

PROPOSED HUCKLEBERRY ISLAND COUNTY SERVICE AREA
 2015 SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY
 PUBLIC REVIEW DRAFT, JULY 2015

1.1 Document’s Purpose, Format, and Executive Summary

LAFCO performs required municipal service reviews (Government Code Section 56430) and sphere of influence studies (Government Code Section 56427) 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 the Huckleberry Island County Service Area. Determinations are highlighted in boxes using italic text.

The main conclusions of this document are:

- o The Huckleberry Island County Service Area is capable of funding bridge reconstruction, road maintenance services, and common area maintenance in a cost-effective manner.
- o The Sphere of Influence of the Huckleberry Island County Service Area should be established to include only parcels that are accessed over the entrance bridge.

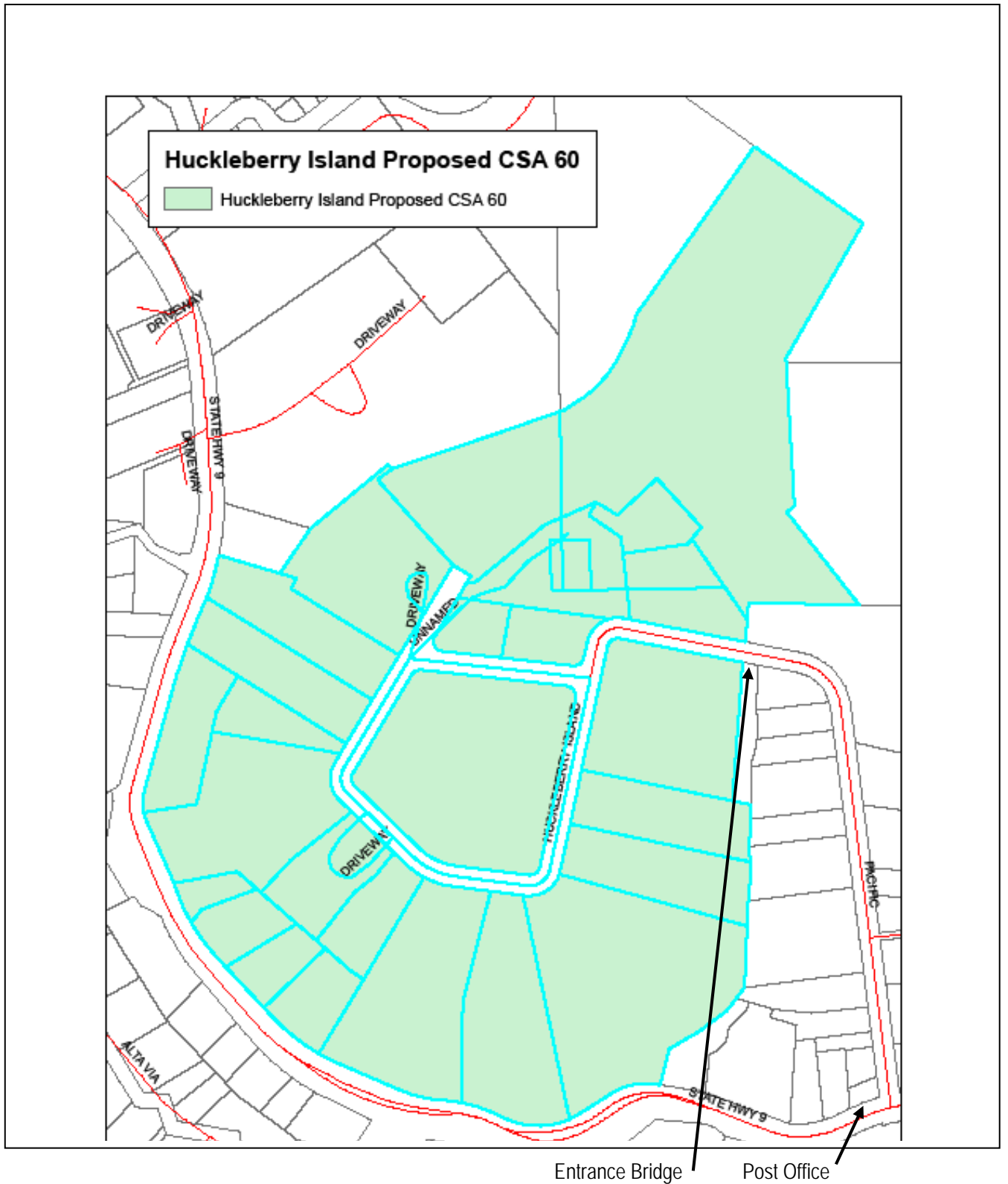
1.2 Agency Overview

County Service Areas (CSAs) are formed specifically to provide funding for enhanced or extended services that are not normally provided to the same extent on a county-wide basis. The proposed Huckleberry Island County Service Area would provide funding for bridge replacement, road maintenance, and common area maintenance for a 30-acre neighborhood of Brookdale.

Proposed Services			
2015Huckleberry Island County Service Area Service Review	Bridge Replacement	Bridge and Road Maintenance	Common Area Maintenance
Proposed Huckleberry Island County Service Area	*	*	*

The Huckleberry Island County Service Area is located in Brookdale at the end of Pacific Street. It is accessed by a one-lane bridge that needs replacement.

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2.1 Growth and Population

Official population projections are not available for the smaller, local CSAs. However, projected growth can be evaluated from the perspective of CSA location and number of improved and unimproved parcels. Many of the undeveloped properties are unbuildable because they are located in the riparian zone of the San Lorenzo River, or have insufficient area to locate a septic system. There are 18 residences in the proposed Huckleberry Island County Service Area. One is located on Highway 9 and doesn't use the bridge for access, two are located on the same parcel, and the rest are on single-family parcels.

County Service Area	Size of Service Area (square miles)	No. Improved Parcels	No. Unimproved Parcels
Proposed Huckleberry Island	0.05	17	12

Service Review (MSR) Determination 1
 Growth and population projections for the affected area.
a. Huckleberry Island is substantially developed as a mountain residential neighborhood. There is little potential for a significant number of new homes to be built.

2.2 Disadvantaged Unincorporated Communities

