

Final Review Adopted June 5, 2019

County Service Area 3 Aptos Seascap Service and Sphere of Influence Review



June 2019



Local Agency
Formation Commission
of Santa Cruz County
701 Ocean Street, Room 318D
Santa Cruz CA 95060

**SERVICE AND SPHERE REVIEW
FOR APTOS SEASCAPE
COUNTY SERVICE AREA 3
FIRST PUBLIC HEARING DATE: MAY 1, 2019
SECOND PUBLIC HEARING DATE: JUNE 5, 2019**

PURPOSE OF SERVICE REVIEW

The purpose of a service review, sometimes called a “municipal service review” or “MSR”, is to provide a comprehensive inventory and analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities, districts, and service areas. A service review evaluates the structure and operation of an agency and discusses possible areas for improvement and coordination. A service review is used by LAFCO when updating a sphere of influence and can be used by the subject agencies when considering changes in their operations. A written statement of determinations must be made for the following subjects:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged communities within or contiguous to the agency’s sphere of influence.
3. The 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 agency’s sphere of influence.
4. The financial ability of agencies to provide services.
5. The status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

PURPOSE OF SPHERE OF INFLUENCE

A “sphere of influence” is defined in state law to be a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO in the county where the agency is based. The sphere of influence is adopted and amended by LAFCO following a public hearing. The sphere action includes a map, determinations, and a resolution, which may contain recommendations and implementation steps specific to the agency. State law requires LAFCO to make determinations upon the following subjects:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
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.
5. For a city or district that provides sewers, water, or structural fire protection, the present and probable need for those services in any disadvantaged unincorporated communities within the existing sphere of influence.

State law requires that all boundary changes (annexation, detachment, consolidation, dissolution, etc.) be consistent with LAFCO’s policies and the adopted sphere of influence of the subject agency.

EXECUTIVE SUMMARY

LAFCO periodically performs municipal service reviews¹ and updates, as necessary, the sphere of influence of each agency subject to LAFCO’s boundary regulation. A “sphere of influence” is defined as a plan for the probable physical boundaries and service area of a local agency. This report has been prepared to analyze County Service Area 3, Aptos Seascap.

County Service Area 3 was formed in 1965 to provide a series of services to the new community of Seascap. The services are:

- road median landscaping maintenance,
- street sweeping,
- beach access maintenance,
- beach patrol, and;
- beach litter control.

The main conclusions of this report are:

- County Service Area 3 is operating in a responsible manner to provide landscaping maintenance in the divider strips, maintenance of the beach stairway, street sweeping, beach patrols and litter cleanup.
- The County Service Area’s benefit assessment has not changed since 1996. The amounts currently being collected have not been adjusted for inflation. The CSA should decide whether to cut some services in order to maintain others, or it should schedule an election to increase the benefit assessments.
- No amendments are recommended to County Service Area 3’s Sphere of Influence.

CSA 3 Response: The County Public Works Department is responsible for the operation of CSA 3. Following the May 1st meeting, public work staff members indicated that services will be limited to the revenue generated by the residents to address LAFCO’s findings.

