AGENDA ITEM NO. 5

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: August 22, 2016

TO: Chair and Members of the Formation Commission

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **2016 Municipal Service Review and Sphere of Influence Study of Park Districts in Coastal Monterey County:**

- **Monterey Peninsula Regional Park District,**
- **Carmel Valley Recreation and Park District,** and
- **North County Recreation and Park District.**

SUMMARY OF RECOMMENDATIONS:

It is recommended that the Commission receive a report by the Executive Officer, conduct a public hearing, and adopt a Resolution (Attachment 1) to:

1. Find that the action is exempt from provisions of the California Environmental Quality Act (CEQA) as "information collection" under Section 15306 of the State CEQA Guidelines and based on the determination that this action does not have the potential for causing a significant effect on the environment (Section 15061(b)(3));
2. Adopt the 2016 Municipal Service Review and Sphere of Influence Study and,
3. Based on the Study's recommended determinations:
   a. Affirm the currently adopted Spheres of Influence of the Monterey Peninsula Regional Park District and the North County Recreation and Park District, with no changes; and
   b. Amend the Sphere of Influence of the Carmel Valley Recreation and Park District to remove an area of approximately 635 acres (1.0 square mile) of uninhabited open space that is unlikely to warrant future annexation into the District.

EXECUTIVE OFFICER'S REPORT:

State law requires LAFCO to periodically review and update the services and Spheres of Influence of all cities and special districts. In accordance with the Commission's adopted work program, LAFCO staff has prepared a comprehensive study of these three districts that provide recreation and park services in the western portion of the County. Key findings and recommendations are presented in the Executive Summary. Three district profiles provide more detailed information. The Study concludes with determinations required by State law.

Each of the three park districts is diligently carrying out its mission and providing valued services to its residents. The Study commends the districts for the strong community partnerships they have forged. The Study also observes that each of the three districts is currently planning or considering taking a funding-

related ballot measure to District voters. In November 2016, voters in the Regional district will vote on a parcel tax to replace an existing parcel-based benefit assessment that is set to expire in June 2019. The Carmel Valley and North County districts face acute annual budget shortfalls. The two local districts' boards of directors are currently considering options for taking ballot measures to their voters to augment existing funding levels.

The Study recommends that the Carmel Valley district's existing, 1980s-era Sphere of Influence designation be amended to remove an approximately 635-acre (1.0-square-mile) uninhabited open space area, about 95% of which is owned by the Regional district. Because it has no population to receive district services or enhance revenues, the area is unlikely to warrant future annexation into the Carmel Valley district. Based on this recommendation, the Carmel Valley district's Sphere would match existing district boundaries, as is the case with the other two districts included in the Study. No other areas were identified by district representatives or LAFCO staff as being potential Sphere expansions for any of the three districts at present.

Agency Coordination and Public Notice

A hearing notice for this study was published in the July 28 issue of the Monterey County Weekly. Representatives from all three districts reviewed an administrative draft of the study to help ensure accuracy and completeness. The public review draft is available on LAFCO's web site.

Respectfully Submitted,

Kate McKenna, AICP
Executive Officer

Attachments:
1. Draft Resolution
2. 2016 Municipal Service Review and Sphere of Influence Study (public review draft)

cc: Rafael Payan, General Manager, Monterey Peninsula Regional Park District
Karolyn Stone, Board President, Carmel Valley Recreation and Park District
Judy Burditt, General Manager, North County Recreation and Park District
Eric Tynan, General Manager, Castroville Community Services District
Carl P. Holm, Director, Resource Management Agency, County of Monterey

Prepared by: Thomas A. McCue, AICP, Senior Analyst

RESOLUTION NO. 16-xx

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MAKING DETERMINATIONS ADOPTING THE 2016 MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY OF RECREATION AND PARK AND REGIONAL PARK DISTRICTS IN COASTAL MONTERY COUNTY, AND AMENDING THE SPHERE OF INFLUENCE OF THE CARMEL VALLEY RECREATION AND PARK DISTRICT

RESOLVED, by the Local Agency Formation Commission of Monterey County, State of California, that:

WHEREAS, State law requires that the Commission conduct periodic reviews and updates of the Sphere of Influence of each city and district in Monterey County (Government Code section 56425); and

WHEREAS, State law further requires the Commission to update information about municipal services before, or in conjunction with, adopting a Sphere update (Government Code section 56430); and

WHEREAS, the subject Study pertains to the Monterey Peninsula Regional Park District, the Carmel Valley Recreation and Park District, and the North County Recreation and Park District; and

WHEREAS, none of the subject districts is proposing modifications to its existing boundary or Sphere of Influence; and

WHEREAS, LAFCO staff has met and consulted with representatives of the three districts, and other known interested parties, and has received written information regarding current and expected growth boundaries, the location and characteristics of disadvantaged unincorporated communities, planned and present capacity of public facilities, adequacy of public services, financial ability to provide services, opportunities for shared facilities and services, government structure, and operational efficiencies; and

WHEREAS, the information gathered has provided the basis for preparation of a Municipal Service Review and Sphere of Influence Study and the Executive Officer has furnished a copy of this Study to each person entitled to a copy or expressing interest in receiving a copy, and

WHEREAS, the Commission has heard from interested parties, considered the Study and the report of the Executive Officer, and considered the factors determined by the Formation Commission to be relevant to this matter, including, but not limited to, factors specified in Government Code sections 56425(e) and 56430(a), and the Formation Commission's policies.

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, the Commission finds that this action is categorically exempt from the provisions of CEQA as "Information Collection" under Section 15306 of the CEQA Guidelines and based on the determination that this action does not have the potential for causing a significant effect on the environment (Section 15061(b)(3)).

Section 3. In evaluating the districts' Spheres of Influence, the Commission has conducted a review of the services provided. This service review was conducted in accordance with Government Code section 56430. The analysis, conclusions and recommendations in this review were prepared with information provided by, and in consultation with, the districts. Data sources are available for review in the office of the Commission.

Section 4. In reviewing the services of the three districts, the Commission has considered a written statement of its determinations in accord with Government Code section 56430(a). These determinations are made with respect to each of the following seven areas and are incorporated by reference into this resolution:

a. Growth and Population Projections for the Affected Area.

b. The Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence.

c. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies including Needs or Deficiencies.

d. Financial Ability of Agencies to Provide Services.

e. Status of, and Opportunities for, Shared Facilities.

f. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.

g. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy.

Section 5. In evaluating the districts' Spheres of Influence, the Commission has considered a written statement of its determinations, in accord with Section 56425(e) of the Government Code. These determinations, included in the Study, are made with respect to each of the following four areas and are incorporated by reference into this resolution:

a. The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands.

b. The Present and Probable Need for Public Facilities and Services in the Area.

c. The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide.

d. The Existence of any Social or Economic Communities of Interest in the Area if the Commission determines that they are Relevant to the Agency.

