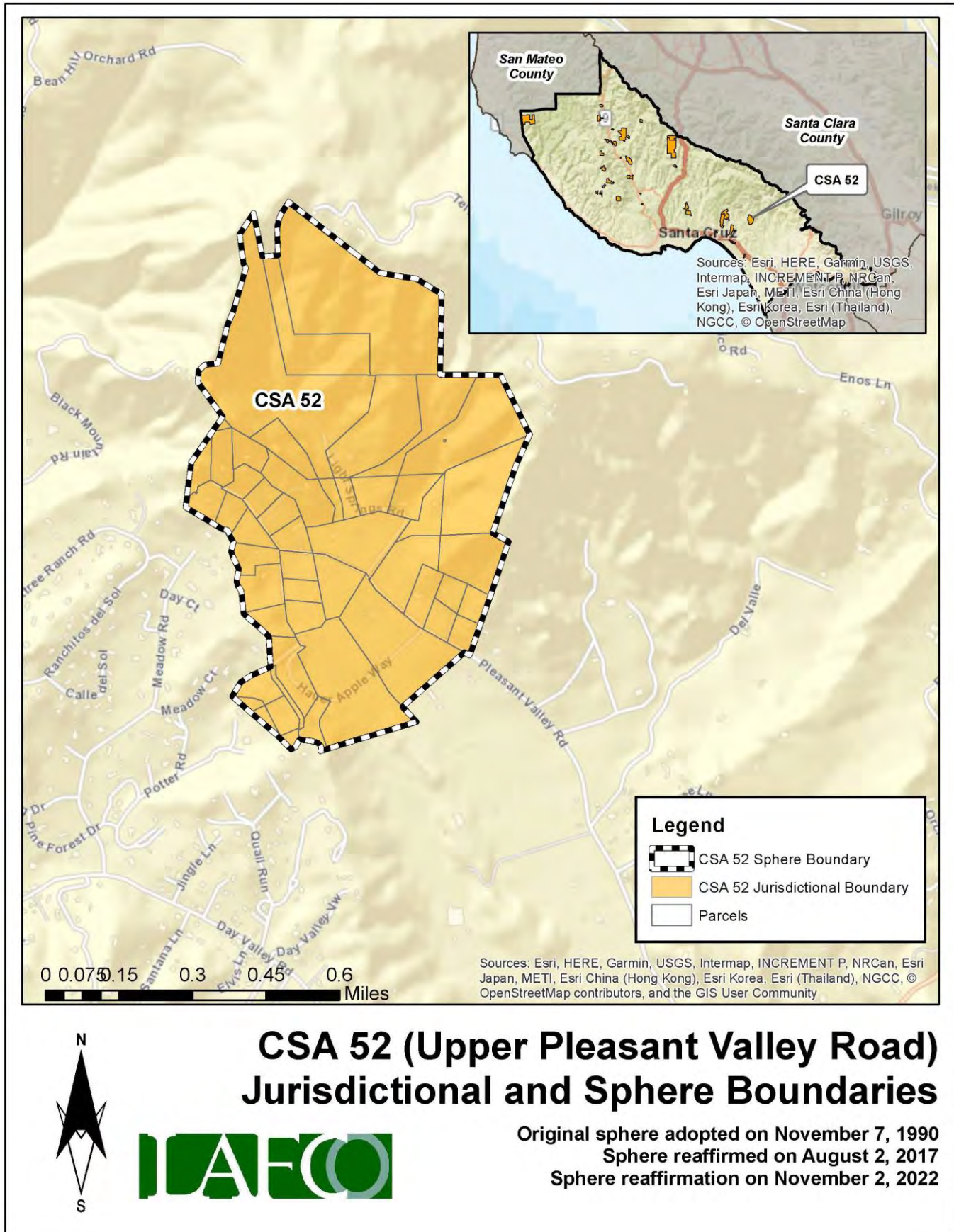


Figure 162: CSA 52's Proposed Sphere Map



District Summary

County Service Area 52	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	1.58 road miles
District Area	0.60 square miles (appx. 388 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$6,262</p> <p>Total Expenditure = \$223</p> <p>Net Position (Ending Balance) = \$23,698</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 52 in 2020 was estimated to be 27. Based on LAFCO's analysis, the population within the CSA will be approximately 28 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 52 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 52 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$24,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 52 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 52 has 54 parcels within its jurisdictional boundary and provides extended services to approximately 1.58 miles of road for the residents.

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.

CSA 52 has a population of approximately 27. The constituents fund the through 18 zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 55 (RIVERDALE PARK)

Overview

County Service Area 55 was formed on August 7, 1996 with the purpose of providing extended maintenance to 0.91 road miles. **Appendix 31** provides a copy of the formation resolution. There is a total of 69 parcels within the CSA (totaling approximately 35 acres). **Figure 163**, on page 340, is a vicinity map depicting CSA 55's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain and Rural Residential. **Table 126** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 55 has nine funding zones (Zones A-I). The rates have remained the same since FY 2018-19. **Figure 164** on page 341 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 55.

Table 126: Benefit Assessment Rates (2017 to 2021)

CSA 55	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone A	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
<i>Change (%)</i>		0%	0%	0%	0%
Zone B	\$550.00	\$565.00	\$565.00	\$565.00	\$565.00
<i>Change (%)</i>		3%	0%	0%	0%
Zone C	\$15.00	\$580.00	\$580.00	\$580.00	\$580.00
<i>Change (%)</i>		3767%	0%	0%	0%
Zone D	\$40.00	\$620.00	\$620.00	\$620.00	\$620.00
<i>Change (%)</i>		1450%	0%	0%	0%
Zone E	\$25.00	\$605.00	\$605.00	\$605.00	\$605.00
<i>Change (%)</i>		2320%	0%	0%	0%
Zone F	-	\$605.00	\$605.00	\$605.00	\$605.00
<i>Change (%)</i>			0%	0%	0%
Zone G	-	\$620.00	\$620.00	\$620.00	\$620.00
<i>Change (%)</i>			0%	0%	0%
Zone H	\$60.00	\$680.00	\$680.00	\$680.00	\$680.00
<i>Change (%)</i>		1033%	0%	0%	0%
Zone I	\$200.00	\$215.00	\$215.00	\$215.00	\$215.00
<i>Change (%)</i>		8%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 55 was 2020 is estimated to be 35. 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. **Table 127** shows the anticipated population within CSA 55. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 55. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 55 will be approximately 36 by 2040.

Table 127: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 55	35	35	35	35	36

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Figure 163: CSA 55's Vicinity Map

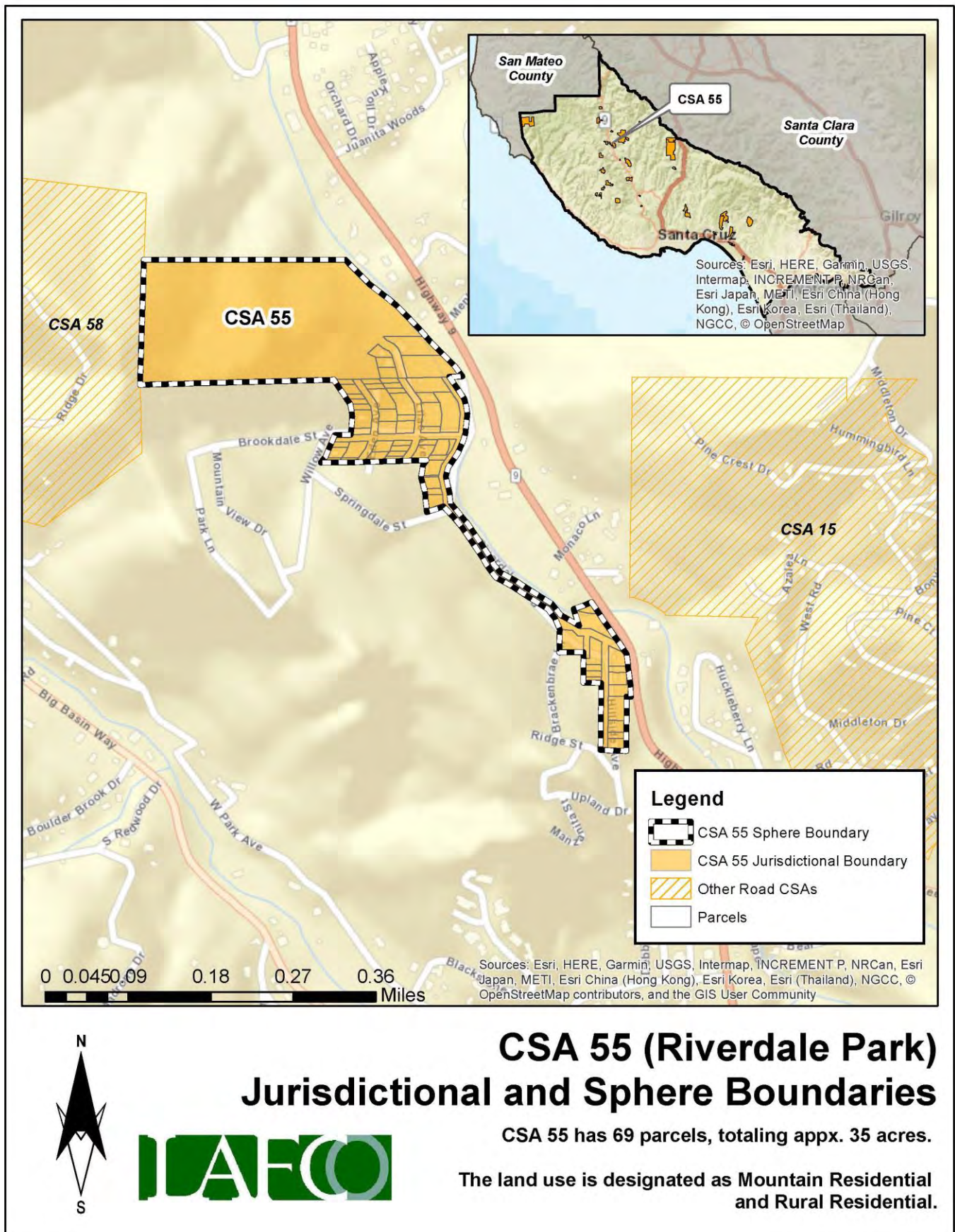
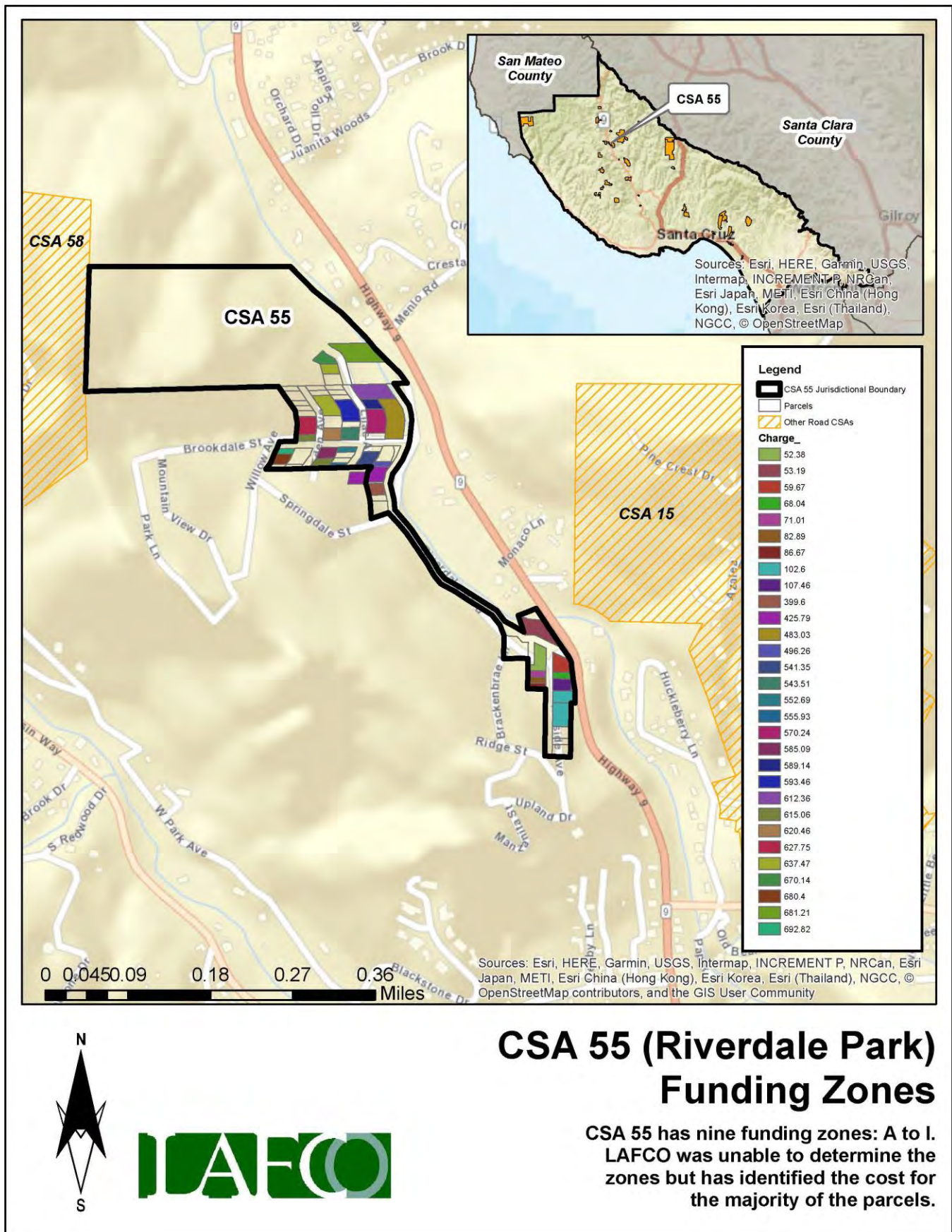