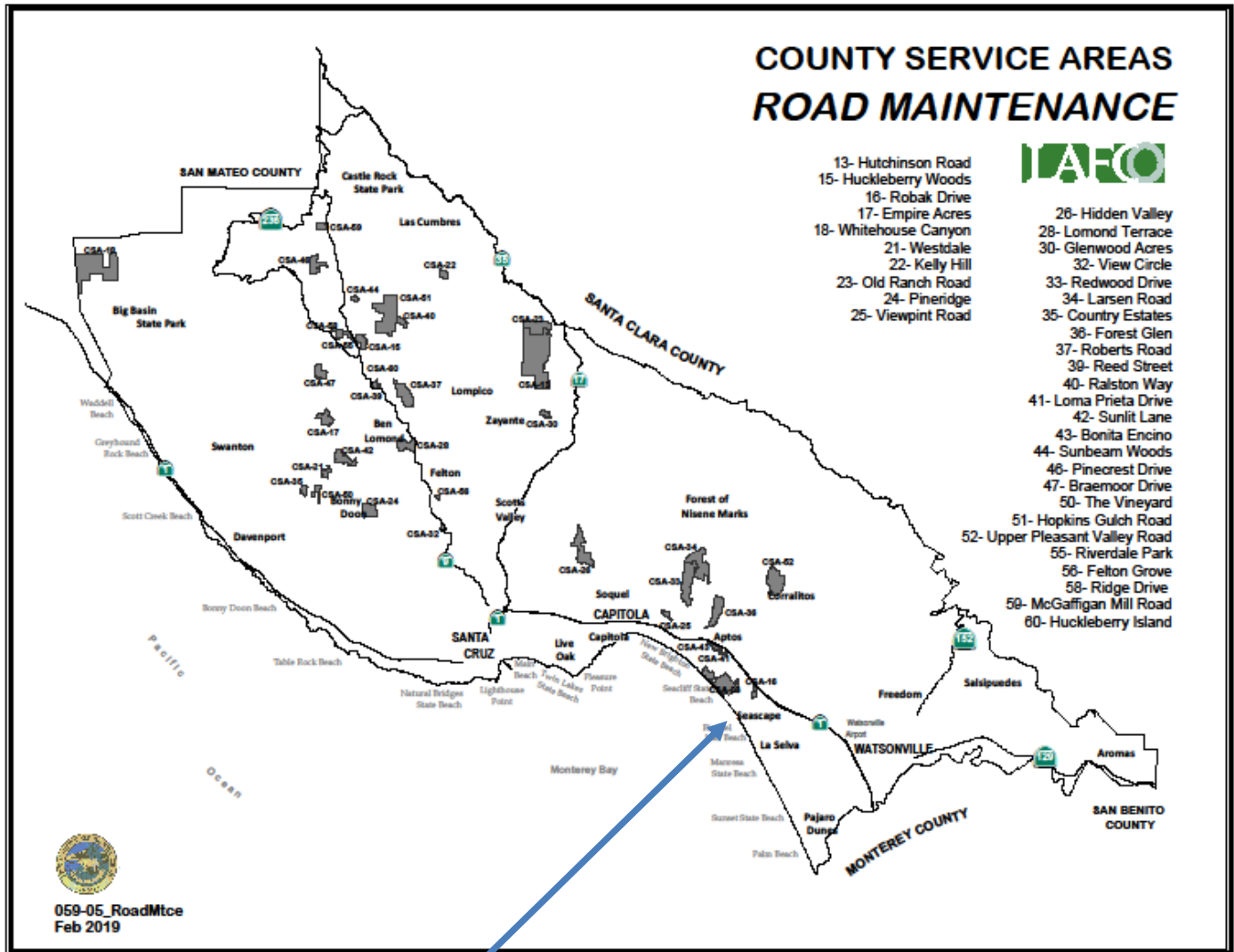
Services: County Service Area 3 Aptos Seascap	Beach Stairway Maintenance	Beach Patrol and Litter Control	Street Sweeping	Landscaping Maintenance
CSA 3 – Aptos Seascap	•	•	•	•

¹ Government Code Section 56430 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). The last service review of CSA 3 was prepared as part of the Countywide Service Review and was adopted by Resolution No. 2007-9. The last sphere of influence review of County Service Area 3 was adopted by LAFCO Resolution No. 2008-1.

The analysis of CSA 3 in the Countywide Service Review can be found in Section 10-9 of the document which is available at: <https://www.santacruzlafco.org/wp-content/uploads/2016/02/Whole-Public-Review-Draft.pdf>