Section 6. The Commission has considered, as a part of its deliberations, all oral presentations and written communications received prior to the close of the public meeting.

Section 7. In accordance with Government Code section 56430, the Commission hereby adopts the 2016 Municipal Service Review and Sphere of Influence Study of Recreation and Park and Regional Park Districts in Monterey County.

Section 8. Based on the Study's recommended determinations, the Commission hereby affirms the currently adopted Spheres of Influence of the Monterey Regional Park District and the North County Recreation and Park District as shown in the Study, with no changes.

Section 9. Based on the Study's recommended determinations, the Commission hereby amends the Carmel Valley Recreation and Park District's Sphere of Influence to remove an area of approximately 635 acres (1.0 square mile) of uninhabited open space that is unlikely to warrant future annexation into the District, as shown in Exhibit A.

UPON MOTION OF Commissioner _____, seconded by Commissioner _____, the foregoing Resolution is adopted this 22nd day of August, 2016 by the following vote:

AYES: Commissioners
NOES: Commissioners
ABSENT: Commissioners
ABSTAIN: Commissioners

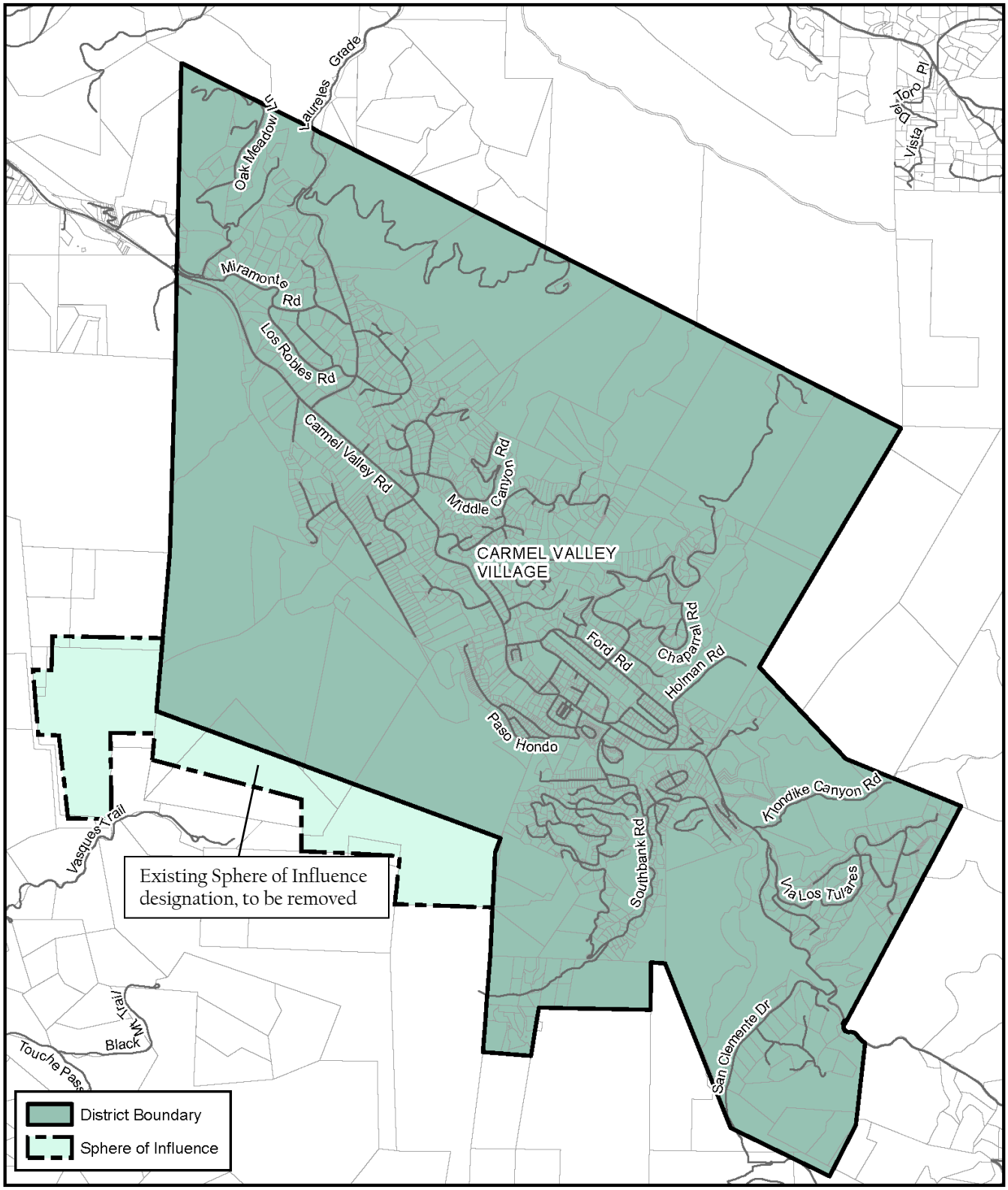
_____
Joe Gunter, Chair
Local Agency Formation Commission of Monterey County

ATTEST: I certify that the within instrument is a true and complete copy of the original resolution of said Commission on file within this office.

Witness my hand this ____ day of August, 2016

By: _____
Kate McKenna, AICP, Executive Offic

Exhibit A to Resolution - Proposed Sphere of Influence Amendment - CV Rec & Park District



LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
Salinas, CA 93902
FAX (831) 754-5831

N

0 2,000 4,000
Feet

SPECIAL DISTRICTS

CARMEL VALLEY RECREATION & PARK DISTRICT

Last LAFCO-Approved Change: 12/13/1994
Map Prepared: 4/26/2016

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2016 Municipal Service Review and Sphere of Influence Study

Park Districts in Coastal Monterey County:

- Monterey Peninsula Regional Park District
- Carmel Valley Recreation and Park District
- North County Recreation and Park District

Public Review Draft – August 22, 2016

COMMISSIONERS

Chair Joe Gunter, City Member
Vice Chair John Phillips, County Member
Fernando Armenta, County Member, Alternate
Sherwood Darington, Public Member
Matt Gourley, Public Member, Alternate
Maria Orozco, City Member, Alternate
Warren E. Poitras, Special District Member
Ralph Rubio, City Member
Simón Salinas, County Member
Steve Snodgrass, Special District Member, Alternate
Graig R. Stephens, Special District Member

STAFF

Kate McKenna, AICP, Executive Officer
Darren McBain, Senior Analyst
Thomas A. McCue, AICP, Senior Analyst
Gail Lawrence, Clerk to the Commission
Tiffany Hutchison, Administrative Assistant
Leslie J. Girard, General Counsel

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

132 W. Gabilan Street, Suite 102, Salinas, CA 93901
P.O. Box 1369, Salinas, CA 93902
(831)754-5838
www.monterey.lafco.ca.gov

Table of Contents

Executive Summary

- Map of Districts 4
- Introduction 5
- Report Overview and Organization 5
- Key Findings 6
- Recommended Actions 7