Disadvantaged communities often lack an adequate level of public services. State law requires LAFCOs to identify where services are lacking in disadvantaged communities. Water Code Section 79505.5 defines disadvantaged communities to be where the median household income is less than 80% of the statewide annual median household income. In 2012, the median statewide household income was \$58,328. 80% of that is \$46,662. The census block group in which Huckleberry Island is located had a 2010 median household income of \$83,787. It is unlikely that a specialized income survey limited to Huckleberry Island would identify a concentration of low household incomes that would result in Huckleberry Island being classified as a disadvantaged unincorporated community.

Service Review Determination 2
 The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
a. There are no disadvantaged unincorporated communities within or contiguous to the proposed sphere of influence for the Huckleberry Island County Service Area.

2.3 Infrastructure Needs and Deficiencies

The County does not calculate a Pavement Condition Index for county service areas. A visual inspection by LAFCO staff identified that the roads were being maintained, and that no critical road improvements are needed. The bridge needs to be replaced. The Boulder Creek Fire Protection District Chief has indicated that he supports efforts to replace the bridge.

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Service Review Determination 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.

- a. The road system in Huckleberry Island is fully constructed and adequately maintained.*
- b. The principal service needs for the proposed county service area is financing a replacement for the access bridge.*

2.4 Financial Constraints and Opportunities

Funding for Road Maintenance – General

The fees and charges for each CSA are set at a level to perform the level of maintenance desired by the CSA property owners. Each CSA pays the County the following charges

1. Auditor/Controller charges 1/2 of 1 percent of the gross revenue received by the CSA with a minimum charge of \$125 and a maximum of \$500 annually.
2. Auditor/Controller charges 1 percent of benefit assessment revenue collected to cover collection efforts.
3. Public Works currently charges 8.5 percent of the amount actually spent by the CSA to cover departmental overhead.
4. In addition, a division overhead rate is charged when services such as Engineering, Survey or Road Maintenance crews are provided to the CSA by Public Works. The current Division overhead rates range from 27.75 percent- 48.81 percent.
5. Annually, each service area will be charged their prorated share of costs involved in updating and maintaining the computerized service charge system.
6. Each service area will be charged the current hourly rate for work requested by the service area such as special billings, research, field consultations and estimates.