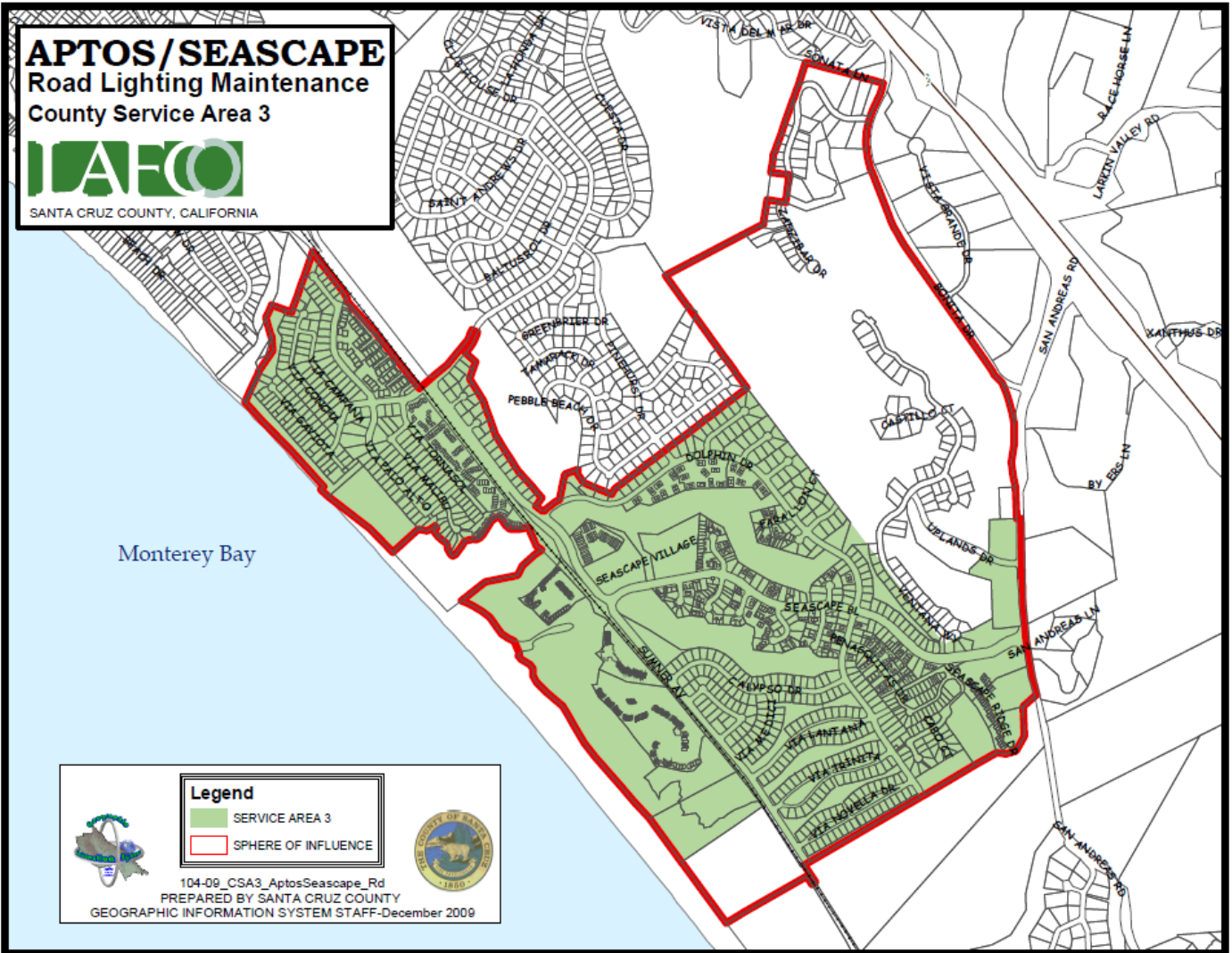
All CSAs are formed and operate pursuant to the County Service Area Law (Government Code Section 25210 et seq.).

A county map of CSAs that provide road maintenance and related services is shown below:



CSA 3 Aptos Seascapes

MAP



CSA 3 AGENCY PROFILE

Contacts:	Matt Machado Director of Public Works Elsa Aguilar, Senior Departmental Administrative Analyst
Mailing Address:	701 Ocean Street, Room 410, Santa Cruz, CA 95060
Site Address:	Same
Phone Number:	(831) 454-2160
Email:	Elsa.Aguilar@santacruzcounty.us
Website:	CSAs in General: http://dpw.co.santa-cruz.ca.us/Home/CSAs.aspx
Types of Services:	Median landscaping, street sweeping, beach access maintenance, beach patrol, beach litter control
Size of Service Area (sq. miles):	0.6

STAFF AND INFRASTRUCTURE

Staff: FTE	2 shared by all CSAs
------------	----------------------

1. GROWTH AND POPULATION

Growth and population projections for affected area.