District Profiles

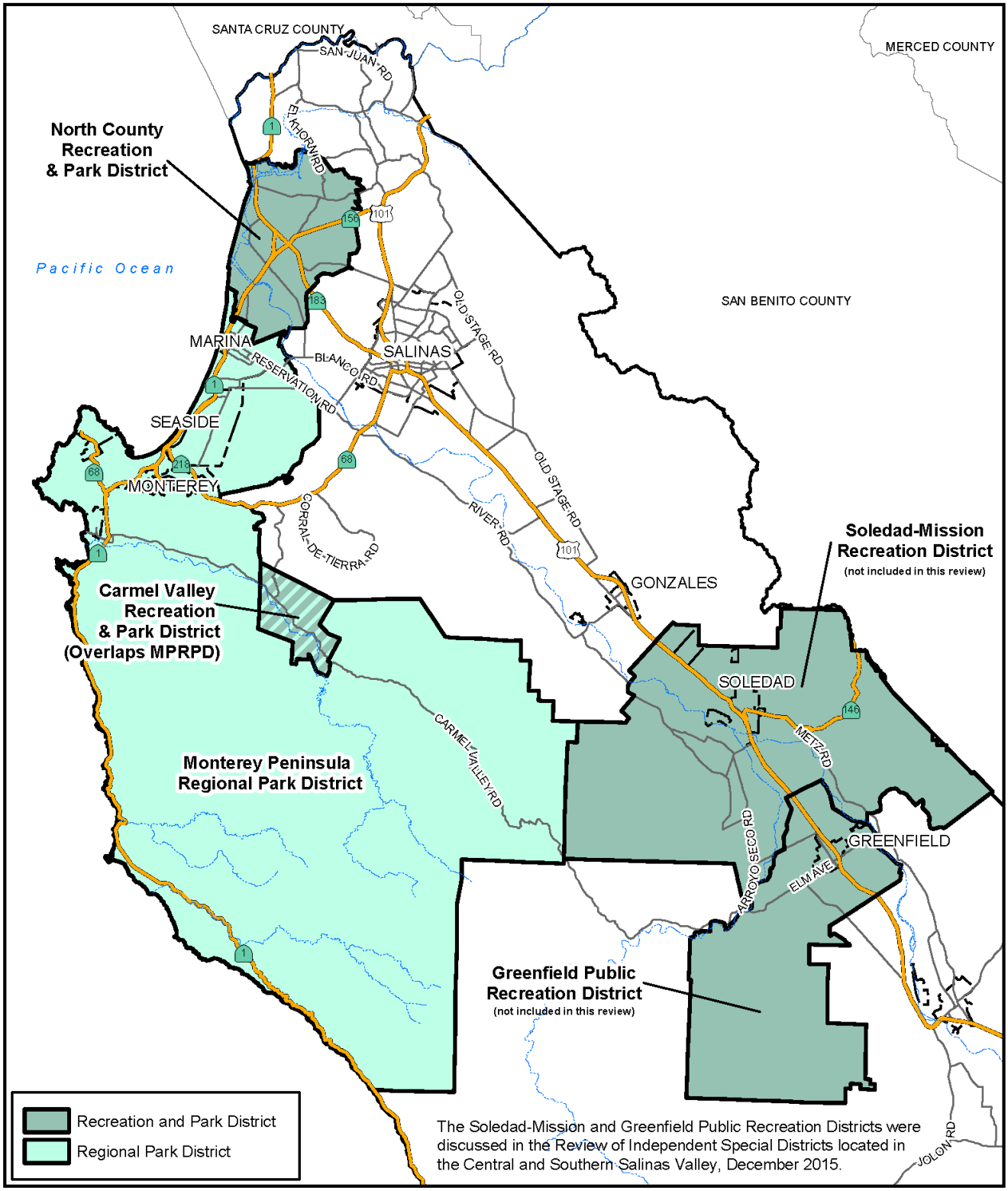
- Monterey Peninsula Regional Park District 9
- Carmel Valley Recreation and Park District 19
- North County Recreation and Park District 29

Determinations

- Overview and Summary of Recommendations 39
- Municipal Service Review Determinations 39
- Sphere of Influence Determinations 41

Appendix 43

Palo Corona Regional Park
Photo courtesy of MPRPD



LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
Salinas, CA 93902
FAX (831) 754-5831

N

0 4 8
Miles

Recreation & Park and Regional Park Districts in Monterey County

Map Prepared: 5/6/2016

EXECUTIVE SUMMARY

INTRODUCTION

This report provides information about the services and boundaries of the following three special districts providing park- and recreation-related services in coastal Monterey County:

- **Monterey Peninsula Regional Park District,**
- **Carmel Valley Recreation and Park District, and**
- **North County Recreation and Park District.**

As shown in Figure 1, the three districts differ widely in terms of geographic size and scope. They also vary in their main legislative purposes. Formed under the Public Resources Code, the much larger Monterey Peninsula regional district essentially prioritizes the acquisition and preservation of regional open spaces with broad-based orientation to the greater Peninsula community and outlying areas. The more locally oriented Carmel Valley and North County districts were formed under the Recreation and Park District provisions of California Government Code. Although these two areas of State law differ somewhat in emphasis, there is also broad overlap that provides the structure for all three districts to provide parks, open spaces, and recreation programs.

Since its inception, the Carmel Valley district has "overlapped" with the regional district. This overlap reflects the fundamental difference in orientation between local community-oriented and broader regional-serving park districts.

The three districts in this study also differ in terms of population served, as well as availability of financial resources. The regional district has a budget approximately eight times larger, and 80 times larger, respectively, compared to the local North County and Carmel Valley districts.

Two additional recreation and park districts in Monterey County are located in the southern Salinas Valley: the Soledad-Mission and Greenfield Public Recreation and Park Districts. These two districts were reviewed in the Service Review approved by the Commission in December 2015 for Independent Special Districts in the Central and Southern Salinas Valley, and are not further evaluated in the current study.

REPORT OVERVIEW AND ORGANIZATION

This **Executive Summary** presents a brief overview of the current study, the study's key findings, and recommended actions.

The **District Profiles** chapter contains individual profiles for each of three districts, highlighting the specific characteristics, opportunities, and challenges of each local agency.

The **Determinations** chapter is organized by the statutory determinations required for all Municipal Service Reviews and Sphere of Influence studies pursuant to the Cortese-Knox-Hertzberg Act. The chapter provides recommended Municipal Service Review and Sphere of Influence determinations for all three of the districts.

These chapters are followed by an Appendix providing **Sources and Acknowledgements** and a brief outline of the various types of park resources that exist in Monterey County.