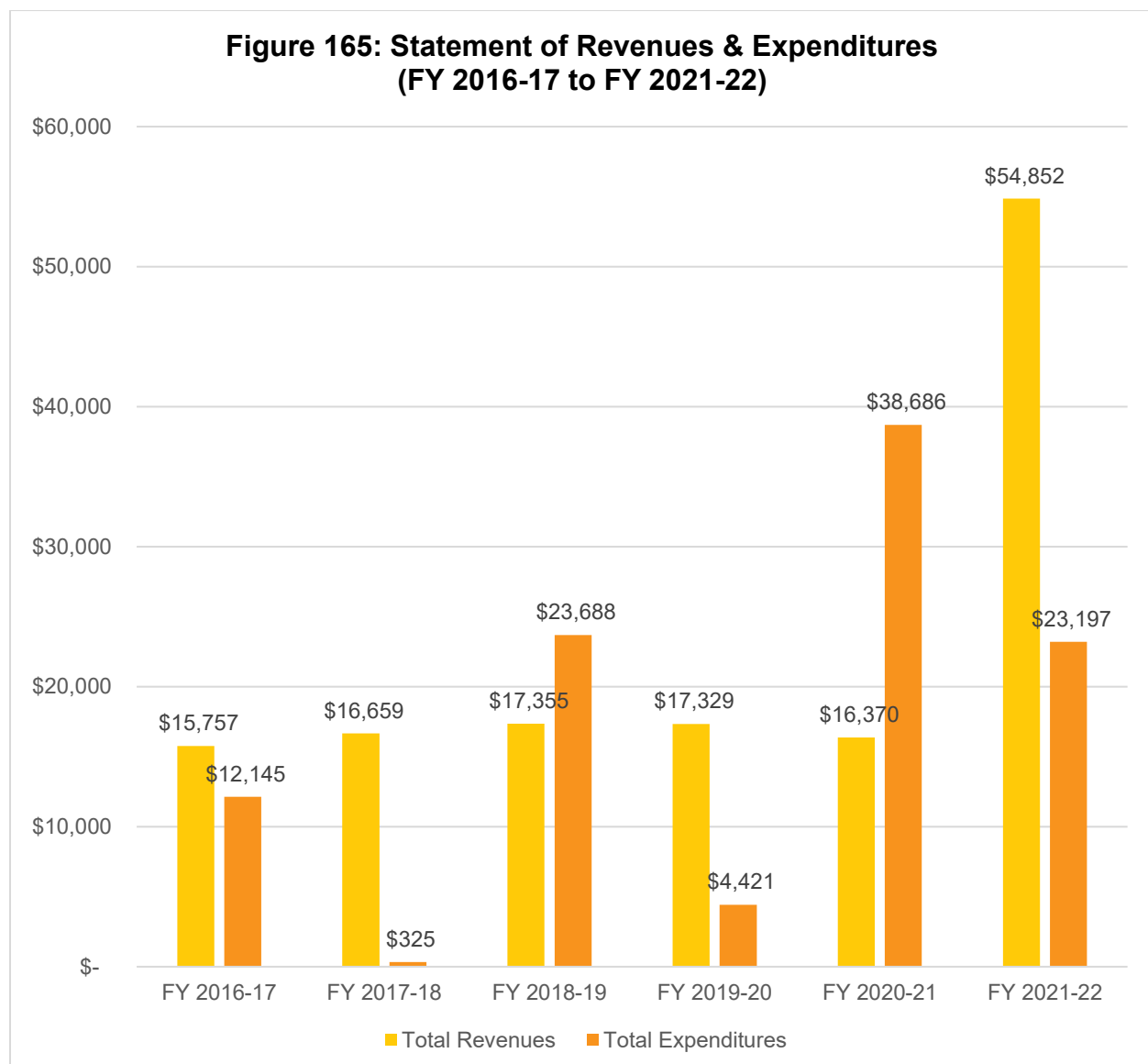
Figure 164: CSA 55's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 55's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 129** on page 344.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$55,000, representing a 235% increase from the previous year (\$16,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$23,000, which decreased by 40% from the previous year (\$39,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2018-19 and FY 2020-21, as shown in **Figure 165**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$96,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 128** and **Figure 166**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$63,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 128: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$63,353.17	\$79,686.35	\$73,352.58	\$86,261.09	\$63,945.14
Ending Balance	\$63,353	\$79,686	\$73,353	\$86,261	\$63,945	\$95,600
Change (\$)	-	\$16,333	\$(6,334)	\$12,909	\$(22,316)	\$31,655

**Figure 166: Net Position from 2016 to 2022
(Ending Balance)**

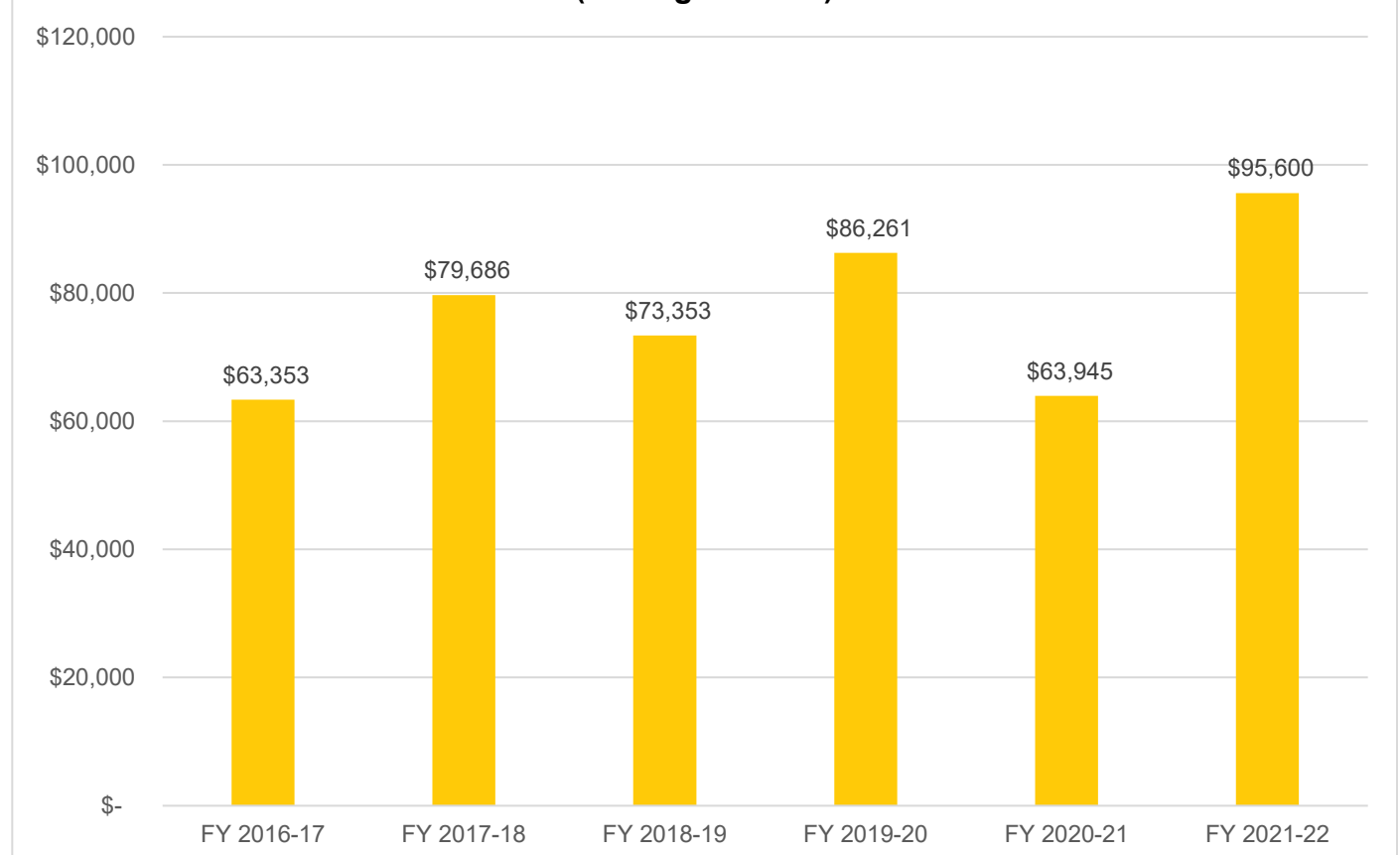


Table 129: Total Revenues & Expenditures

CSA 55	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 551.01	\$ 847.13	\$ 1,564.37	\$ 1,523.83	\$ 565.04	\$ 296.90
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750.00
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000.00
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 15,206.20	\$ 15,811.40	\$ 15,790.35	\$ 15,805.35	\$ 15,805.35	\$ 15,805.35
Total Revenues	\$ 15,757.21	\$ 16,658.53	\$ 17,354.72	\$ 17,329.18	\$ 16,370.39	\$ 54,852.25
EXPENDITURES						
DPW Services - Riverdale Park	\$ 12,006.67	\$ 325.35	\$ 18,546.58	\$ 2,646.58	\$ 32,646.58	\$ 20,103.31
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 140.00
Division Overhead - Admin		\$ -	\$ 2,358.85	\$ 1,123.29	\$ 1,616.27	\$ 436.85
Dept Overhead Costs		\$ -	\$ 2,533.06	\$ 525.80	\$ 4,298.49	\$ 2,516.98
Total Expenditures	\$ 12,145.42	\$ 325.35	\$ 23,688.49	\$ 4,420.67	\$ 38,686.34	\$ 23,197.14
Surplus/(Deficit)	\$ 3,611.79	\$ 16,333.18	\$ (6,333.77)	\$ 12,908.51	\$ (22,315.95)	\$ 31,655.11
FUND BALANCE						
Beginning of Year	\$ -	\$ 63,353.17	\$ 79,686.35	\$ 73,352.58	\$ 86,261.09	\$ 63,945.14
End of Year	\$ 63,353.17	\$ 79,686.35	\$ 73,352.58	\$ 86,261.09	\$ 63,945.14	\$ 95,600.25

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 55's first sphere of influence on August 7, 1996. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 167** on page 345 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 69 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 168** on page 346 shows the proposed sphere boundary.

Figure 167: CSA 55's Current Sphere Map

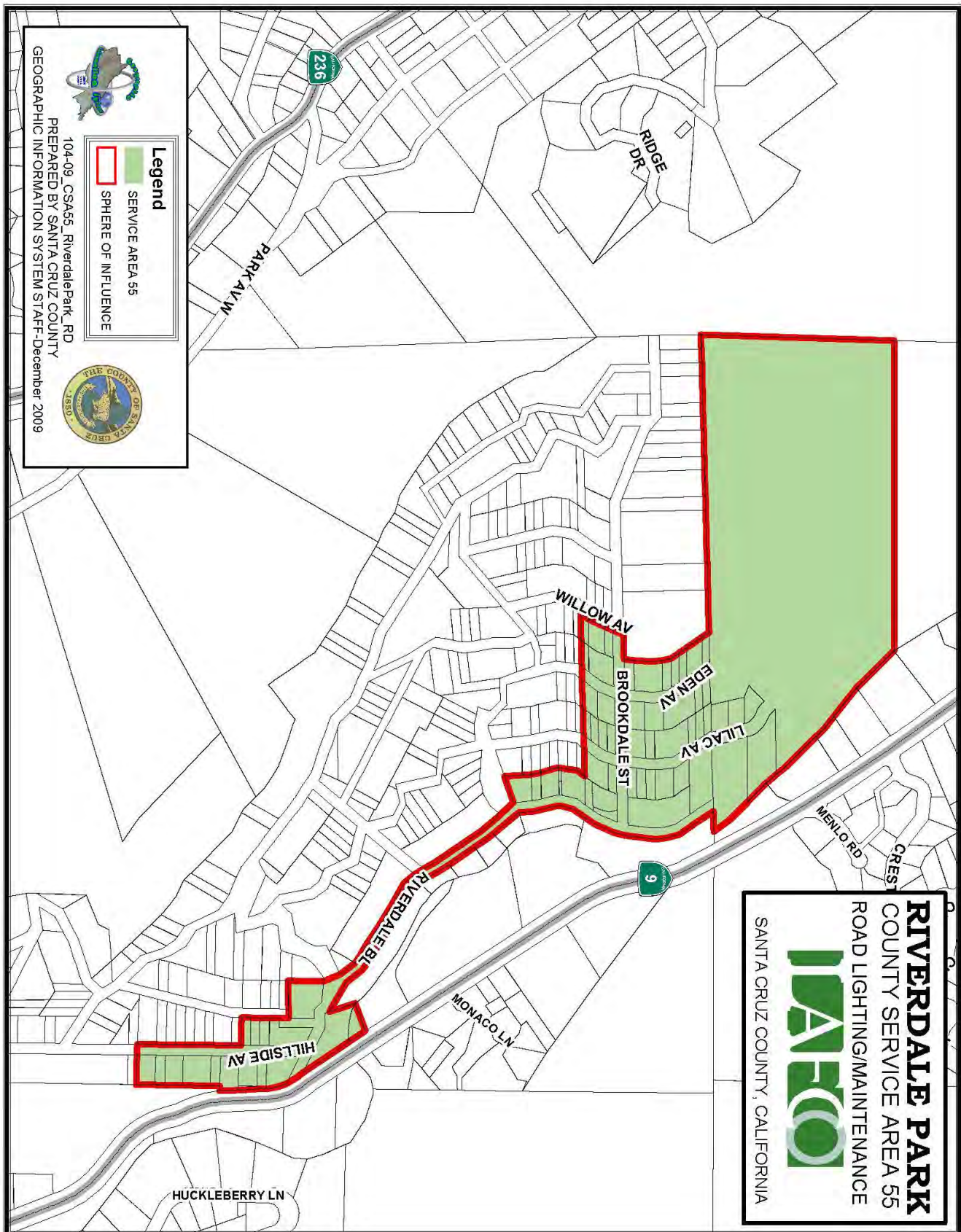
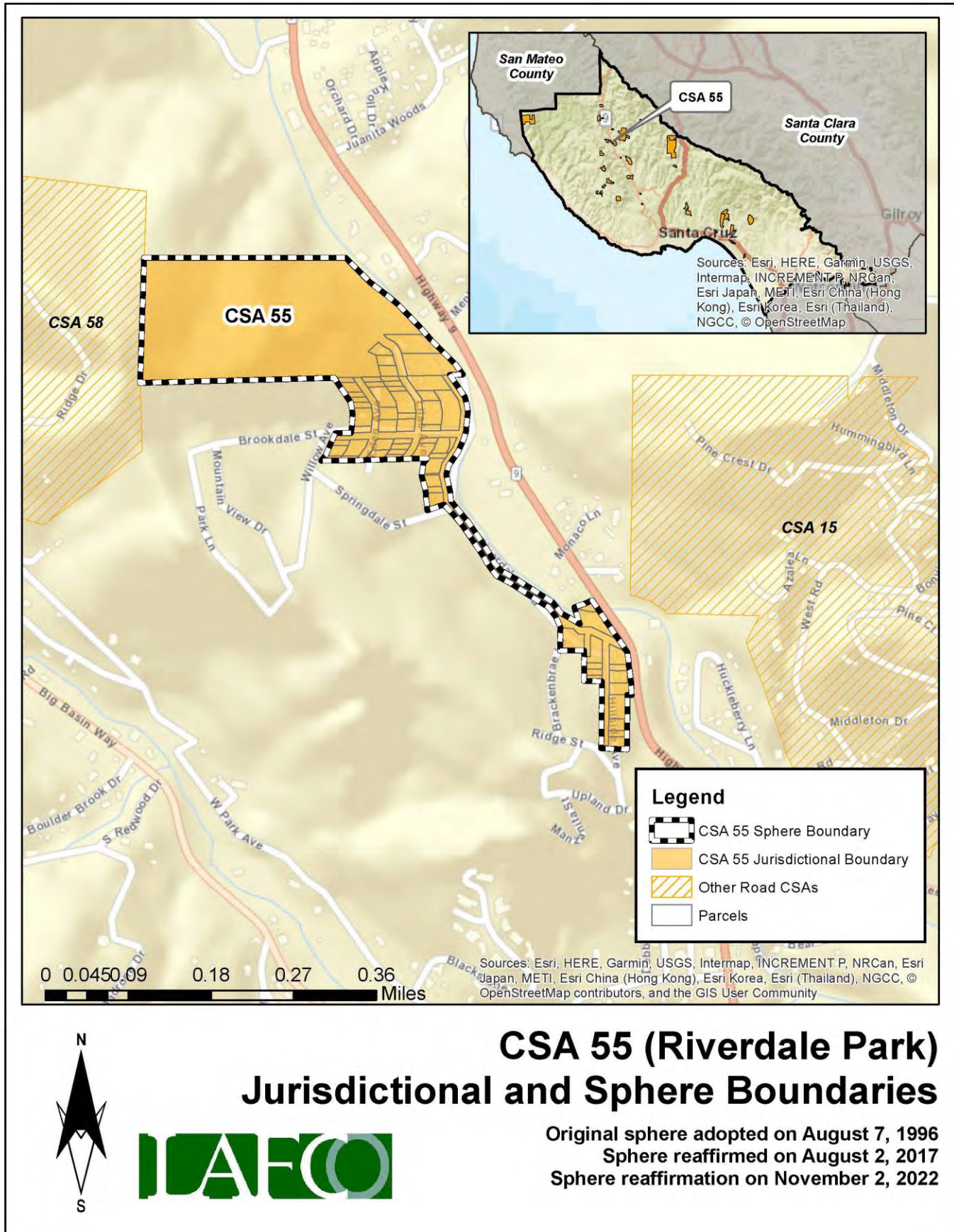