Huckleberry Island CSA Funding

The main funding need is for the entrance bridge to be replaced. It does not meet the standard rating for fire engine use. Huckleberry Island is within the Boulder Creek Fire Protection District. The District's current fire response would be to start a hose lay from a hydrant on Pacific Street and proceed to lay the hose across the Huckleberry Island Bridge then up to the incident.

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The homeowners have an engineer's estimate of the cost of a replacement bridge that meets standards for a fire engine response. The 2014 estimate is \$487,540.

The Huckleberry Island proponents have not yet identified an amount or a collection formula. These figures would need to be established if LAFCO authorizes the formation and the County Board of Supervisors prepares to conduct a Proposition 218 election to collect road assessment charges.

Government Code section 56886(b) allows LAFCO to condition the approval of a county service area so that the service area is only set up if an assessment charge is approved through a process following LAFCO's approval. In this case, the Board of Supervisors could be responsible for conducting the Proposition 218 assessment charge process. If conditioned in this manner by LAFCO, the Huckleberry Island County Service Area would not be formed and recorded unless the Proposition 218 charge was approved by the affected property owners.

Service Review Determination 4

Financial ability of agencies to provide services.

- a. The anticipated costs for replacing the bridge, maintaining bridge and roads at Huckleberry Island, and maintaining the common area in the expanded sphere of influence are not currently estimated. The bridge replacement cost is estimated at \$487,540.*
- b. The proposed county service area would collect assessment charges from property owners who benefit from the road maintenance activities of the Huckleberry Island County Service Area. Any proposed road assessment charges would be calculated by the County Public Works Department and put to a Proposition 218 election of the benefitting property owners on Huckleberry Island.*
- c. LAFCO can condition any formation upon the assessment charges being approved before the County Service Area is formed. That would avoid a county service area being set up which doesn't have adequate funding to operate.*

2.5 Opportunities for Shared Facilities

County Service Areas' road maintenance costs are driven by the public agency contracting laws in which bidding thresholds were set 30 years ago and have not been increased. Currently, projects which cost between \$4,000 and \$9,999 are subject to an informal bid process and must be advertised. Projects costing \$10,000 and above are subject to a formal bid which requires detailed plans and specifications. This process has been in place for a number of years and has not changed to reflect increased costs. Therefore, a larger number of projects are now subject to a formal bid process. Increasing the bid thresholds is a cost avoidance opportunity that could yield greater efficiencies.

The County contracts for approximately 95% of all road maintenance and repairs for the CSAs. Occasionally, seal coat/slurry seal work is done by the County's road maintenance crew in conjunction

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with the County's annual slurry seal/seal coat project. Any work done for CSAs, including staff

management time, is charged to the respective CSA budget. The agencies are sharing facilities where appropriate. The County Public Works Departments is using other departments for related services, such as legal, finance, and planning.

Service Review Determination 5

Status of, and opportunities for, shared facilities.

- a. *The Huckleberry Island County Service Area, if formed, would share governance and staffing with the other road county service areas operated by the Santa Cruz County Public Works Department.*

2.6 Accountability, Governmental Structure, and Operational Efficiencies

The governing body of the Huckleberry Island CSA is the Santa Cruz County Board of Supervisors.

The County Public Works Department manages each of the road CSAs. This shared management achieves a level of management efficiency for the special districts.

The annual assessments for the road CSAs are established through a public process and are subject to Proposition 218.

The rate structure for each CSA is evaluated annually during the budgeting process. Changes are recommended based on available financing and projected maintenance needs.

CSAs are dependent special districts 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.).

Alternatives to the current government structure for the local CSAs are limited given their relatively small size and the limited class of services they provide. In general CSAs can be reorganized as independent agencies, consolidated with other CSAs, merged with cities, or dissolved.

Another government structure option that is not currently used in Santa Cruz County is a Permanent Road Division (PRD). PRDs are not special districts as defined by LAFCO law. They are geographic areas designated by a County Board of Supervisors for providing road improvements and maintenance, formed pursuant to the Streets and Highways Code §1160 et seq. (the Permanent Road Division Law). Services in PRDs can be financed by either special taxes or assessments (also called Parcel Charges). In contrast to County Service Areas, PRDs can only be used to fund road maintenance and improvements. They are established after notice of the landowners and a public hearing. Generally, an assessment or special tax is presented to the landowners at the same time. PRDs may provide economies of scale and greater efficiency. Further study should be conducted to see if this approach would be beneficial in Santa Cruz County.