KEY FINDINGS

Following are the key findings of the Municipal Service Review and Sphere of Influence Study:

1. **The three districts are carrying out their missions and addressing the specific needs of their communities.**

   The Monterey Peninsula Regional Park District, Carmel Valley Recreation and Park District, and North County Recreation and Park District are very different agencies, and each is meeting the unique needs of its community. The regional district works to preserve major and smaller parks and preserves throughout its extensive boundaries, while also assisting numerous other local parks-related agencies and providing recreational activities directly to residents. The Carmel Valley district provides a central place—a "town square"—as a hub for local gatherings. The North County district functions similar to a parks department for the unincorporated community of Castroville, with extensive services for everyone and an emphasis on the needs of children and seniors.

2. **Existing Spheres of Influence and district boundaries generally remain appropriate. One minor "clean up" Sphere amendment is recommended for the Carmel Valley Recreation and Park District.**

   The regional district and the North County district have no existing Sphere of Influence designation beyond existing District boundaries. The Carmel Valley district currently has a 635-acre (one-square-mile), 1980s-era Sphere of Influence beyond District boundaries. This area is uninhabited open space that is unlikely to warrant future annexation into the District, and is therefore recommended to be removed from the District's Sphere. Existing boundaries of the three districts are logical and no changes appear to be warranted at present. Because some of the population served by the districts live outside current boundaries, some district representatives have expressed potential interest in future annexations in order to more accurately reflect the populations served.

3. **Community partnerships continue to be instrumental in the districts' successes and outlook.**

   Each of the districts has an established record of partnering with other organizations and agencies in the attainment of their missions. The regional district works with a variety of state and local agencies and nonprofits in the ongoing preservation of the area's open spaces. It also partners with a wide range of local government and nonprofit agencies to support local parks and provide recreational and environmental education opportunities for all district residents. The regional district is currently coordinating with the County of Monterey to explore potential joint District-County management of Jacks Peak and possibly other County parks.

   The Carmel Valley district works closely with many local groups and also has a historical relationship with the regional district. The regional district helped form the Carmel Valley district and continues to invite the Carmel Valley district to compete for capital improvement funding support through the district-wide competitive grant process. The Carmel Valley district's annual budget is largely based on 1985-level assessments that have been inadequate to cover expenses in recent years. Continuing collaboration between the two districts may have a role in potentially exploring and identifying third-party funding opportunities to formulate possible means of addressing the Carmel Valley district's structural budget deficit.

   The North County district is closely linked to the Castroville Community Services District, in that the CSD directly provides 10% to 15% of annual District revenues. Following dissolution of redevelopment agencies in 2012, the North County district continues to partner with other County agencies, as well as with local schools, in providing local social and recreation programs.

4. **Securing adequate and sustainable sources of annual revenue is essential, and an immediate priority, for all three districts.**

   Each of the three districts is pursuing steps to ask district voters to consider a property tax proposal within the next one to two years. Unless voters approve the replacement of an expiring assessment that currently generates over $1 million per year, the regional district will need to reduce its budget by approximately 20%. In the short term, the Carmel Valley district faces a very real prospect of insolvency unless it can augment its 1985-based assessment revenues via a ballot measure or other source. The North County district has also expressed a need to obtain additional funding to reinvest in its aging facilities and maintain recreational, nutritional, and other programs for local residents who rely on these services.

5. **Conformance to State legal requirements for special districts tends to vary with availability of staff and financial resources.**

   Staying current with the legal, financial, and practical requirements of running a local agency can be a challenge for any local public agency. The regional district, which is relatively well funded and has twelve full-time staff members, recently obtained certification for its excellence in government transparency and accountability. With fewer (or no) staff and much smaller annual budgets, smaller districts in general experience more difficulty in keeping up with current requirements for financial reporting, transparency and accountability, and training required for Board Members and staff. Importantly, all three districts in this study hold open, noticed public meetings and are committed to serving their communities.

   In December 2015, the LAFCO Commission authorized the LAFCO Executive Officer to develop a program of continuing educational and training outreach to assist special district staff and board members countywide. This LAFCO effort, which is currently under development (as a starting point, the LAFCO web site was thoroughly restructured in July 2016) may be helpful in the development and update of districts' written policies and procedures, compliance with State local agency ethics requirements, and financial management. LAFCO staff looks forward to coordinating ongoing board member training and outreach, as needed, with district representatives.

RECOMMENDED ACTIONS

Based on the information in this report, the Executive Officer recommends that the Commission:

1. Find that the action is exempt from provisions of the California Environmental Quality Act (CEQA) as "information collection" under Section 15306 of the State CEQA Guidelines and based on the determination that this action does not have the potential for causing a significant effect on the environment (Section 15061(b)(3)); and
2. Adopt the *2016 Municipal Service Review and Sphere of Influence Study* for the Monterey Peninsula Regional Park District, the Carmel Valley Recreation and Park District, and the North County Recreation and Park District; and
3. Based on the Study's recommended determinations,
   a. Affirm the current Sphere of Influence designations for the Monterey Peninsula Regional Park District and the North County Recreation and Park District, and
   b. Amend the Carmel Valley Recreation and Park District's currently designated Sphere of Influence to remove an area of approximately 635 acres (1.0 square mile) of uninhabited open space that is unlikely to warrant future annexation into the District.

[This page left blank intentionally.]