Figure 168: CSA 55's Proposed Sphere Map



District Summary

County Service Area 55	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.91 road miles
District Area	0.05 square miles (appx. 35 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$54,852</p> <p>Total Expenditure = \$23,187</p> <p>Net Position (Ending Balance) = \$95,600</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 55 in 2020 was estimated to be 35. Based on LAFCO's analysis, the population within the CSA will be approximately 36 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 55 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 55 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$96,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 55 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 55 has 69 parcels within its jurisdictional boundary and provides extended services to approximately 0.91 miles of road for the residents.

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.

CSA 55 has a population of approximately 35. The constituents fund the through nine zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 56 (FELTON GROVE)

Overview

County Service Area 56 was formed on February 4, 1998 with the purpose of providing extended maintenance to 0.57 road miles. **Appendix 32** provides a copy of the formation resolution. There is a total of 56 parcels within the CSA (totaling approximately 11 acres). **Figure 169**, on page 351, is a vicinity map depicting CSA 56's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Suburban Residential. **Table 130** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 56 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 56.

Table 130: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 56	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Change (%)		0%	0%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 56 was 2020 is estimated to be 165. 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. **Table 131** shows the anticipated population within CSA 56. The average rate of change is 0.86%.

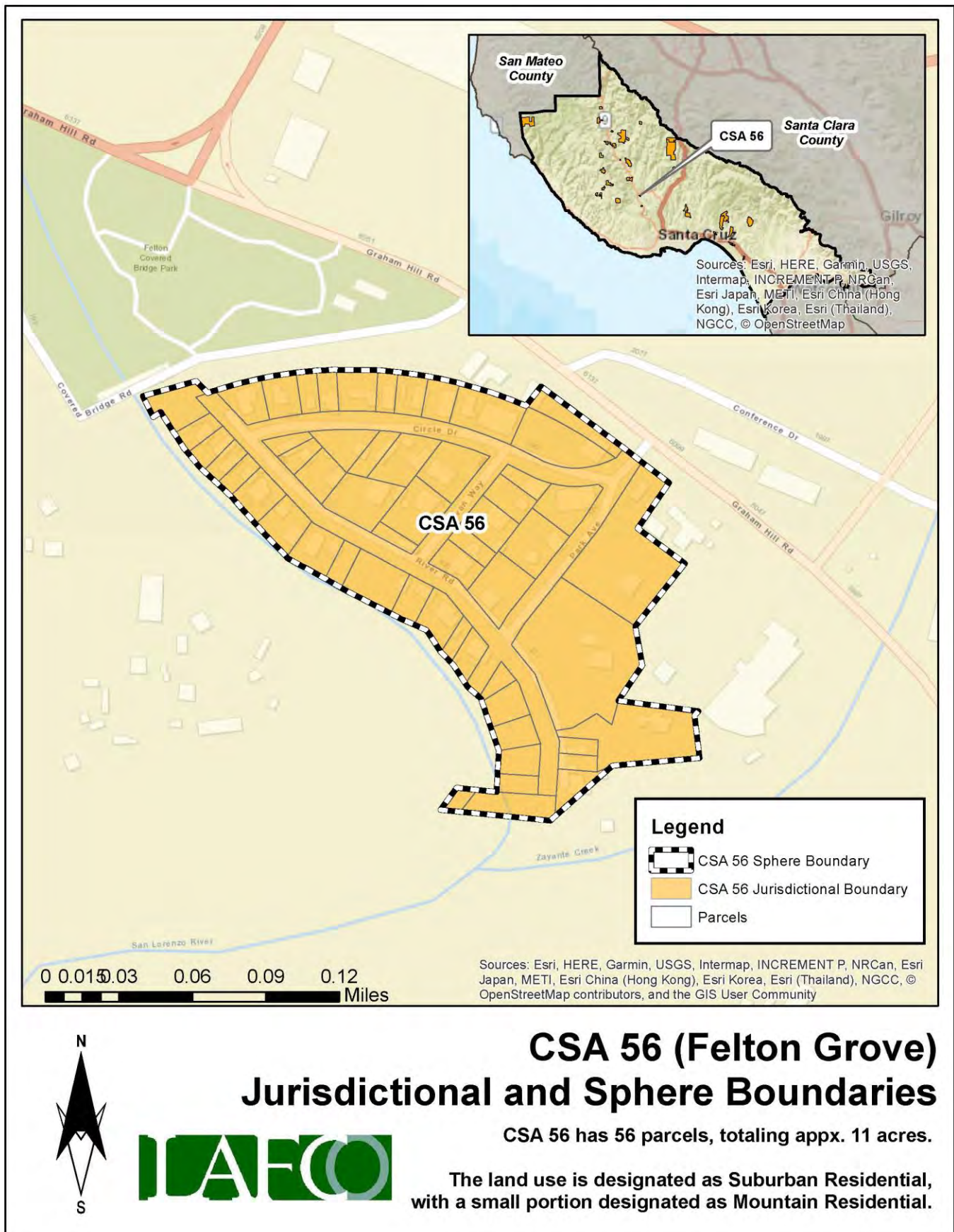
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 56. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 56 will be approximately 171 by 2040.

Table 131: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 56	165	166	168	169	171

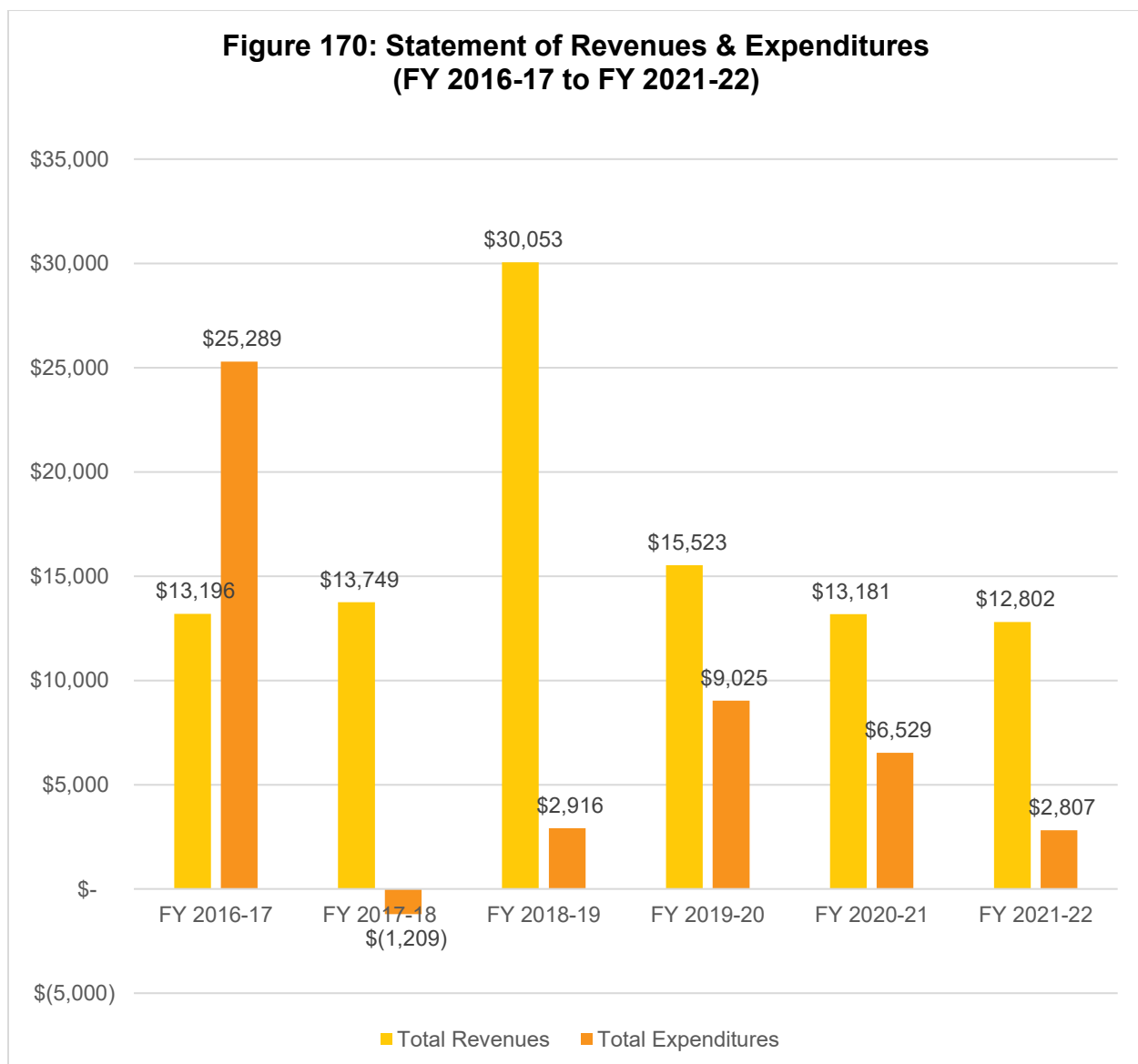
Figure 169: CSA 56's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 56's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 133** on page 354.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$12,800, representing a 3% decrease from the previous year (\$13,200 in FY 20-21). Total expenses for FY 2021-22 were approximately \$2,800, which decreased by 57% from the previous year (\$6 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17, as shown in **Figure 170**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$207,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 132** and **Figure 171**, the CSA's fund balance has increased over the years and has maintained an annual balance above \$142,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 132: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$142,162.53	\$157,120.84	\$184,258.41	\$190,756.52	\$197,408.39
Ending Balance	\$142,163	\$157,121	\$184,258	\$190,757	\$197,408	\$207,403
Change (\$)	-	\$14,958	\$27,138	\$6,498	\$6,652	\$9,994