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One or all of the road maintenance CSAs could be dissolved and reorganized as a PRD. PRDs may not include other districts, but they can include zones of benefit such that several CSAs could be combined into one PRD. The costs and expected benefits of this approach would need to be analyzed to see whether there are sufficient economies to warrant the change. If a CSA chose to dissolve and not reorganize, it would have to compete with other roads and streets for the limited resources Santa Cruz County is able to allocate for road maintenance.

Service Review Determination 6

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

- a. *As dependent districts of the County, county service areas operate with limited overhead costs. Budget and rate hearings are conducted by the Board of Supervisors, acting as the governing authority of the county service area.*

Service Review Determination 7

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

- a. *With the preparation of each service review, Commission policy requires identification of agency mission statements and rules of order adopted by the agencies subject to the review. The Board of Supervisors, acting as the governing authority of the county service area, has not adopted a mission statement for the proposed Huckleberry Road County Service Area, or any of the other county service areas. The Board has adopted Sturgis Standard Code of Parliamentary Procedure to cover the conduct of its meetings.*

2.7 Alternatives

There are no other road maintenance districts available in Brookdale. The County of Santa Cruz is reluctant to accept any new roads into its public maintenance system, and the cost to bring the Huckleberry Island roads up to County road standards would be prohibitive.

Sphere of Influence Amendment

3.1 Proposed Amendments to Sphere

The proposed sphere amendment, consisting of 31.31 acres, is displayed in the map on page 2.

3.2 Present and Planned Land Uses

Huckleberry Island is substantially developed in rural residential uses.

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Sphere Determination 1

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

- a. The proposed sphere of influence for the Huckleberry Island County Service Area is substantially developed into low-density single-family dwellings.*
- b. There are no agricultural or open-space lands within the proposed sphere of influence for the Huckleberry Island County Service Area.*
- c. There are no open-space uses in or adjacent to the proposed Huckleberry Island County Service Area.*

3.3 Need for Services

The future need is financing the entrance bridge replacement, bridge and road maintenance, and common area maintenance.

Sphere Determination 2

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

- a. The principal need for road maintenance services in the area is financing bridge replacement, bridge and road maintenance, and common area maintenance.*
- b. Five parcels in the proposed CSA boundary are located adjacent to Highway 9 and are accessed directly from Highway 9, and will not use nor benefit from the bridge and road maintenance activities of the Huckleberry Island County Service Area. LAFCO staff is recommending that those five parcels be excluded from the sphere and the formation boundary.*

3.4 Present Capacity and Adequacy of Services

As discussed on pages 4-8, a county service area can adequately perform the construction and maintenance activities proposed for Huckleberry Island.

Sphere Determination 3

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

- a. At this point, the bridge, roads, and common area at Huckleberry Island are privately maintained. The bridge does not meet load standards for emergency vehicles.*
- b. Other County Service Areas, such as Roberts Road and McGaffigan Mill Road, have successfully replaced bridges and maintained a rural road.*

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3.5 Social or Economic Communities of Interest

Huckleberry Island is a cohesive neighborhood. The common interest is financing bridge replacement, bridge and road maintenance, and common area maintenance.

Sphere Determination 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.
a. The Commission determines that Huckleberry Island is a social and economic community of interest.

3.6 LAFCO Sphere Policies

LAFCO’s sphere policies are available at:

<http://santacruzlafco.org/Library/Sphere%20Policies%202011.pdf>

They call out the process by which spheres are developed and amended. They also have subject-specific policies (water, preference for efficient service providers, etc.). This proposal, as recommended by staff, is generally consistent with those policies. The staff is recommending that five parcels included in the proposal be excluded from the county service area formation because they do not benefit from the bridge replacement. Refer to the staff report and the draft resolutions for more details.

3.7 Agency Profile

County of Santa Cruz – Huckleberry Island CSA 15	
Contact:	John Presleigh, Director of Public Works
Mailing Address:	701 Ocean Street, Room 410, Santa Cruz, CA 95060
Site Address:	Same
Phone Number:	(831) 454-2160
Fax Number:	(831) 454-2835
Email	Elsa.Aguilar@santacruzcounty.us
Website	http://www.dpw.co.santa-cruz.ca.us/csa.htm
Types of Services:	Bridge and Street Construction/Maintenance, Common Area Maintenance