Monterey Peninsula Regional Park District

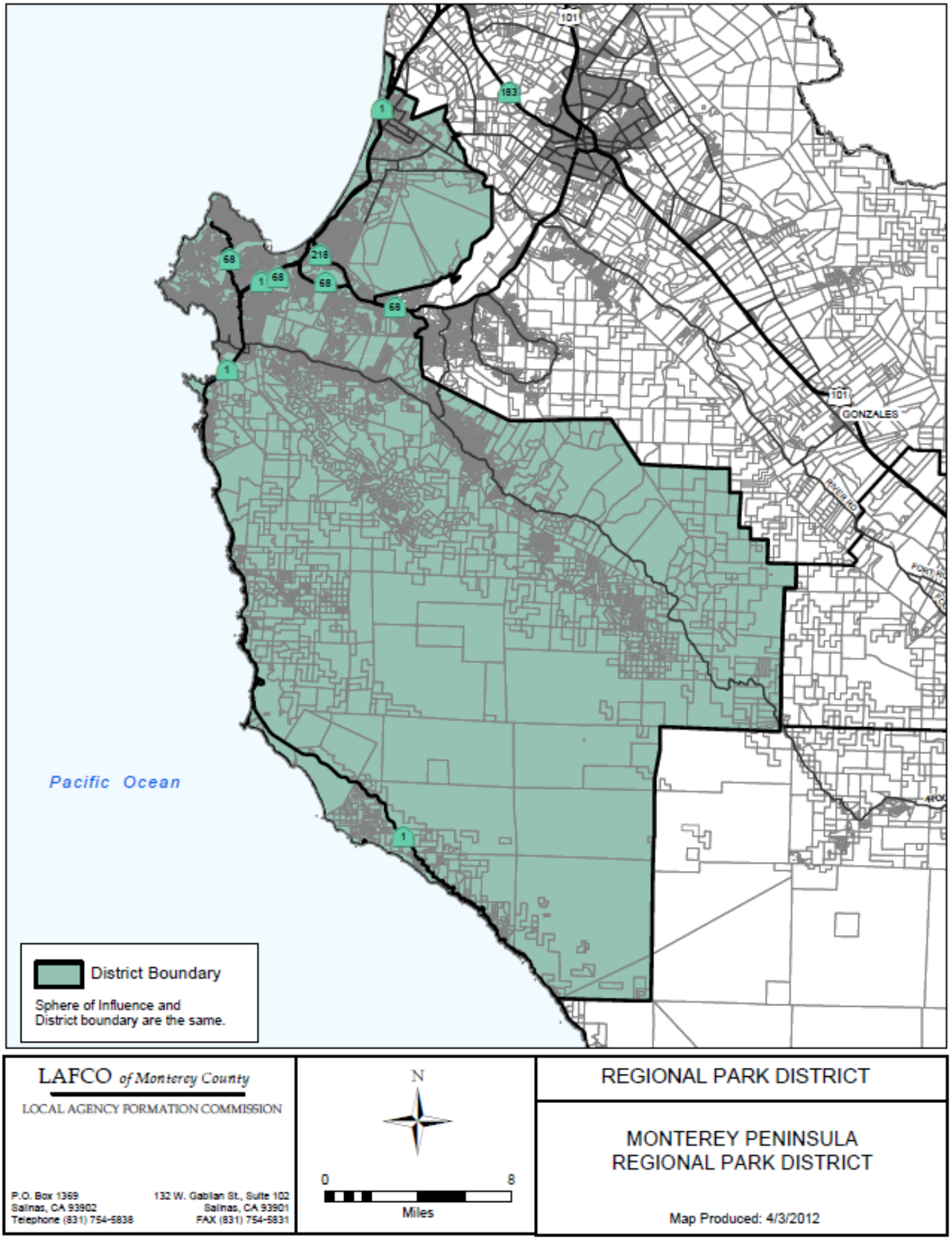
60 Garden Court, Suite 325, Monterey, CA 93940-5341
(831) 372-3196

Monterey Peninsula Regional Park District – **At A Glance**	
Formation	November 1972
Legal Authority	Public Resources Code, section 5500 et seq. ("Regional Park, Park and Open-Space, and Open-Space Districts")
Board of Directors	Five members, elected to four-year terms to represent distinct areas/wards
District Area	Approximately 537 square miles
Sphere of Influence	Same as District (i.e. no Sphere beyond existing District boundaries)
Population (estimate from 2010 U.S. Census)	128,200
Revenue (2016-17 Budget)	$6,180,700
Approximate Annual Revenue Per Capita	$48
General Manager	Rafael Payan, PhD
Employees	Twelve full-time staff members, one seasonal ranger, and two part-time administrative personnel
Facilities	Twelve parks/preserves/park units throughout the District: Ten are open to the public; two properties are not.
Website	www.mprpd.org

INTRODUCTION

Marina Dunes Preserve
Photo courtesy of MPRPD

The Monterey Peninsula Regional Park District works to protect some of the most significant open spaces along California's Central Coast and making these lands available to the public. The District is the only regional park district in Monterey County. Formed by voters in 1972, the District acquires lands with the purpose of preserving open space and providing recreational opportunity. To date, the District has protected and acquired approximately 13,050 acres of open space. It currently manages twelve parks/preserves/park units in the County and has turned over the management and ownership of many other parks and trail systems to local partner agencies.


101
183
1
68
218
GONZALES
Pacific Ocean
District Boundary
Sphere of Influence and
District boundary are the same.
LAFCO of Monterey County
LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838
132 W. Gabilan St., Suite 102
Salinas, CA 93901
FAX (831) 754-5831
N
0
8
Miles
REGIONAL PARK DISTRICT
MONTEREY PENINSULA
REGIONAL PARK DISTRICT
Map Produced: 4/3/2012

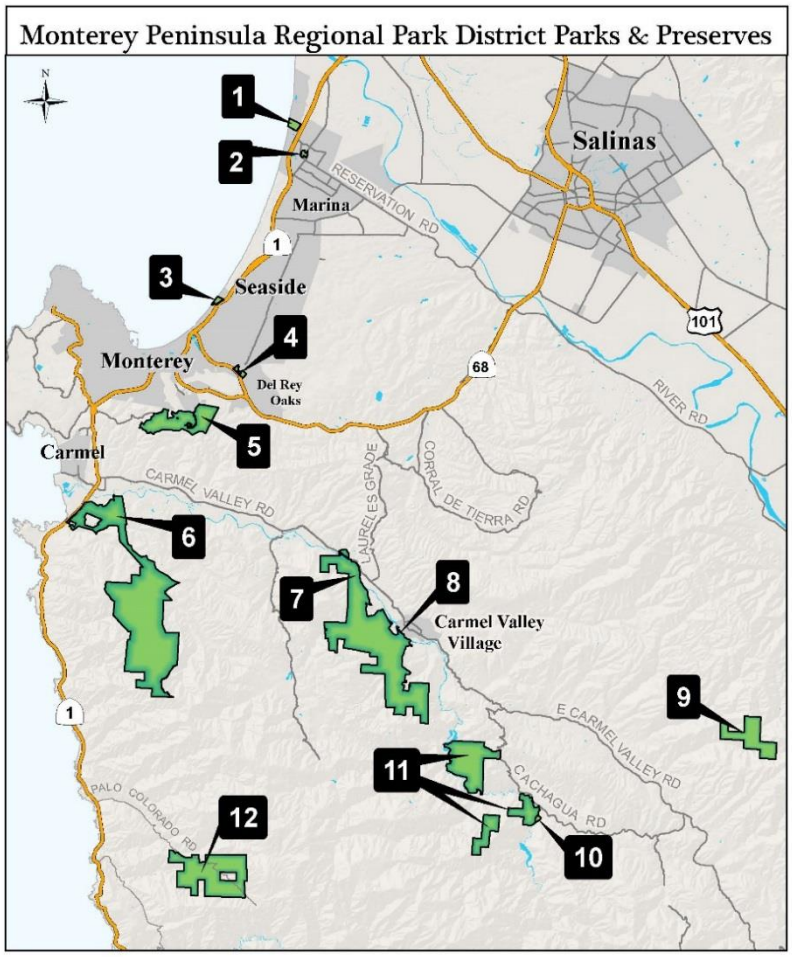
DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE

At formation, voters used the boundaries of the Monterey Peninsula College District for the Regional Park District's boundaries. The boundaries have remained unchanged. The District stretches from the northern boundary of the City of Marina on the north to the southern end of Big Sur, and from the Monterey Bay and the Pacific Ocean through the former Fort Ord and to the eastern end of Carmel Valley. District representatives believe the current boundaries and Sphere are appropriate with no modifications needed. LAFCO staff agrees with this conclusion.