**Figure 171: Net Position from 2016 to 2022
(Ending Balance)**

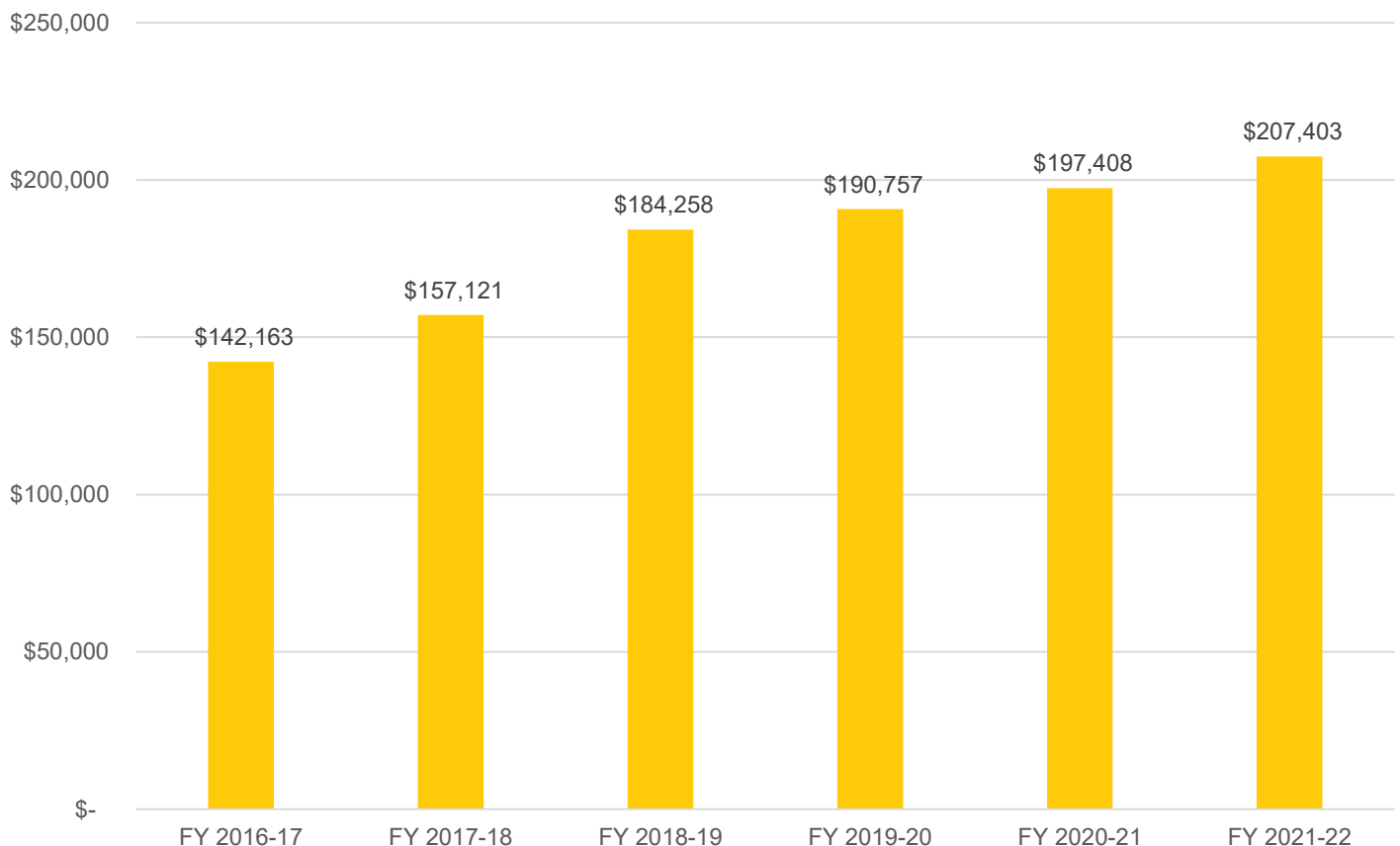


Table 133: Total Revenues & Expenditures

CSA 56	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 1,316.21	\$ 1,869.07	\$ 3,516.39	\$ 3,642.94	\$ 1,301.13	\$ 921.64
St-Natural Disaster Assistance	\$ -	\$ -	\$ 2,931.00	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ 11,726.00	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 11,880.00	\$ 11,880.00	\$ 11,880.00	\$ 11,880.00	\$ 11,880.00	\$ 11,880.00
Total Revenues	\$ 13,196.21	\$ 13,749.07	\$ 30,053.39	\$ 15,522.94	\$ 13,181.13	\$ 12,801.64
EXPENDITURES						
DPW Services - Felton Grove	\$ 22,907.08	\$ (3,462.66)	\$ 121.12	\$ 3,993.35	\$ 2,866.42	\$ 241.85
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 2,243.31	\$ 2,253.42	\$ 2,145.00	\$ 2,102.00	\$ 2,072.00	\$ 2,072.00
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 94.55	\$ 1,731.57	\$ 740.36	\$ 67.76
Dept Overhead Costs	\$ -	\$ -	\$ 305.15	\$ 1,072.91	\$ 725.48	\$ 300.79
Total Expenditures	\$ 25,289.14	\$ (1,209.24)	\$ 2,915.82	\$ 9,024.83	\$ 6,529.26	\$ 2,807.40
Surplus/(Deficit)	\$ (12,092.93)	\$ 14,958.31	\$ 27,137.57	\$ 6,498.11	\$ 6,651.87	\$ 9,994.24
FUND BALANCE						
Beginning of Year	\$ -	\$ 142,162.53	\$ 157,120.84	\$ 184,258.41	\$ 190,756.52	\$ 197,408.39
End of Year	\$142,162.53	\$ 157,120.84	\$184,258.41	\$ 190,756.52	\$197,408.39	\$207,402.63

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 56's first sphere of influence on February 4, 1998. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 172** on page 355 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 56 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 173** on page 356 shows the proposed sphere boundary.

Figure 172: CSA 56's Current Sphere Map

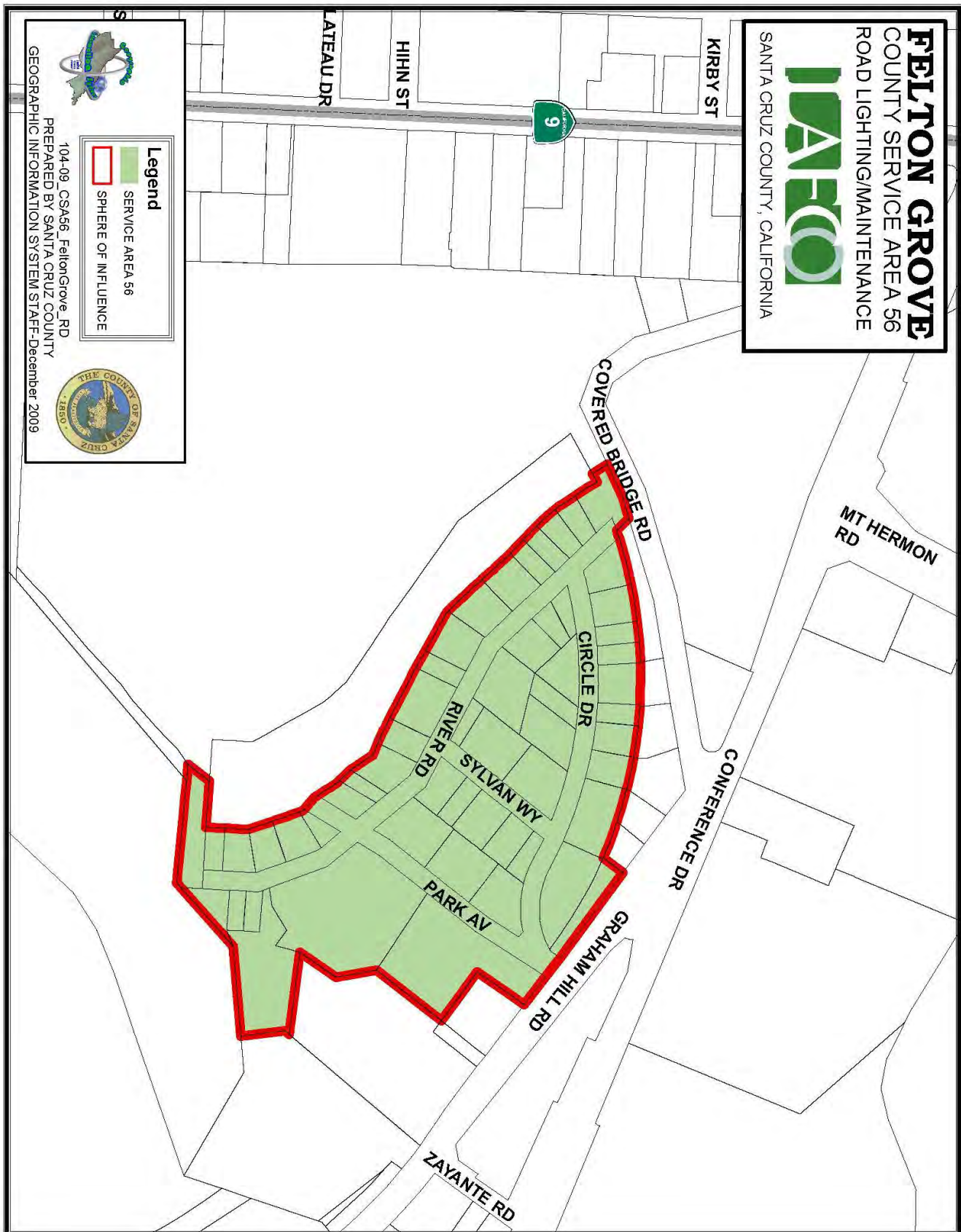
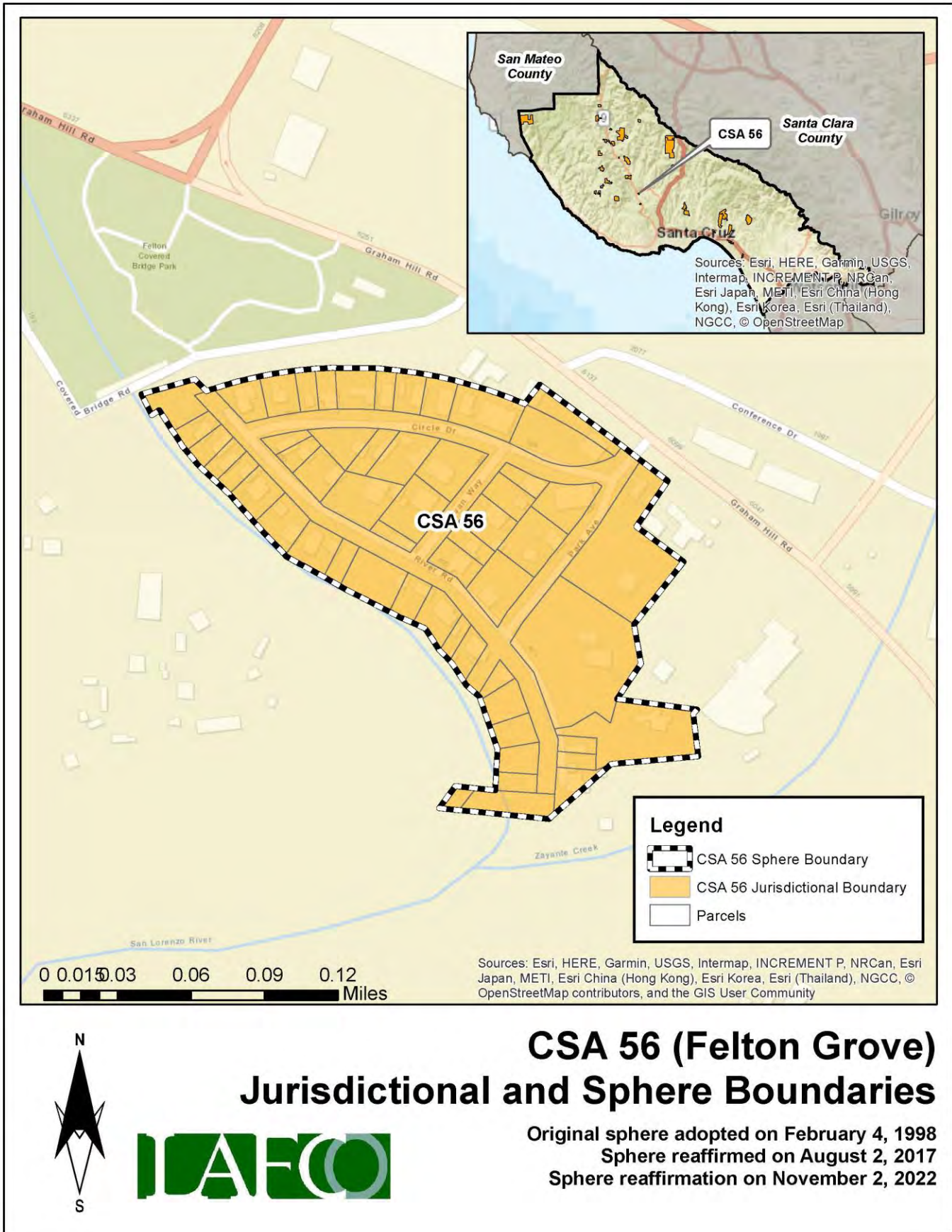


Figure 173: CSA 56's Proposed Sphere Map



District Summary

County Service Area 56	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.57 road miles
District Area	0.017 square miles (appx. 11 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$12,802</p> <p>Total Expenditure = \$2,807</p> <p>Net Position (Ending Balance) = \$207,403</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 56 in 2020 was estimated to be 165. Based on LAFCO's analysis, the population within the CSA will be approximately 171 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 56 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 56 is financially stable. The CSA ended with a surplus in five of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$207,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Suburban Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 56 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 56 has 56 parcels within its jurisdictional boundary and provides extended services to approximately 0.57 miles of road for the residents.

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.

CSA 56 has a population of approximately 165. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 58 (RIDGE DRIVE)

Overview

County Service Area 58 was formed on December 5, 2001 with the purpose of providing extended maintenance to 0.30 road miles. **Appendix 33** provides a copy of the formation resolution. There is a total of 25 parcels within the CSA (totaling approximately 61 acres). **Figure 174**, on page 361, is a vicinity map depicting CSA 58's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain and Rural Residential. **Table 134** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 58 has four funding zones (Zones 1-4). **Figure 175** on page 362 shows the location of the zones. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 58.