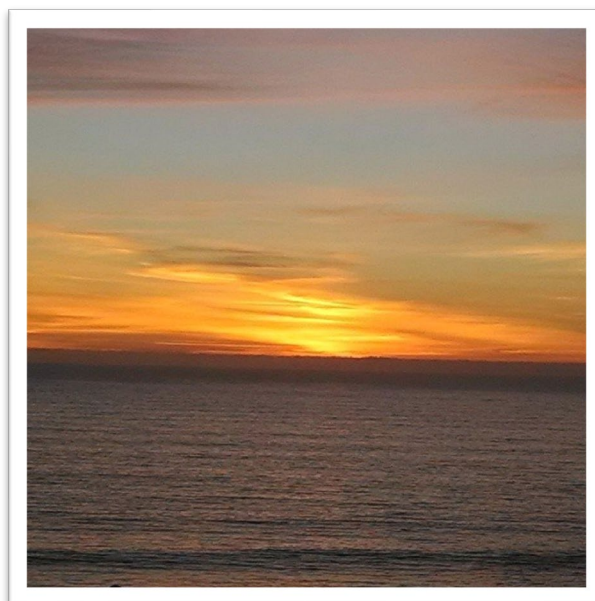
	YES	MAYBE	NO
a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on your agency's service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's sphere of influence boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

COUNTY'S PROJECTED POPULATION GROWTH

Public Agency	2010	2020	2025	2030	2035	Compound Annual Growth Rate
City of Capitola	9,918	9,119	9,427	9,758	10,008	0.07%
City of Santa Cruz	59,946	66,860	70,058	73,337	76,692	0.99%
City of Scotts Valley	11,580	11,638	11,696	11,754	11,813	0.08%
City of Watsonville	51,199	59,446	61,452	63,607	65,762	1.01%
Santa Cruz County (unincorporated)	129,739	132,318	134,879	139,601	144,227	0.42%

Source: AMBAG 2014 Regional Growth Forecast

Population projections are not available for individual CSAs. In general, CSA 3 is substantially developed. There may be limited development opportunities at one site on Uplands Drive and one site on Sumner Avenue.



2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to your agency's sphere of influence.

	YES	MAYBE	NO
a) Does your agency provide water or sanitary sewer service? If no, skip questions b) and c).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency aware of any area(s) within or adjacent to your agency's sphere of influence that is considered "disadvantaged" (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is it feasible for your agency to extend service to the disadvantaged unincorporated community?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: CSA 3 does not provide water or sanitary sewer facilities.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

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.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues regarding your agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: a) and b) CSA 3's benefit assessments have not been increased since 1996. The available funds are insufficient to provide all the services traditionally provided by the CSA at the previous levels of service. The CSA conducts the following public maintenance activities:

- Maintenance of the road median landscaping,
- Street sweeping,
- Beach access maintenance,
- Beach patrol, and
- Beach litter control.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) In the last five years, has your agency failed to obtain an independent audit, or adopted its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency lacking adequate reserves to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Is your agency's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Is your agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: b), c) and d) CSA 3's benefit assessments have not been increased since 1996. The available funds are insufficient to provide all the services traditionally provided by the CSA at the previous levels of service. There are no reserves for capital replacement or unexpected events.

CSA 3 APTOS SEASCAPE BENEFIT ASSESSMENTS, CURRENT VS. ADJUSTED FOR INFLATION SINCE JULY 1, 1996		
Land Use Type	Current Annual Assessment 2019	Assessment if Adjusted for Inflation since July 1996
Retirement Home (per unit)	\$2.50	\$4.03
Housing Project	\$400.00	\$644.02
Condominium	\$50.00	\$80.50
Single Family/Vacant Lots	\$50.00	\$80.50
Duplex	\$100.00	\$161.00
Fourplex	\$200.00	\$322.01
Minor Commercial	\$400.00	\$644.02

Source: Bureau of Labor Statistics website accessed March 18, 2019 <https://data.bls.gov/cgi-bin/cpicalc.pl>

The last time that CSA 3 benefit assessments were raised was July 1, 1996. If adjusted for inflation, the rates would have to be increased 61%.