DISTRICT PARKS AND PRESERVES

The District is a leader in land conservation within the California Central Coast, having been instrumental in acquiring over 13,000 acres of open space. As outlined in the District's 2016-2020 Strategic Plan, the District has a goal to enhance or enlarge the largest existing open space land areas, and to consider the divestiture and transfer of those properties that are no longer consistent with the District's mission and vision.

This newly stated goal, to be refined in the future, will have an effect on the District's land holdings. The District's primary holdings are located within twelve parks or preserves, mapped below. The District's twelve properties are described in this section:



1. Marina Dunes Preserve (50 acres): These restored coastal sand dunes were previously the site of a sand mining operation.

2. Locke-Paddon Wetland Park (21 acres): This park is jointly owned by the District and the City of Marina, which owns an additional six acres. The City administers the open space and has also constructed a library adjacent to the park's northeastern corner.

3. Eolian Dunes Preserve (26 acres): Located in Sand City, these restored coastal sand dunes were used in the 1930s and early 1940s as a "burn dump" for the disposal of Monterey Peninsula waste and was subsequently used for an additional ten years as a refuse landfill.

4. Frog Pond Wetland Preserve (17 acres): The District balances protection of an ecologically important ecosystem with the public's access. In so doing, the District provides only perimeter access to the central pond/wetland habitat core.

5. Joyce Stevens Monterey Pine Forest Preserve (811 acres): Previously known as the Rancho Aguajito property, this site contains the world's largest remaining native stand of endangered Monterey Pine Forest habitat, and facilitates vehicular and hiker access to Jacks Peak County Park. This property was purchased by the District in December 2014. This land is east of the City of Monterey and is adjacent to, and north of, Jacks Peak County Park. The District plans to work with Monterey County Parks to develop an integrated trail

system, a resource management plan, and a joint environmental education plan for Jacks Peak County Park and the Joyce Stevens Preserve. In its Strategic Plan, the District also recommends exploring the feasibility of the joint District-County management of Jacks Peak and other County-owned properties.

6. **Palo Corona Regional Park (4,220 acres):** The District completed the acquisition of this site in 2004 with the cooperation of the Nature Conservancy, the Big Sur Land Trust, and the State of California. At that time, the State Department of Fish and Game also took ownership of 5,500 acres immediately to the south and added it to the Joshua Creek Ecological Preserve. This regional park boasts an extraordinary mix of ecosystems and wildlife species. Public access to this park is limited on a permit basis to thirteen groups per day. In 2012, the District purchased the 317-acre Whisler-Wilson property, which is managed as a unit of the immediately adjacent Palo Corona Regional Park. This addition allows the District to increase public access through a secondary park entrance and provides additional off-highway parking.
7. **Garland Ranch Regional Park (3,750 acre):** This park was the District's first sizable land acquisition, which it acquired in 1975. This park contains a variety of landscapes that occur at elevations from 200 to 2,000 feet. It is located south of Carmel Valley Road approximately 8.6 miles east of Highway 1. This open space is a popular destination for hikers who are drawn to this park by over 60 miles of trails. Bicyclists have access to the 144-acre Cooper Ranch unit of the park.
8. **De Dampierre Park (32 acres): T**he Carmel Valley Village area is home to Carmel Valley's two Little League baseball fields. This park unit is contiguous to the larger Garland Ranch Regional Park.
9. **Blomquist Open Space Preserve (639 acres):** This site contains native habitats including oak woodland, chaparral, and grassland, and is located approximately nine miles east of Carmel Valley Village. (*Not currently open to the public)*
10. **Cachagua Community Park (14 acres):** This park overlooks the Carmel River in upper Carmel Valley. The Cachagua Community Center Board of Directors is responsible for the operation and maintenance of this park and the community center located within the park, under a lease agreement with the District.
11. **San Clemente-Blue Rock Open Space (1,592 acre):** This holding is located between Garland Ranch Park and Cachagua Community Park. (*Not currently open to the public)*
12. **Mill Creek Redwood Preserve (1,500 acres):** This natural area, which contains a significant coastal redwood canyon, is located in the Big Sur area along Palo Colorado Road. Public access to this park is limited to a maximum of eight group permits per day.

The District continues to explore opportunities for acquisition of open space, particularly as it relates to the expansion of existing parks and preserves. In early 2016, it was announced that the 140-acre Hatton Family Farm near the mouth of the Carmel Valley was proposed for sale to The Trust for Public Land and that a significant portion of this property would subsequently be transferred to the District.

In July, the Lombardo family agreed to also sell its 50-acre property to The Trust for Public Land as well. This parcel, which is immediately adjacent to the Hatton parcel, will also subsequently be transferred to the District. These parcels are located immediately south of Carmel Valley Road, approximately one mile east of Highway 1, and were part of the eastern portion of the Rancho Cañada Golf Club.

The acquisitions will help protect the Carmel River, its flows, and habitat for steelhead and other fish, birds, and wildlife. This acquisition will assist in re-establishing connections for wildlife corridors and recreational opportunities from Marina to Big Sur, and from Carmel Valley to the Pacific Ocean. The District plans to convert existing buildings on the property into a new headquarters for the District. Following the acquisition, the District will begin the restoration of the golf course to native habitat.

In August 2016, Cal Fire and other firefighting organizations relocated the primary Soberanes Fire basecamp from Toro County Park to the western portion of the Rancho Cañada Golf Club. Cal Fire, along with Monterey County and the District, are jointly exploring the potential of developing a portion of the Hatton Parcel as a park that can readily be adaptively used as an incident command center for fire, flood and other emergency events.

Other District Sites

The District has also been instrumental in acquiring and making accessible an additional nine sites that were acquired in cooperation with other agencies, and are now managed by other agencies. These sites, known as collaborative lands, include Carmel Valley Community Park, Del Monte Dunes, and the acclaimed Monterey Bay Coastal Trail that runs from Seaside to Pacific Grove. At some of these parks and preserves the District retains partial ownership.

The District also owns a variety of smaller properties that are set aside for conservation and mitigation purposes. These parcels include properties in Sand City and adjacent to Asilomar State Park in Pacific Grove.

Services and Activities

The District's stated mission is to preserve and protect open space, and to provide opportunities for ecologically sensitive public recreation and education. Twice a year, the District publishes "Let's Go Outdoors!," a guide to District-sponsored recreation activities such as hikes, stargazing, geocaching wildlife tracking, children's activities, developing healthy habitats by participating in outdoor activities, and classes on water catchment and gardening with native plants. Local outdoor activities sponsored by other agencies and nonprofit groups are also presented in this publication, including activities of the Monterey Bay Aquarium, SPCA of Monterey County, Ventana Wildlife Society, and many others.