Table 134: Benefit Assessment Rates (2017 to 2021)

CSA 58	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Zone 1	\$77.24	\$77.24	\$80.24	\$80.24	\$80.24
Change (%)		0%	4%	0%	0%
Zone 2	\$308.98	\$308.98	\$321.02	\$321.02	\$321.02
Change (%)		0%	4%	0%	0%
Zone 3	\$540.74	\$540.74	\$4,821.02	\$561.80	\$561.80
Change (%)		0%	792%	-88%	0%
Zone 4	\$772.50	\$772.50	\$5,061.80	\$802.58	\$802.58
Change (%)		0%	555%	-84%	0%

Population and Growth

Based on staff's analysis, the population of CSA 58 in 2020 is estimated to be 356. 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. **Table 135** shows the anticipated population within CSA 58. The average rate of change is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 58. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 58 will be approximately 368 by 2040.

Table 135: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 58	356	359	362	365	368

Figure 174: CSA 58's Vicinity Map

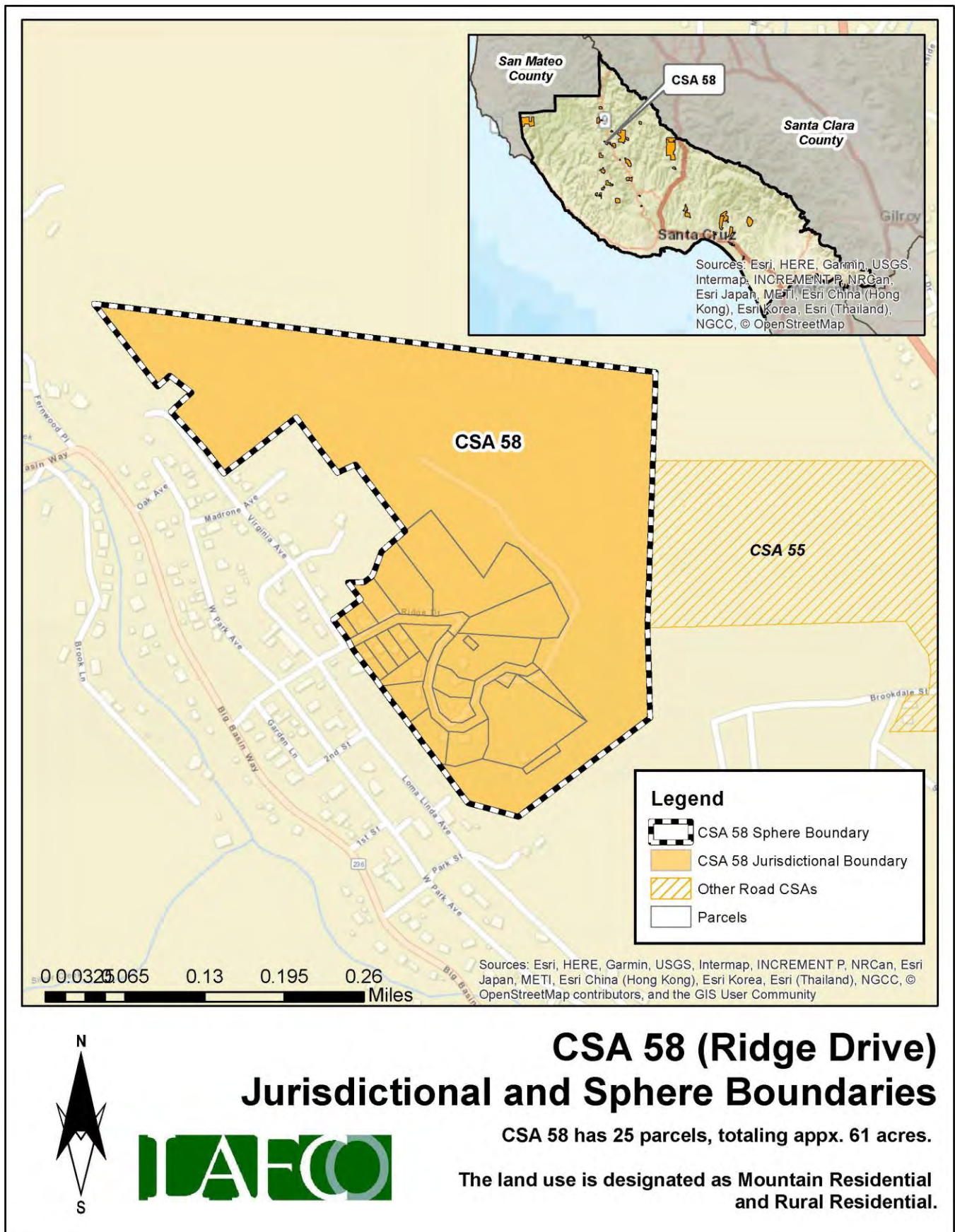
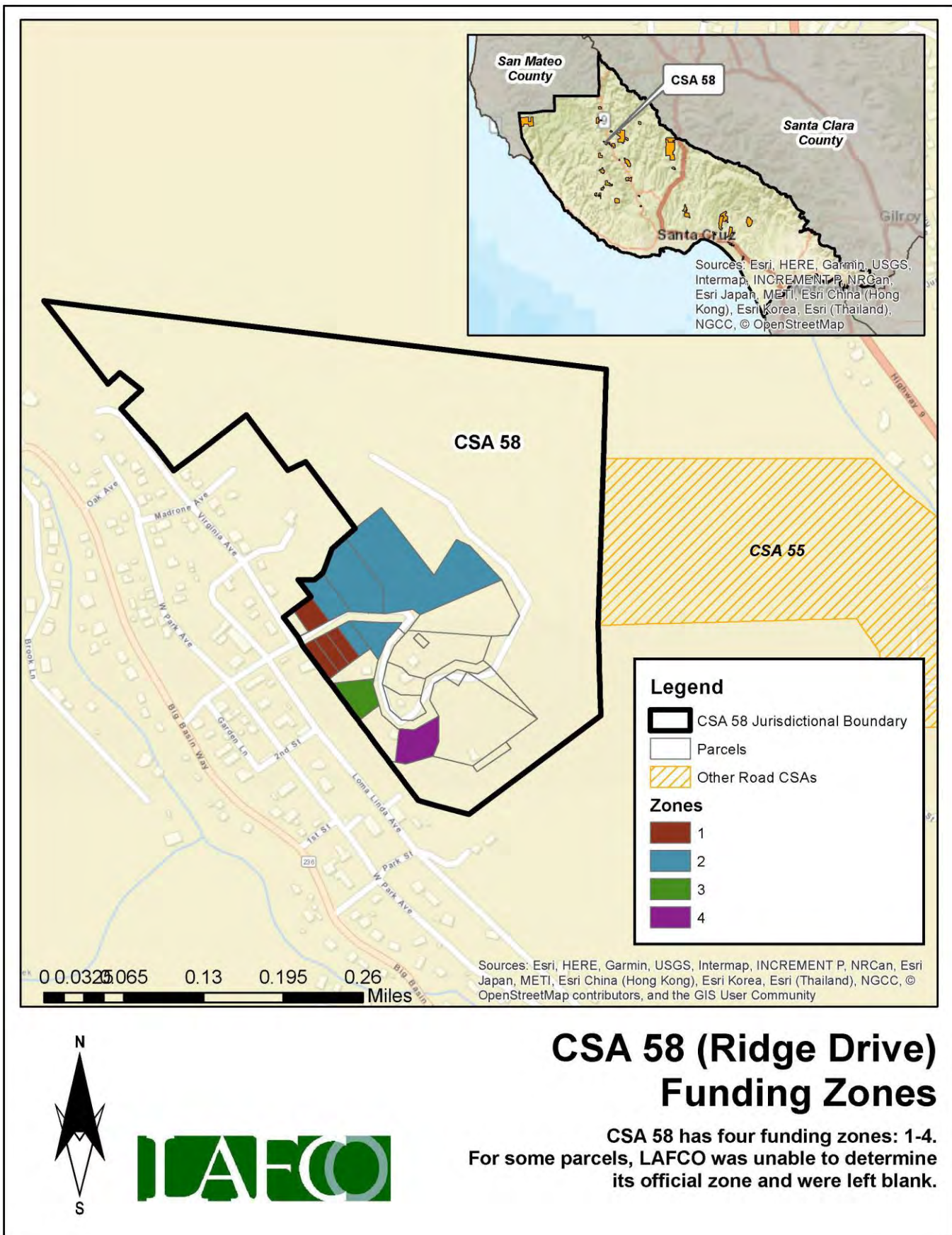


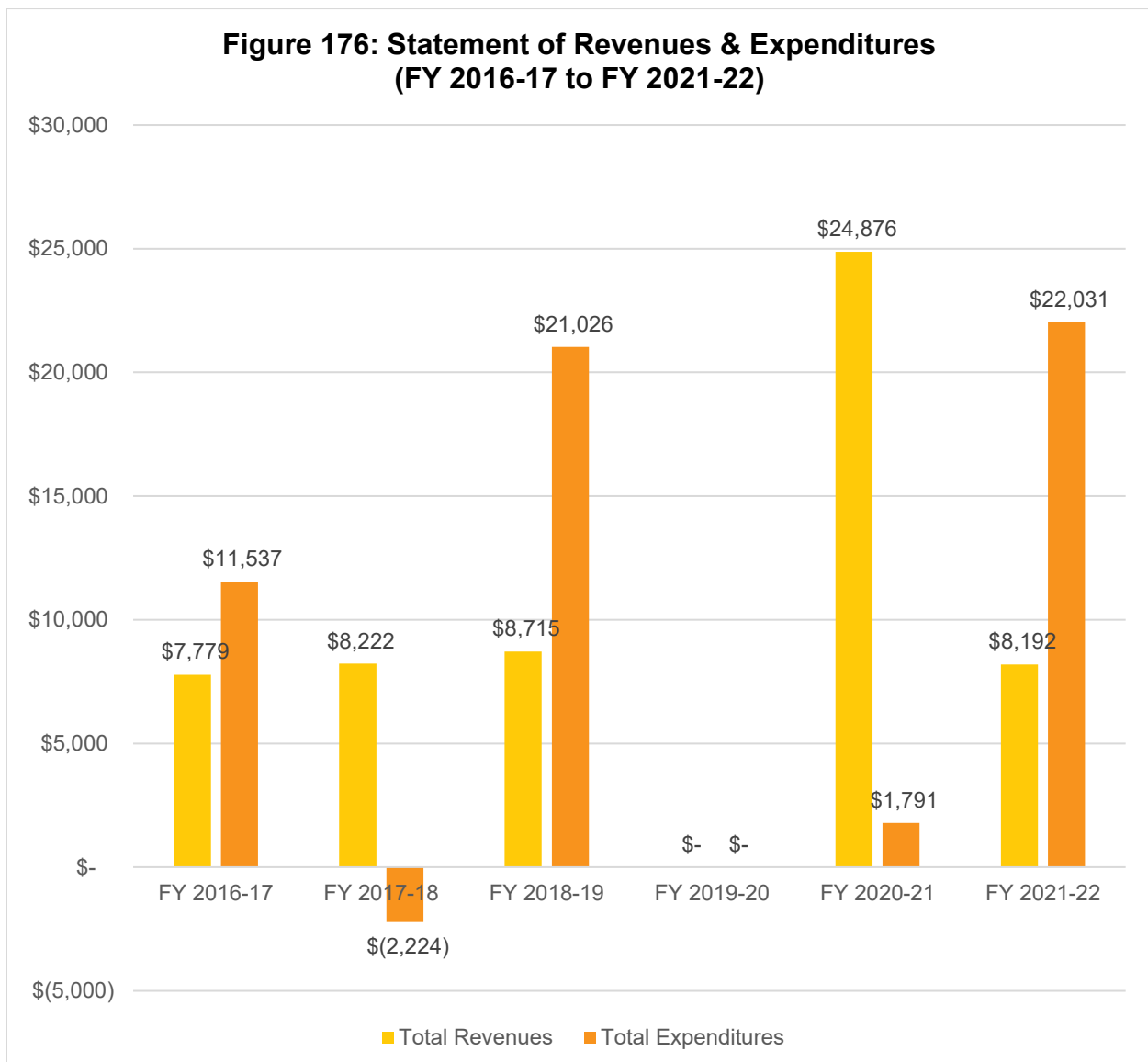
Figure 175: CSA 58's Funding Zones Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 58's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 137** on page 365.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$8,200, representing a 67% decrease from the previous year (\$25,000 in FY 20-21). Total expenses for FY 2021-22 were approximately \$22,000, which increased by 1,130% from the previous year (\$2,000 in FY 20-21). Since 2016, the CSA ended with a deficit in three of the last six fiscal years, as shown in **Figure 176**. LAFCO staff believes that the overall negative trend may continue unless the CSA improves its ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$51,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 136** and **Figure 177**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$41,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 136: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$43,232.56	\$53,677.72	\$41,366.55	\$41,366.55	\$64,451.14
Ending Balance	\$43,233	\$53,678	\$41,367	\$41,367	\$64,451	\$50,612
Change (\$)	-	\$10,445	\$(12,311)	\$-	\$23,085	\$(13,840)