The following table summarizes CSA 3 budgets. The first column is included to provide a long-term perspective.

CSA 3 APTOS SEASCAPE – FINANCIAL SUMMARY							
	FY	FY	FY	FY	FY	FY	FY
	2003-04	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Budget)
REVENUE							
District Service Charges	\$79,052	\$79,646	\$79,646	\$79,548	\$79,448	\$79,596	\$79,596
Interest	\$249	\$143	\$77	\$113	\$13	\$106	\$75
Other Revenue	\$0	\$73	\$0	\$0	\$5,658	\$0	\$0
TOTAL REVENUE	\$79,301	\$79,862	\$79,723	\$79,661	\$85,119	\$79,702	\$79,671
EXPENDITURES							
Landscape Maintenance	\$23,961	\$38,448	\$37,690	\$17,976	\$26,240	\$20,939	\$23,500
Street Sweeping	\$12,961	\$10,200	\$10,200	\$15,327	\$16,989	\$12,517	\$16,000
Beach Patrol	\$25,381	\$24,329	\$28,766	\$30,239	\$25,031	\$30,516	\$27,000
Misc. Services	\$6,140	\$13,319	\$11,633	\$30,015	\$6,793	\$5,900	\$7,141
Utilities	\$6,226	\$8,585	\$2,890	\$3,113	\$6,898	\$10,736	\$11,300
Accounting / Audit Fees	\$423	\$397	\$399	\$399	\$442	\$0	\$446
Other	\$0	\$0	\$0	\$0	\$0	\$3	\$0
TOTAL EXPENDITURES	\$74,971	\$95,278	\$91,578	\$97,069	\$82,393	\$80,611	\$85,387
Surplus/(Deficit)	\$4,330	(\$15,416)	\$(11,855)	(\$17,408)	\$2,726	(\$909)	(\$5,716)
Fund Balance, at year end	\$22,229	\$47,772	\$32,355	\$20,500	\$3,092	\$5,817	

Index 622100

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for your agency to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there governance options to allow facilities and/or resources to be shared, or to make excess capacity available to others, to avoid construction of extra or unnecessary infrastructure, or to eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: The current services are provided efficiently through governance by the Board of Supervisors and administration by a unit of the County Public Works Department.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

	YES	MAYBE	NO
a) Are there any issues with your agency's meetings being accessible and well publicized? Are there any issues with your agency failing to comply with financial disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency's budget unavailable to the public via the internet?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to your agency's structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: The County is currently studying whether to opt into the California Uniform Public Construction Cost Accounting Act (CUPCCAA). This has the potential to reduce bidding and construction costs for capital improvements within County Service Areas. For more information on CUPCCAA:

[https://www.sco.ca.gov/Files-ARD-Local/Frequently_Asked_Questions_\(FAQ\)_-_Uniform_Public_Construction_Cost_Accounting_Act.pdf](https://www.sco.ca.gov/Files-ARD-Local/Frequently_Asked_Questions_(FAQ)_-_Uniform_Public_Construction_Cost_Accounting_Act.pdf)

1) *Population and Growth*

The population within the unincorporated area of Santa Cruz County is projected to grow at a 0.42% rate between 2010 and 2035. Population estimates for the individual CSAs are not available. CSA 3 is substantially developed. The growth rate within the CSA 3 is low.

2) *Disadvantaged Unincorporated Communities*

CSA 3 does not provide water or sanitary sewer services. There are no known service deficiencies in disadvantaged unincorporated communities that CSA 3 is set up to address.

3) *Capacity of Public Facilities*

There are no capacity issues within CSA 3.