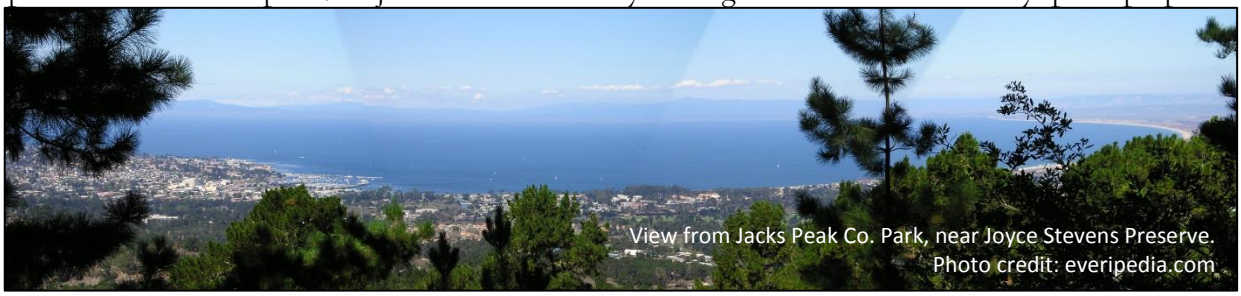
Collaboration

The District proactively reaches out to many organizations and agencies to pursue open space and recreation opportunities in Monterey County. The District has successfully collaborated with the State of California, The Trust for Public Land, The Nature Conservancy, and the Big Sur Land Trust to fund the acquisition of large open space parcels. In order to help preserve lands in the Monterey Peninsula, the District has joined the Lobos-Corona Parkland Project with California State Parks, the Big Sur Land Trust and the Point Lobos Foundation.

Through collaborative land acquisitions the District has worked with the Carmel Valley Recreation and Park District, the Cachagua Community Center and the Cities of Marina, Monterey, Pacific Grove and Seaside. One major earlier example of such efforts is the Monterey Recreational Trail, which was accomplished by a Joint Powers Authority (JPA) consisting of the District and the Cities of Monterey and Seaside. This JPA purchased the right-of-way for the trail from the Southern Pacific Railroad in 1982.

With its Community Grant Program, the District has provided nearly $1 million in total funding in recent years to groups such as the Monterey Bay California Native Plant Society, the Carmel Valley Recreation and Park District, and many others. In June, 2016, the District officially partnered with the Community Hospital of the Monterey Peninsula ("CHOMP") in an initiative to encourage hospital staff to go outdoors to stay healthy. This partnership enables the District to provide new programs targeted specifically at health and wellness, such as doctor-led hikes and outdoor Tai Chi classes free to all community members.

The forthcoming transfer of the Hatton Family Farm to the District involves cooperation with California American Water, a private firm, which will help pay for the acquisition as a part of a plan to restore up to 4,800 acre-feet of water over a ten-year period into the Carmel River. As discussed above, the District is also coordinating with the financially stressed County of Monterey Parks Department to develop an integrated approach to its Joyce Stevens property and the adjacent Jacks Peak County Park. The District has also expressed interest in possible joint District-County management of other County park properties.



View from Jacks Peak Co. Park, near Joyce Stevens Preserve.
Photo credit: everipedia.com

GOVERNANCE /TRANSPARENCY AND ACCOUNTABILITY

The District is governed by a five member elected Board of Directors. The five Board Members are not elected at-large but represent distinct geographic areas, or wards. Four of the five current Board Members were first seated within the last five years.

Board meetings are typically held at 6:00 pm on the first Monday of the month in the Del Rey Oaks City Council Chambers. Additional special meetings are called on an as-needed basis. In conformance with Brown Act requirements, agendas are posted at the District's office and on the District's website. The website includes a wide variety of other information on the District including the names and contact information for District staff and Board Members, the terms of Board Members, Board agendas and minutes, strategic plans, maps of District parks, activities offered, and other useful information. District audits and budgets are prepared annually and posted on the District website.

The District takes a proactive and forward-thinking approach to its work. In 1998, it adopted a ten-year Master Plan to establish and maintain long range goals for the protection and use of open space, to provide useful criteria for open space acquisition and management decisions, and to disseminate public information about the District's community partnership role. More recently, the District has prepared a Strategic Plan for the 2016-2020 time period.

The District has adopted detailed rules and procedures that govern Board actions. The document addresses Director duties, Board vacancies, Board committees, Board meetings, and agendas. Members and management staff file the State-required Annual Statement of Economic Interests ("Form 700,") and participate in State-required ethics training requirements every two years. The District also has a Policy Handbook which outlines policies relating to conflict of interest, ethics, personnel, operations and finance.

In May 2016, the District earned a Transparency Certificate of Excellence by the Special District Leadership Foundation (SDLF). This certificate is awarded to special districts that are able to meet rigorous criteria for exceeding the minimum standards of governmental transparency and accountability. The Regional Park District is only the fourth special district in Monterey County to achieve this recognition.

FINANCE

Current Budget - Revenues

In recent years, the District has generally had a healthy source of revenues; primarily from property taxes, property assessments, and grants. It has been able to accumulate an adequate fund balance to enable it to act upon land acquisition opportunities as they occur.

The District projects Fiscal Year 2016-17 revenues of almost $6.2m as summarized in the table below. The District General Manager describes this budget as essentially "status quo," due to a slowly recovering economy. The budget reflects about a $150,000 decrease in revenues, compared to the FY 2015-16 year-end actual revenue estimate.

Monterey Peninsula Regional Park District
Budgeted Revenues, Fiscal Year 2016-17

Revenue Source	Budgeted Amount	Percent of Total (Approx.; rounded)
Property tax allocation	$3,375,500	55%
Grants	$1,500,000	24%
Benefit assessment	$1,207,200	20%
Other (interest income, environmental education fees, rental fees, misc.)	$98,000	>2%
Total	**$6,180,700**	**100%**

Data Source: Monterey Peninsula Regional Park District, Proposed Budget, Fiscal Year 2016-17.

The budget's major revenue categories are described below:

- **Property taxes** (about 55% of total): These are monies that are collected by the County through the "one-percent" ad valorem tax on real property that is distributed to local agencies. This revenue source is secure and increases as property values increase.
- **Proposition 117 grant program** (24%): This program, which was approved by State voters in 1990, funds wildlife habitat and related programs statewide. Recently, the State accepted the District's proposal to use funds from this program to acquire the Joyce Stevens Monterey Pine Forest Preserve.
- **Benefit assessment** (20%): This parcel-based fee was approved by 55% of voters in 2004. The current assessment is typically $24.52 per parcel, per year depending on the property zone. The current benefit assessment is set to expire in 2019. The District plans a November 2016 ballot measure to replace it with an equivalent parcel tax. Under State law, the assessment of a parcel tax requires a two-thirds majority vote. An initial informal telephone survey conducted in June 2015 found that 72% of polled voters said they would back such a measure. A second poll taken in the Spring of 2016 yielded similar favorable results.