**Figure 177: Net Position from 2016 to 2022
(Ending Balance)**

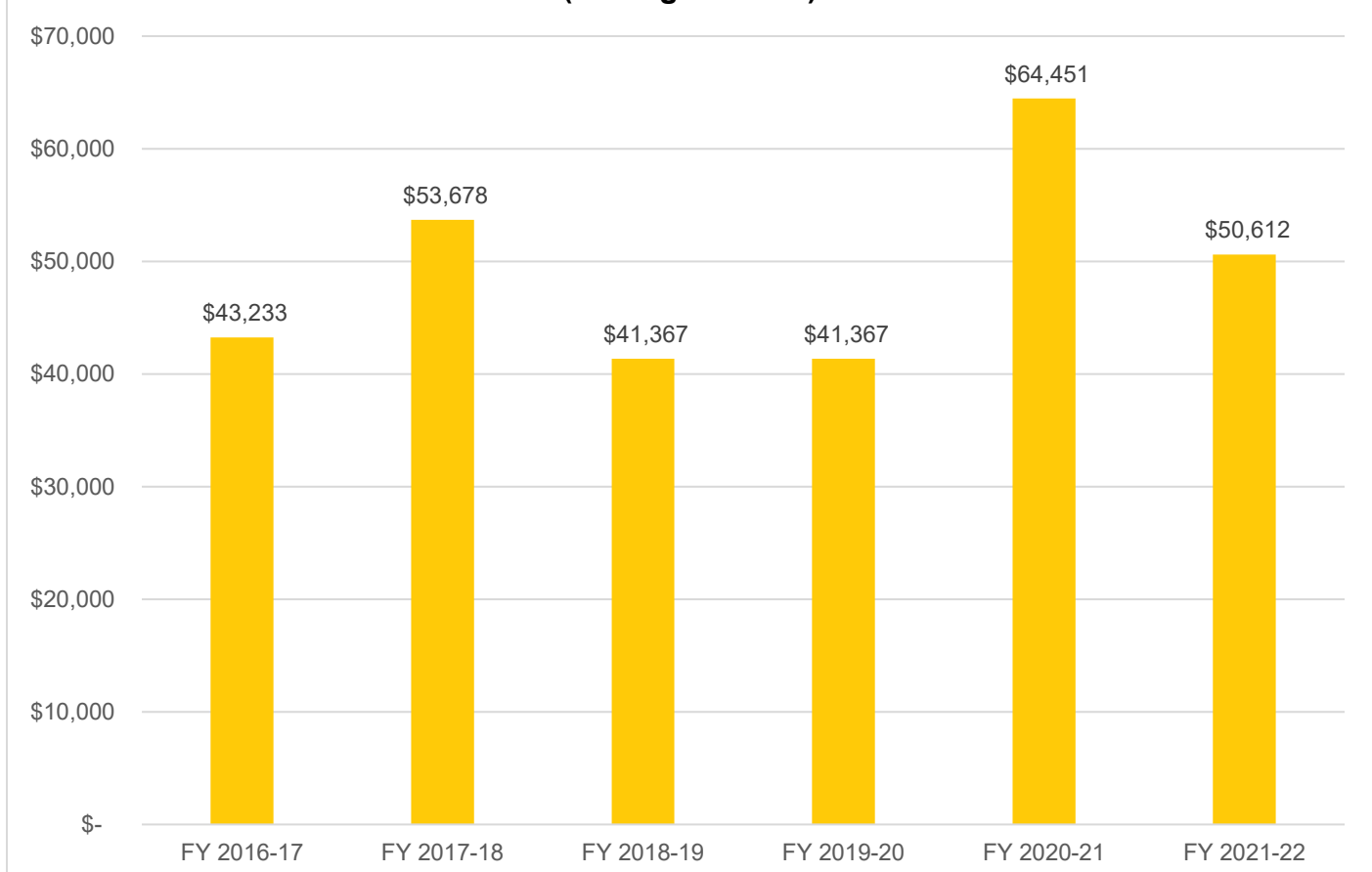


Table 137: Total Revenues & Expenditures

CSA 58	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -		\$ -	\$ -
Interest	\$ 428.01	\$ 650.38	\$ 1,144.39		\$ 410.04	\$ 325.99
St-Natural Disaster Assistance	\$ -	\$ -	\$ -		\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -		\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -		\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -		\$ 16,600.00	\$ -
Other Road & Street Services	\$ 7,350.66	\$ 7,571.18	\$ 7,570.83		\$ 7,865.93	\$ 7,865.93
Total Revenues	\$ 7,778.67	\$ 8,221.56	\$ 8,715.22	\$ -	\$ 24,875.97	\$ 8,191.92
EXPENDITURES						
DPW Services - Ridge Drive	\$ 11,397.83	\$ (2,223.60)	\$ 15,088.94		\$ 25.41	\$ 497.25
FEMA Labor	\$ -	\$ -	\$ -		\$ -	\$ 16,775.84
Insurance	\$ -	\$ -	\$ -		\$ -	\$ -
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00		\$ 232.55	\$ 140.00
Division Overhead - Admin	\$ -	\$ -	\$ 3,437.34		\$ 1,334.37	\$ 2,542.54
Dept Overhead Costs	\$ -	\$ -	\$ 2,250.11		\$ 199.05	\$ 2,075.82
Total Expenditures	\$ 11,536.58	\$ (2,223.60)	\$ 21,026.39	\$ -	\$ 1,791.38	\$ 22,031.45
Surplus/(Deficit)	\$ (3,757.91)	\$ 10,445.16	\$ (12,311.17)	\$ -	\$ 23,084.59	\$ (13,839.53)
FUND BALANCE						
Beginning of Year	\$ -	\$ 43,232.56	\$ 53,677.72	\$ 41,366.55	\$ 41,366.55	\$ 64,451.14
End of Year	\$ 43,232.56	\$ 53,677.72	\$ 41,366.55	\$ 41,366.55	\$ 64,451.14	\$ 50,611.61

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 58's first sphere of influence on December 5, 2001. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 178** on page 366 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 25 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 179** on page 367 shows the proposed sphere boundary.

Figure 178: CSA 58's Current Sphere Map

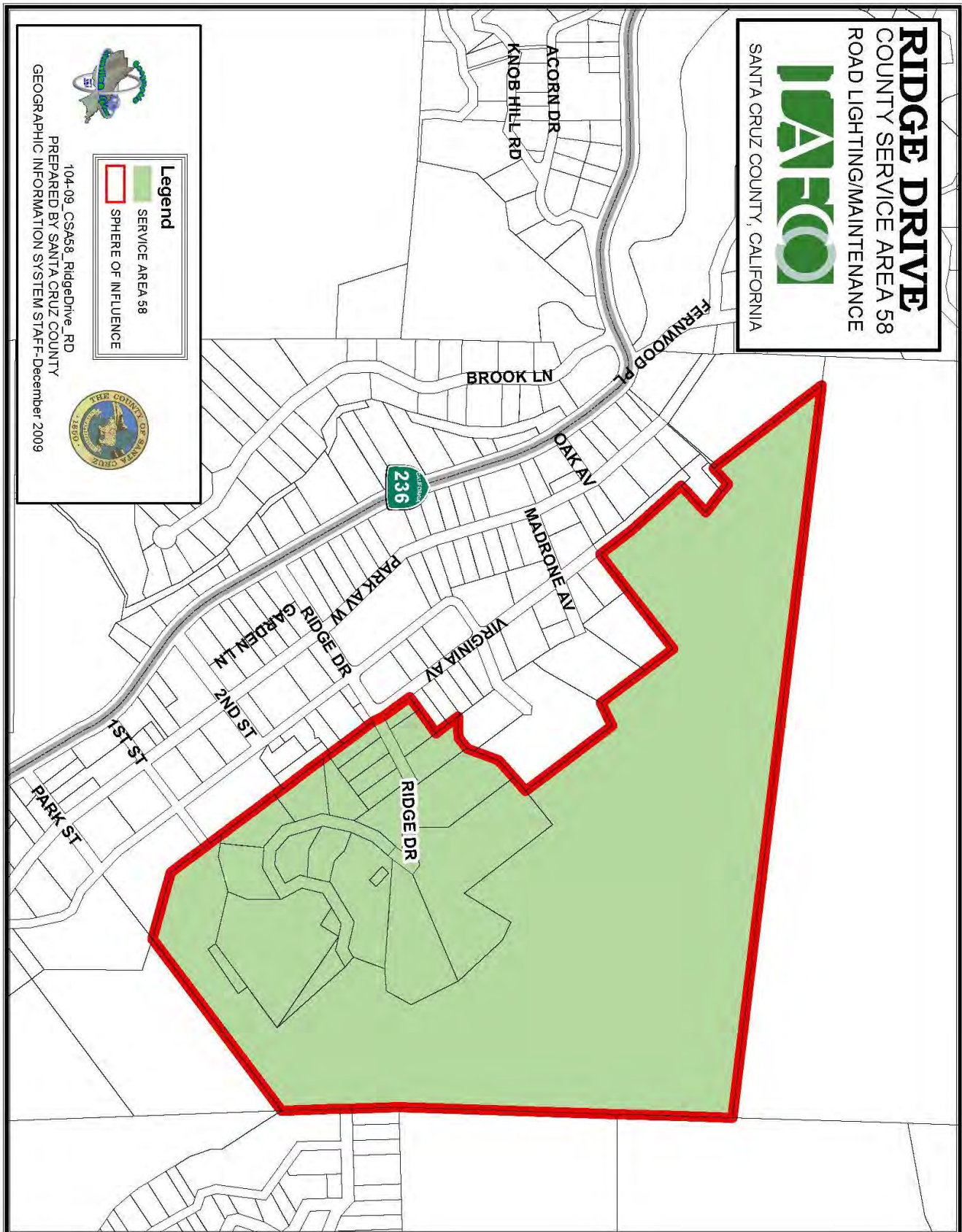
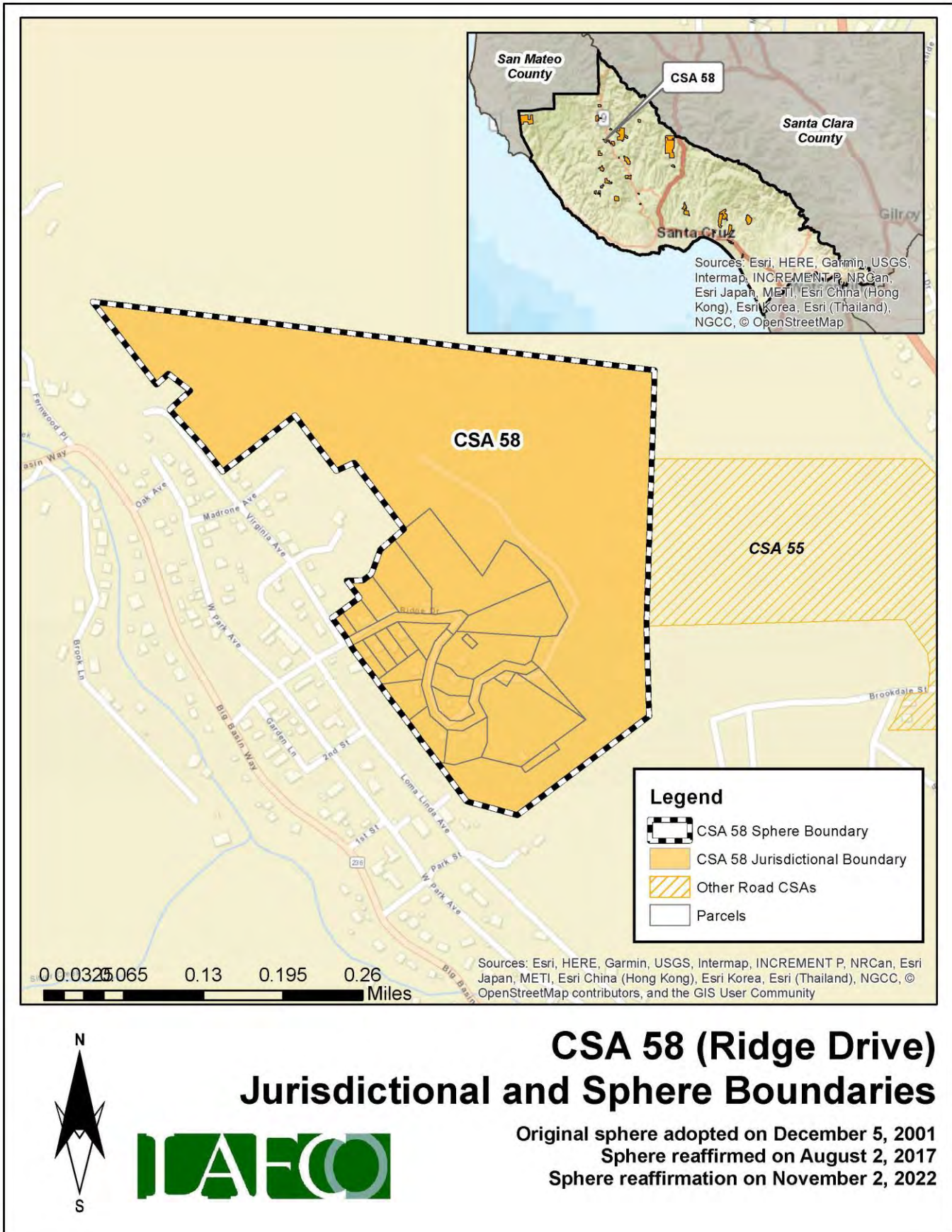


Figure 179: CSA 58's Proposed Sphere Map



District Summary

County Service Area 58	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.30 road miles
District Area	0.10 square miles (appx. 61 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$8,192</p> <p>Total Expenditure = \$22,031</p> <p>Net Position (Ending Balance) = \$50,612</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 58 in 2020 was estimated to be 356. Based on LAFCO's analysis, the population within the CSA will be approximately 368 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 58 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 58 is financially distressed. The CSA ended with a deficit in three of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$51,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 58 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 58 has 25 parcels within its jurisdictional boundary and provides extended services to approximately 0.30 miles of road for the residents.

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.

CSA 58 has a population of approximately 356. The constituents fund the through four zones. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

CSA 59 (MCGAFFIGAN MILL ROAD)

Overview

County Service Area 59 was formed on September 4, 2002 with the purpose of providing extended maintenance to 0.42 road miles. **Appendix 34** provides a copy of the formation resolution. There is a total of 70 parcels within the CSA (totaling approximately 53 acres). **Figure 180**, on page 372, is a vicinity map depicting CSA 59's current jurisdictional boundary. No boundary changes have occurred since its inception. At present, the majority of land within the CSA is designated as Mountain and Rural Residential. **Table 138** shows the benefit assessment rate from the last five fiscal years. As the table shows, CSA 59 does not have any zones and all constituents pay the same rate. The County currently has 2 employees assigned to manage all 34 road CSAs, including CSA 59.

Table 138: Benefit Assessment Rates (2017 to 2021)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CSA 59	\$200.00	\$300.00	\$1,300.00	\$1,300.00	\$1,300.00
Change (%)		50%	333%	0%	0%

Population and Growth

Based on staff's analysis, the population of CSA 59 was 2020 is estimated to be 7. 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. **Table 139** shows the anticipated population within CSA 59. The average rate of change is 0.86%.