4) *Financing Ability to Provide Service*

The benefit assessments in CSA 3 have not been increased since July 1, 1996. There are insufficient revenues to provide the median landscaping, beach access maintenance, beach patrol, and beach litter control services at the levels provided in the 1990's. The service area should decide whether to further reduce or eliminate some services, or whether to vote on increasing the benefit assessments. Using the federal Consumer Price Index to adjust for inflation, the assessments would need to be increased 61% to match the levels collected in the 1996-7 fiscal year.

5) *Opportunities for Shared Facilities*

The County of Santa Cruz manages CSA 3 along with a number of other CSAs, thus minimizing management costs through the use of County staff.

6) *Accountability, Governmental Structure, and Operations Efficiencies*

The County is currently studying whether to opt into the California Uniform Public Construction Cost Accounting Act (CUPCCAA). This has the potential to reduce bidding and construction costs for capital improvements within County Service Areas.

7) *Any Other Matter Required by Local Policy*

Not applicable.

SPHERE OF INFLUENCE STUDY

COUNTY SERVICE AREA 3, APTOS SEASCAPE

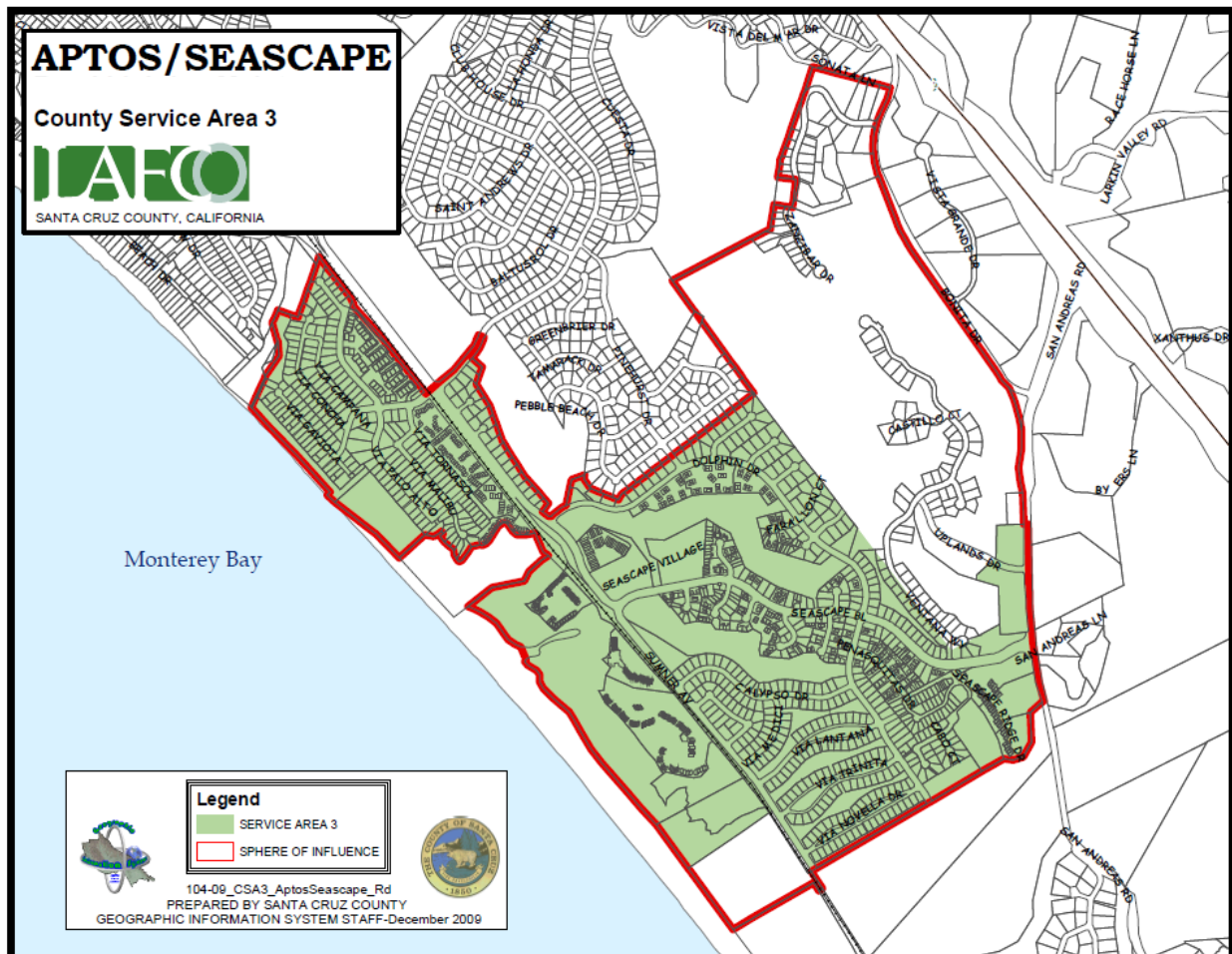
- The agency is not proposing any changes in the currently adopted Sphere of Influence Map, and LAFCO staff has not identified any changes to recommend.
- The agency is proposing changes in the adopted sphere of influence map.
- The LAFCO staff is proposing changes in the adopted sphere of influence map.