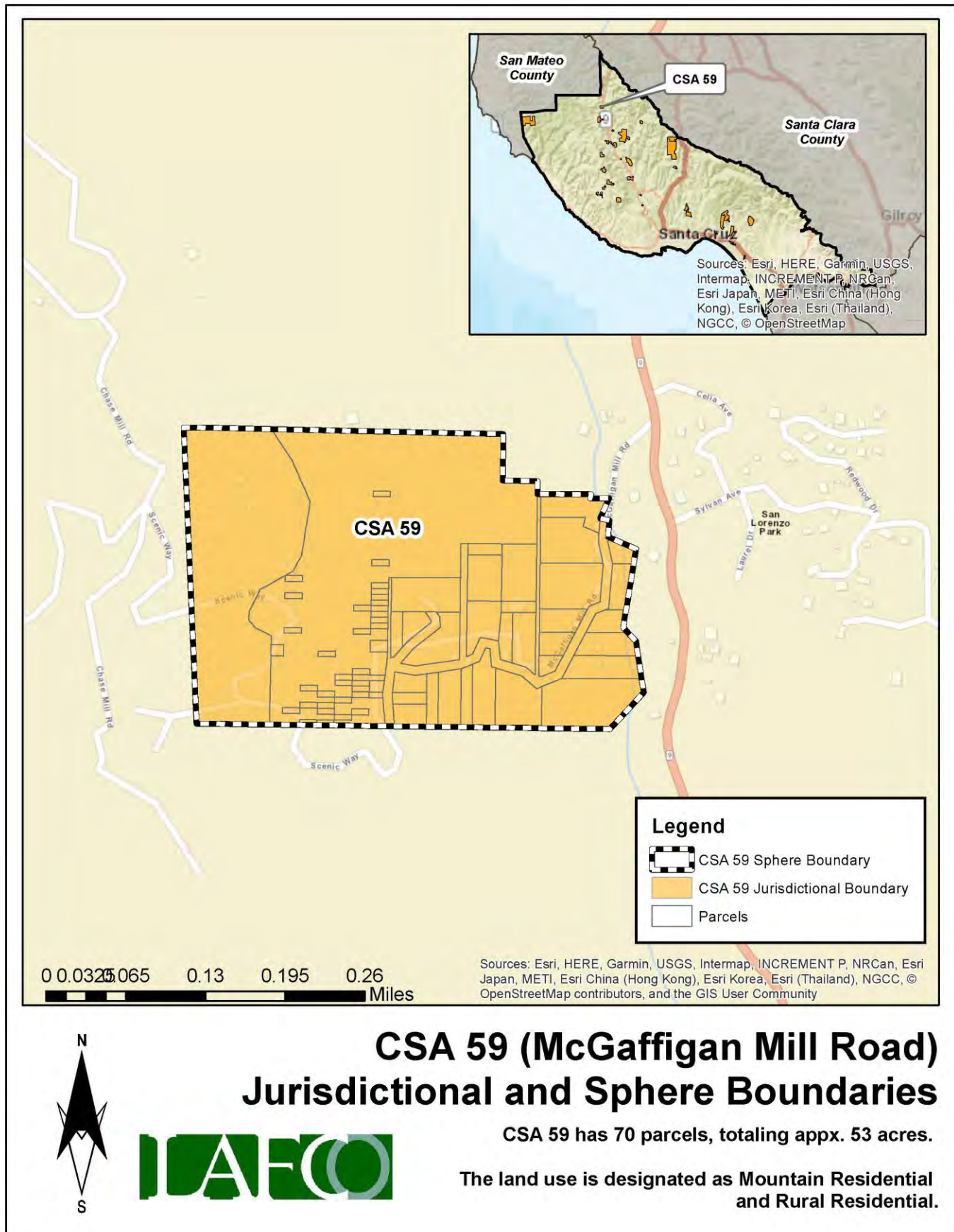
Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CSA 59. LAFCO staff increased the CSA's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CSA 59 will be approximately 7 by 2040.

Table 139: Projected Population

	2020	2025	2030	2035	2040
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645
CSA 59	7	7	7	7	7

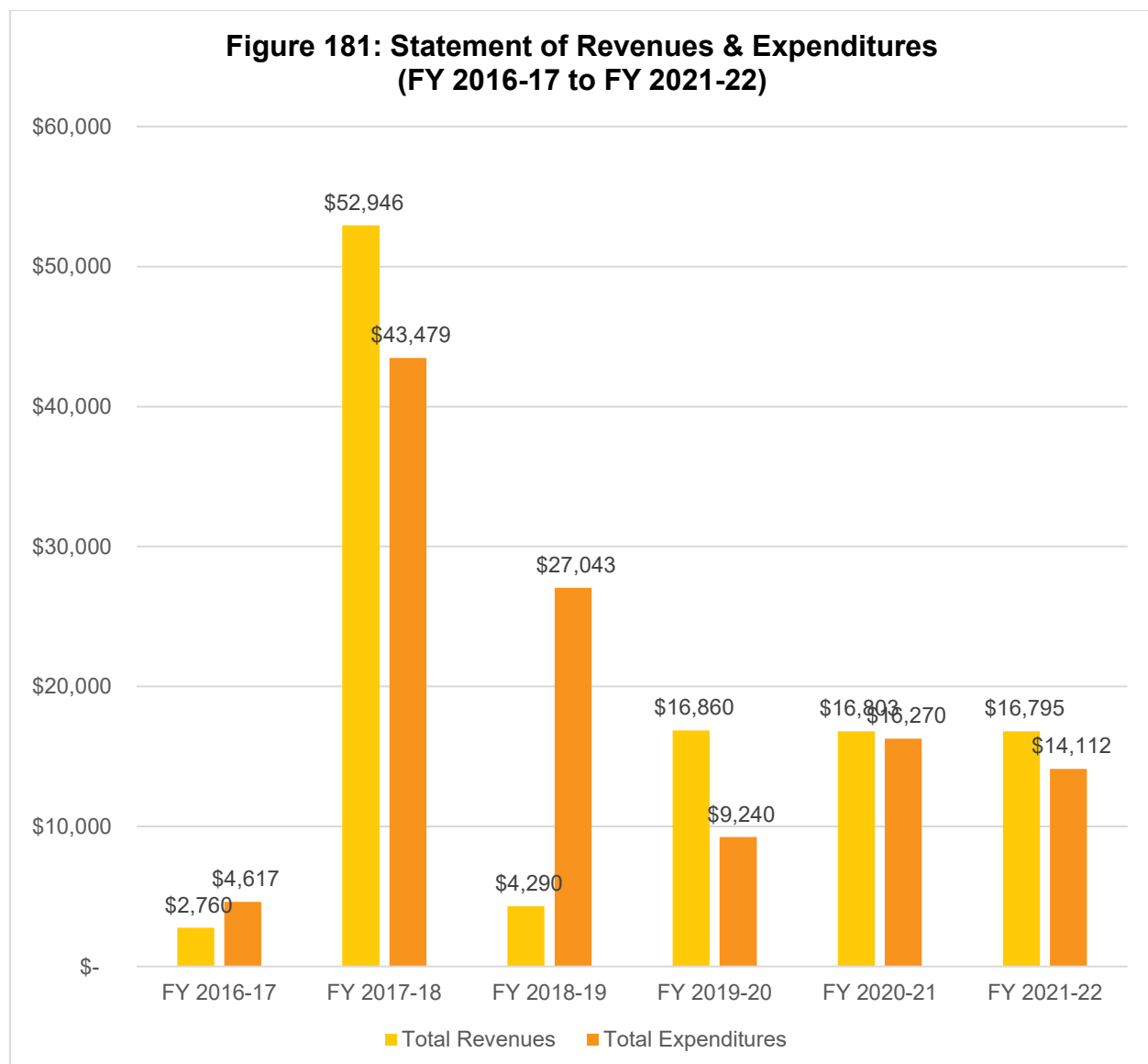
Figure 180: CSA 59's Vicinity Map



Finances

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 59's financial health from 2016 to 2022. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 141** on page 375.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$16,795, representing a 0.05% decrease from the previous year (\$16,800 in FY 20-21). Total expenses for FY 2021-22 were approximately \$14,000, which decreased by 13% from the previous year (\$16,000 in FY 20-21). Since 2016, the CSA ended each fiscal year with a surplus, with the exception of FY 2016-17 and FY 2018-19, as shown in **Figure 181**. LAFCO staff believes that the overall positive trend may continue based upon the CSA's ability to collect the necessary funds to offset anticipated expenses.



Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$17,000. The following table highlights the net position balance from 2016 to 2022. As shown in **Table 140** and **Figure 182**, the CSA's fund balance has fluctuated over the years but has maintained an annual balance above \$5,000. Based on this historical trend, LAFCO staff believes the positive balance may continue if the County collects the necessary funds to offset anticipated expenses. A healthy fund balance amount will be critical in the event that the CSA faces any unintended expenses, major capital improvements projects, or emergency repairs.

Table 140: Net Position (2016 to 2022)

	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)
Beginning Balance	-	\$18,957.23	\$28,424.46	\$5,672.15	\$13,291.75	\$13,824.88
Ending Balance	\$18,957	\$28,424	\$5,672	\$13,292	\$13,825	\$16,508
Change (\$)	-	\$9,467	\$(22,752)	\$7,620	\$533	\$2,683

**Figure 182: Net Position from 2016 to 2022
(Ending Balance)**

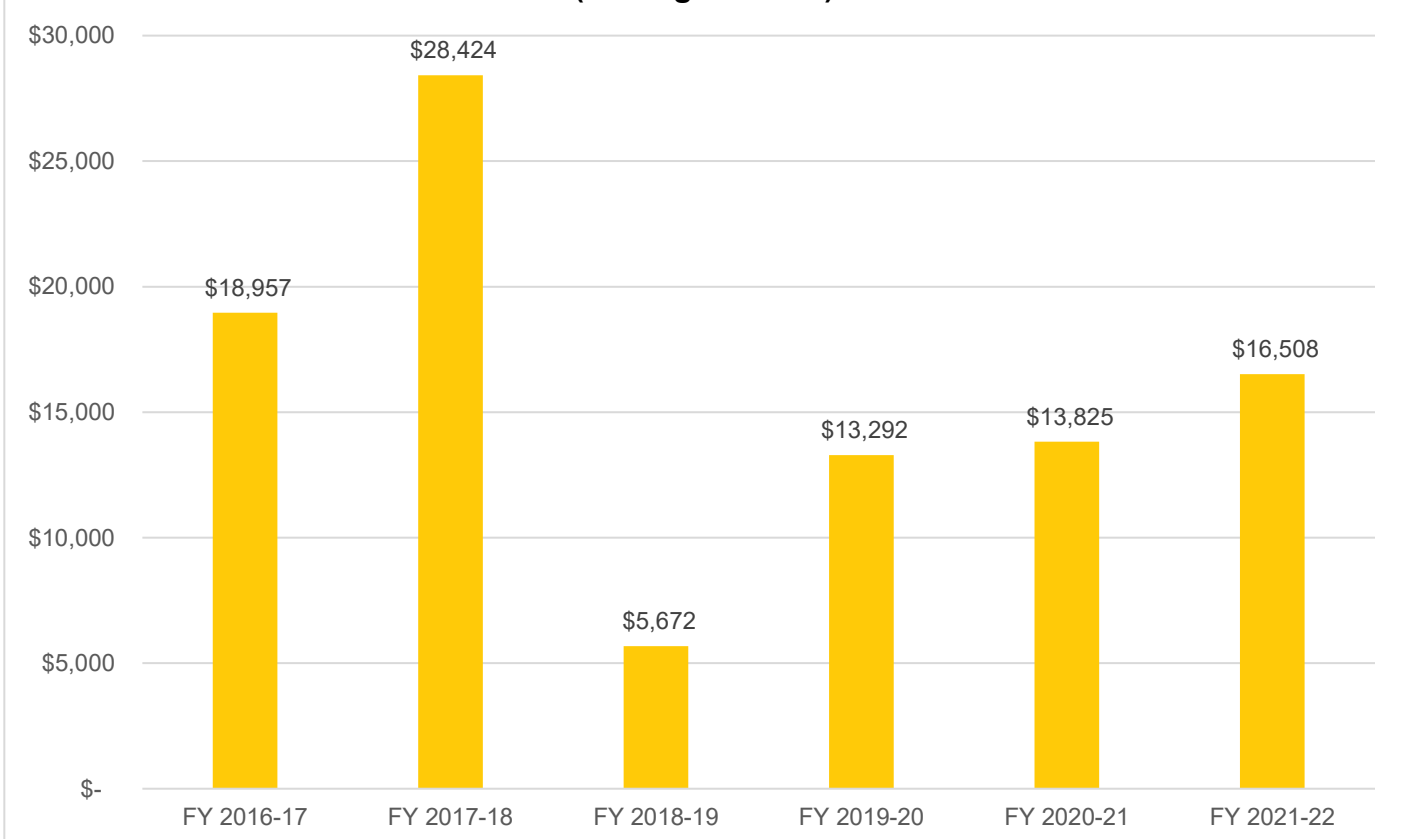


Table 141: Total Revenues & Expenditures

CSA 59	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 186.40	\$ 372.07	\$ 429.23	\$ 128.64	\$ 72.41	\$ 63.99
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners' Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -
Other Road & Street Services	\$ 2,574.00	\$ 2,574.00	\$ 3,861.00	\$ 16,731.00	\$ 16,731.00	\$ 16,731.00
Total Revenues	\$ 2,760.40	\$ 52,946.07	\$ 4,290.23	\$ 16,859.64	\$ 16,803.41	\$ 16,794.99
EXPENDITURES						
DPW Services - McGaffigan Road	\$ 4,477.92	\$ 43,478.84	\$ 22,041.72	\$ 114.36	\$ 15,051.31	\$ 1,778.10
FEMA Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal on Long Debt	\$ -	\$ -	\$ -	\$ 6,579.42	\$ -	\$ 9,959.69
Interest on Long Term Debt	\$ -	\$ -	\$ -	\$ 2,153.25	\$ -	\$ 1,683.87
Acct & Audit Fees	\$ 138.75	\$ -	\$ 250.00	\$ 125.00	\$ 125.00	\$ 125.00
Division Overhead - Admin	\$ -	\$ -	\$ 1,855.37	\$ 207.66	\$ 915.13	\$ 336.80
Dept Overhead Costs	\$ -	\$ -	\$ 2,895.45	\$ 60.35	\$ 178.84	\$ 228.37
Total Expenditures	\$ 4,616.67	\$ 43,478.84	\$ 27,042.54	\$ 9,240.04	\$ 16,270.28	\$ 14,111.83
Surplus/(Deficit)	\$ (1,856.27)	\$ 9,467.23	\$ (22,752.31)	\$ 7,619.60	\$ 533.13	\$ 2,683.16
FUND BALANCE						
Beginning of Year	\$ -	\$ 18,957.23	\$ 28,424.46	\$ 5,672.15	\$ 13,291.75	\$ 13,824.88
End of Year	\$ 18,957.23	\$ 28,424.46	\$ 5,672.15	\$ 13,291.75	\$ 13,824.88	\$ 16,508.04

Sphere of Influence

Current Sphere Boundary

Santa Cruz LAFCO adopted CSA 59's first sphere of influence on September 4, 2002. The current sphere is coterminous with the CSA's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 183** on page 376 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, the CSA is providing services 70 parcels and the County has not expressed any interest to expand the CSA's jurisdictional or sphere boundaries. Therefore, LAFCO staff is recommending that the sphere boundary reaffirmed. **Figure 184** on page 377 shows the proposed sphere boundary.

Figure 183: CSA 59's Current Sphere Map

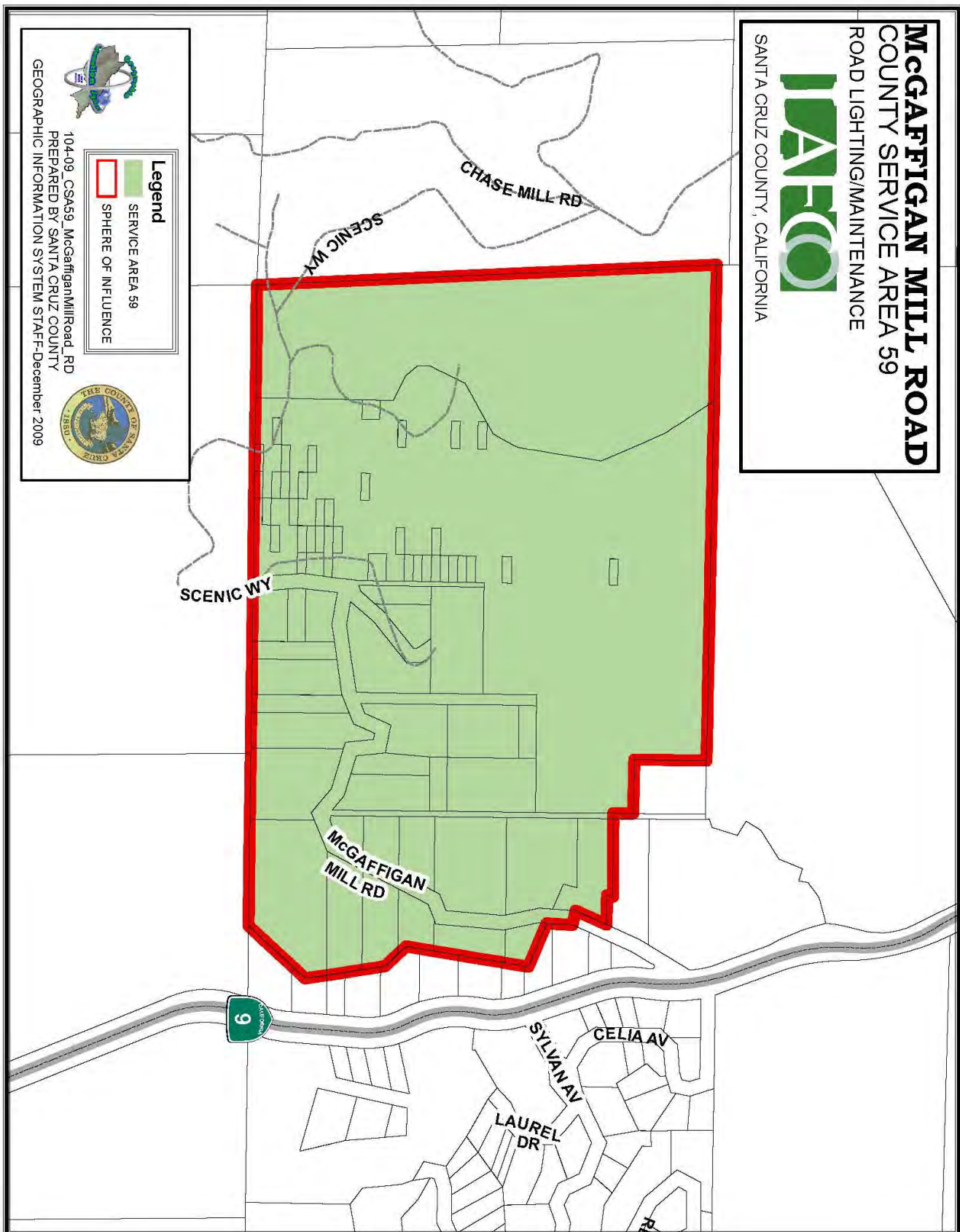
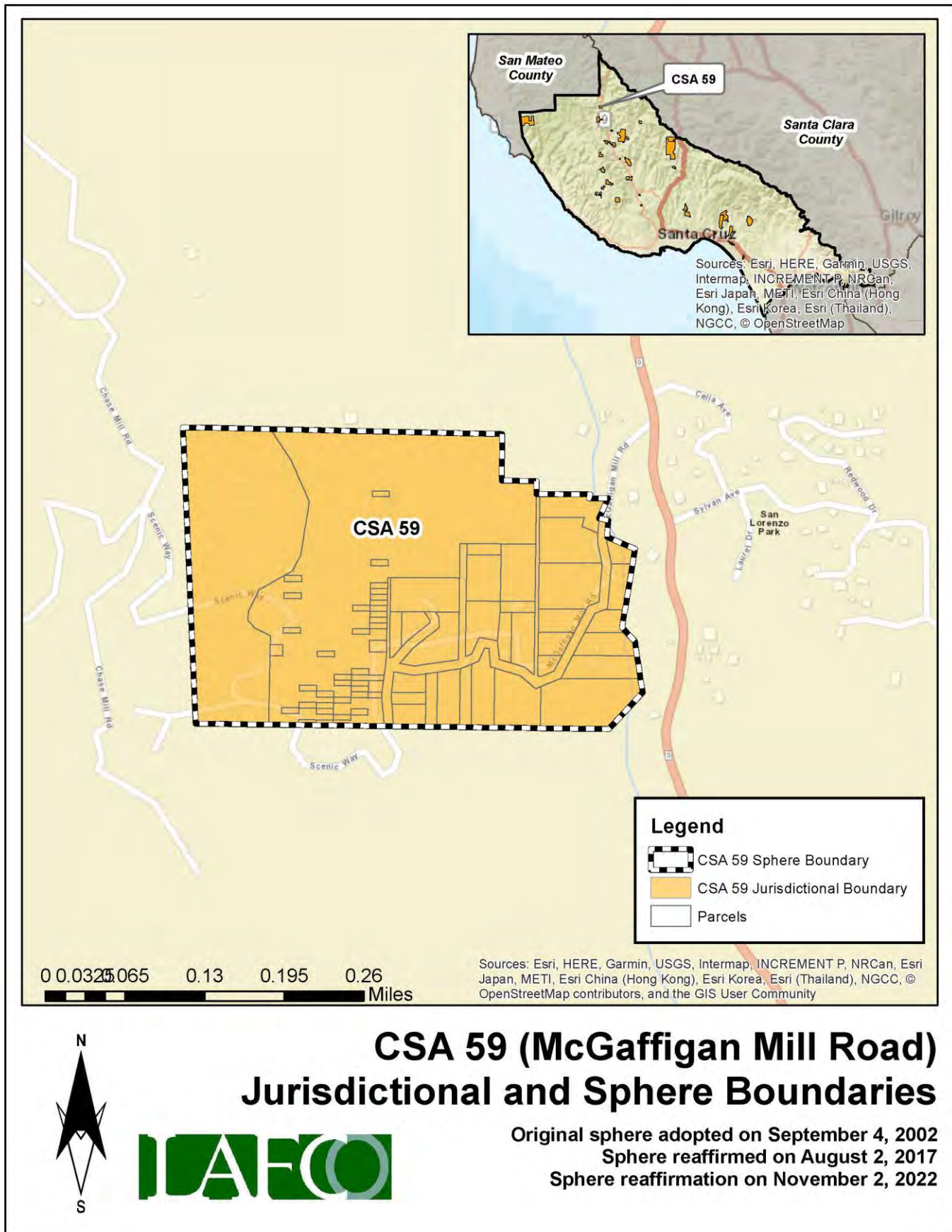


Figure 184: CSA 59's Proposed Sphere Map



District Summary

County Service Area 59	
Formation	County Service Area Law (Government Code §25210.1 et seq.)
Board of Directors	County Board of Supervisors; five members; elected at-large to four-year terms
Contact Person	Matt Machado, County Public Works Director
Employees	2 Full-Time Employees (County Public Works Department)
Road Miles	0.42 road miles
District Area	0.08 square miles (appx. 53 acres)
Sphere of Influence	<p>Current Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p> <p>Proposed Sphere: Coterminous with District (i.e., sphere boundary the same as the existing jurisdictional boundary)</p>
FY 2021-22 Audit	<p>Total Revenue = \$16,795</p> <p>Total Expenditure = \$14,112</p> <p>Net Position (Ending Balance) = \$16,508</p>
Contact Information	<p>Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060</p> <p>Phone Number: (831) 454-2160</p> <p>Email Address: dpwcsa@santacruzcounty.us</p> <p>Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx</p>
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
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.

The population of CSA 59 in 2020 was estimated to be 7. Based on LAFCO's analysis, the population within the CSA will be approximately 7 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

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.

CSA 59 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

4. Financial ability of agencies to provide services.

CSA 59 is financially stable. The CSA ended with a surplus in four of the last six fiscal years (2016 to 2022). As of June 30, 2022, the total net position balance ended with approximately \$17,000.

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

LAFCO encourages the County to explore additional methods to collaborate with neighboring local community groups, such as road associations and/or homeowners' associations to build a stronger working relationship with the CSA's residents.

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

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 identifies a number of components that must be found within an agency's website. At present, the CSA does not meet the statutory requirements under SB 929.

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

LAFCO recommends that the CSA improve its overall transparency as soon as possible.

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.

At present, the majority of land within the CSA is designated as Mountain and Rural Residential. The CSA's customer base is predominantly single-family residential.

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

CSA 59 does not have a standalone capital improvement plan ("CIP") in place. LAFCO encourages the County to consider developing a CIP for the CSA and have it available on the County's website.

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

CSA 59 has 70 parcels within its jurisdictional boundary and provides extended services to approximately 0.42 miles of road for the residents.

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.

CSA 59 has a population of approximately 7. The constituents fund the CSA a flat rate benefit assessment. The funding rates are reviewed by the County on an annual basis. Any increase in those rates require resident approval.

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.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

APPENDICES

- Appendix 1: CSA 13 (Hutchinson Road/Oak Flat) Formation Resolution
- Appendix 2: CSA 15 (Huckleberry Woods) Formation Resolution
- Appendix 3: CSA 16 (Robak Drive) Formation Resolution
- Appendix 4: CSA 17 (Empire Acres) Formation Resolution
- Appendix 5: CSA 18 (Whitehouse Canyon) Formation Resolution
- Appendix 6: CSA 21 (Westdale Drive) Formation Resolution
- Appendix 7: CSA 22 (Kelly Hill Road) Formation Resolution
- Appendix 8: CSA 23 (Old Ranch Road) Formation Resolution
- Appendix 9: CSA 24 (Pineridge Road) Formation Resolution
- Appendix 10: CSA 25 (Viewpoint Road) Formation Resolution
- Appendix 11: CSA 26 (Hidden Valley) Formation Resolution
- Appendix 12: CSA 28 (Lomond Terrace) Formation Resolution
- Appendix 13: CSA 30 (Glenwood Acres) Formation Resolution
- Appendix 14: CSA 32 (View Circle) Formation Resolution
- Appendix 15: CSA 33 (Redwood Drive) Formation Resolution
- Appendix 16: CSA 34 (Larsen Road) Formation Resolution
- Appendix 17: CSA 35 (Country Estates) Formation Resolution
- Appendix 18: CSA 36 (Forest Glen) Formation Resolution
- Appendix 19: CSA 37 (Roberts Road) Formation Resolution
- Appendix 20: CSA 39 (Reed Street) Formation Resolution
- Appendix 21: CSA 40 (Ralston Way) Formation Resolution
- Appendix 22: CSA 41 (Loma Prieta Drive) Formation Resolution
- Appendix 23: CSA 42 (Sunlit Lane) Formation Resolution
- Appendix 24: CSA 43 (Bonito-Encino) Formation Resolution
- Appendix 25: CSA 44 (Sunbeam Woods) Formation Resolution
- Appendix 26: CSA 46 (Pinecrest Drive) Formation Resolution
- Appendix 27: CSA 47 (Braemoor Drive) Formation Resolution
- Appendix 28: CSA 50 (The Vineyard) Formation Resolution
- Appendix 29: CSA 51 (Hopkins Gulch) Formation Resolution
- Appendix 30: CSA 52 (Upper Pleasant Valley) Formation Resolution
- Appendix 31: CSA 55 (Riverdale Park) Formation Resolution
- Appendix 32: CSA 56 (Felton Grove) Formation Resolution
- Appendix 33: CSA 58 (Ridge Drive) Formation Resolution
- Appendix 34: CSA 59 (McGaffigan Mill Road) Formation Resolution