SUMMARY OF POTENTIALLY SIGNIFICANT SPHERE DETERMINATIONS

The sphere determinations below are potentially significant.

- 1. Present and Planned Land Uses
- 2. Need for Public Facilities and Services
- 3. Capacity and Adequacy of Provide Services
- 4. Social or Economic Communities of Interest
- 5. Disadvantaged Unincorporated Communities

COUNTY SERVICE AREA 3, APTOS SEASCAPE SPHERE OF INFLUENCE MAP





SPHERE OF INFLUENCE ANALYSIS

COUNTY SERVICE AREA 3, APTOS SEASCAPE

1. PRESENT AND PLANNED LAND USES

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

	YES	MAYBE	NO
a) Are there any present or planned land uses in the area that would create the need for an expanded service area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the amended sphere conflict with planned, orderly and efficient patterns of urban development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Would the amended sphere result in the loss of prime agricultural land or open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the amended sphere impact the identity of any existing communities; e.g. would it conflict with existing postal zones, school, library, sewer, water census, fire, parks and recreation boundaries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any natural or made-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical sphere boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: No sphere amendment is recommended.

COUNTY SERVICE AREA 3, APTOS SEASCAPE

2. NEED FOR PUBLIC FACILITIES AND SERVICES

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

	YES	MAYBE	NO
a) Would the amended conflict with the Commission's goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the amended sphere expand services that could be better provided by a city or another agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Would the amended sphere represent premature inducement of growth or facilitate conversion of agriculture or open space lands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the amended sphere conflict with the Regional Housing Needs Allocation Plan adopted by the Association of Monterey Bay Governments (RHNA)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any areas that should be removed from the sphere because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Have any agency commitments been predicated on expanding the agency's sphere such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: No sphere amendment is recommended.

COUNTY SERVICE AREA 3, APTOS SEASCAPE

3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES

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

	YES	MAYBE	NO
a) Are there any issues regarding the agency's capacity to provide services in the proposed sphere territory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues regarding the agency's willingness and ability to extend services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: No sphere amendment is recommended. CSA 3 has not raised benefit assessments since 1996. The benefitted residents should decide whether to eliminate services or raise the assessment levels in order to have revenue to provide all services sufficiently.

COUNTY SERVICE AREA 3, APTOS SEASCAPE

4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

	YES	MAYBE	NO
a) Are there particular neighborhoods or areas that should be added or excluded from your agency's sphere because those areas function as part of your community or another community socially or economically?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: No sphere amendment is recommended.

COUNTY SERVICE AREA 3, APTOS SEASCAPE

5. DISADVANTAGED UNINCORPORATED COMMUNITIES

For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence. Generally, the identified disadvantaged communities in Santa Cruz County are Davenport and Freedom. Additional smaller areas may be identified by LAFCO, the County, or a City in the future.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to water, sanitary sewers, or structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) If yes, does the proposed sphere exclude any nearby disadvantaged unincorporated community (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion: No sphere amendment is recommended. There are no disadvantaged communities within or adjacent to the sphere.

END OF SPHERE REVIEW