Current Budget - Expenses

Proposed expenses for FY 2016-17 are about $6.8m. This figure is about 10% over projected revenues, and also about 10% higher than actual year-end revenue estimates for FY 2015-16 (not yet audited). This anticipated one-time deficit in the current budget is driven by three factors: expected costs of conducting elections for two Board seats, costs associated with replacing the existing benefit assessment that is set to expire in 2019 (see above), and carryover of items not completed from the previous year's Assessment District budget. The District intends to cover the planned revenue shortfall with existing reserves. The District's budgeted expenses for FY 2016-17 are detailed below.

Monterey Peninsula Regional Park District Budgeted Expenses, Fiscal Year 2016-17		
Expense Category	**Budgeted Amount**	**Percent of Total** (Approx.; rounded)
General Fund		
Planning and conservation	$2,030,150	30%
Administration	$1,759,405	26%
Operations and maintenance	$1,156,850	17%
Environmental education, community outreach	$440,300	6%
Assessment District[1]	$1,453,000	21%
Total	**$6,839,705**	100%

Data Source: Monterey Peninsula Regional Park District, Proposed Budget, Fiscal Year 2016-17.

[1] The District uses the Assessment District line item to track expenditures from Assessment District revenue. These funds are limited to providing monies for the acquisition, maintenance, preservation and improvement of parks, open spaces, recreational facilities and other similar public resources. While the District uses most of these funds for its parks and programs, a portion is used to assist other agencies and organizations. In Fiscal Year 2015-16 the District awarded over $150,000 to local groups as part of the Parks, Open Space, and Coastal Preservation grant program. The groups funded included the Carmel Valley Recreation and Park District, the Cities of Carmel-by-the-Sea, Monterey, and Pacific Grove, Point Lobos Foundation, and many others.

Past-Year Revenues and Expenditures

Audited revenue, expenditures and changes in the fund balance for the past three audited fiscal years, and an estimate of actual/unaudited data for Fiscal Year 2015-16, are shown in the table below. Total revenues are similar from year to year. Significant year-to-year differences in total expenditures are primarily driven by large capital outlay amounts (i.e. for major property acquisitions) that occur only in some years.

For example, the table shows that about $11.2m, or approximately 40% of all District expenses over the three-year period ending in FY 2014-15, occurred as capital outlays. Over this period, the District was active in acquiring the Whisler-Wilson addition to Palo Corona Regional Park, and the Joyce Stevens Monterey Pine Forest Preserve purchase from the Pebble Beach Company.

Monterey Peninsula Regional Park District Statement of Revenues, Expenditures and Changes in Fund Balance – Government Funds Fiscal Year 2012-2013 to 2015-16				
Fiscal Year, with Data Source Shown	**2012-13 (audited)**	**2013-14 (audited)**	**2014-15 (audited)**	**2015-16: (estimate)**
Total Revenues	**$ 6,378,427**	**$ 6,117,423**	**$ 6,599,432**	**$ 6,333,643**
Expenditures				
Current	$ 4,822,206	$ 3,938,872	$ 3,709,603	N/A
Capital Outlay	$ 4,222,877	-	$ 6,950,000	N/A
Debt Service	$ 2,123,433	$ 1,603,081	$ 1,607,756	N/A
Total Expenditures	**$ 11,168,516**	**$ 5,541,953**	**$ 12,267,359**	**$ 6,238,224**
Other Financing Sources	**$ 4,000,000**	-	**$ 6,950,000**	N/A
Net Change in Fund Balance	**$ (790,089)**	**$ 575,470**	**$ 1,282,073**	N/A

Data Sources: Monterey Peninsula Regional Park District, Basic Financial Statements, Fiscal Years Ending June 30, 2013 through 2015 and Proposed Budget, Fiscal Year 2016-17.

Related to these major one-time expenditures, the audited financial data in this table reflects large cash inflows (property acquisition loans) that the District has received in addition to ordinary revenues. The District received $4 million in Fiscal Year 2012-13 from the Big Sur Land Trust for the acquisition of the Whisler-Wilson property. The purchase of the Joyce Stevens Monterey Pine Forest Preserve was facilitated through seller financing of $6.95 million from the Pebble Beach Company. Repayment of these loans has not constituted a hardship for the District. While the District accumulated a debt obligation of almost $11 million over the past four years, it was also able to pay down $6.4 million in loan principal over this period.

Due to the use of property acquisition loans to finance large capital outlays, net year-end changes to the District's fund balance (last row in the table above) are relatively minor compared to the District's overall net position, as described in the next section.

District Assets and Fund Balance

The following table presents a summary of District assets and liabilities through June 30, 2016. The majority of the District's assets are in the form of capital assets (primarily land). The $8 million increase in capital assets over the two-year period was primarily facilitated through loans and grants, reflected in the increase in long-term liabilities in the table.

In the current fiscal year budget, the District anticipates that the General Fund Balance will be $11.0 million on June 30, 2017, which is a 5.7% decrease from the estimated ending balance at June 30, 2016. The majority

of this fund balance, approximately $8.7 million, is dedicated to a number of restricted and assigned accounts or reserves. This includes $3.2 million for specific land acquisitions, $3.4 million for a six-month operating expenses reserve, $1 million for depreciation, and an additional $1 million for unanticipated expenses.

Monterey Peninsula Regional Park District Statement of District Assets: June 2013 to June 2015			
Fiscal Year End	June 30, 2013 (audited)	June 30, 2014 (audited)	June 30, 2015 (audited)
Assets			
Cash & Checking	$ 184,441	$ 274,551	$ 1,164,600
Investments	$ 9,560,317	$ 9,910,467	$ 10,360,614
Other	$ 855,802	$ 697,564	$ 1,447,694
Capital Assets (net of depreciation)	$ 53,551,184	$ 54,142,146	$ 61,691,932
Total Assets	**$ 64,151,744**	**$65,024,728**	**$ 74,664,840**
Deferred Outflow of Resources	**$ 959,191**	**$ 1,276,074**	**$ 335,206**
Liabilities			
Current Liabilities	$ 1,896,580	$ 1,885,702	$ 1,667,987
Long Term Liabilities	$ 1,634,606	$ 72,889	$ 7,696,959
Total Liabilities	**$ 3,531,186**	**$ 1,958,591**	**$ 9,364,946**
Deferred Inflow of Resources	-	-	$ 466,370
Total Net Assets	**$61,579,749**	**$ 64,342,211**	**$ 65,168,730**

Data Source: Monterey Peninsula Regional Park District, Basic Financial Statements

Palo Corona Regional Park hikers
Photo courtesy of MPRPD

CHALLENGES AND OPPORTUNITIES

Prioritization of purpose: The District has been active in acquiring large parcels of open space for the creation of regional parks and small parcels for the creation of community parks. In the District's 2016-2020 Strategic Plan, the vision was expressed "to have several large, well-managed parks distributed regionally across the District, representing a variety of habitats, concurrently protecting our environment and enhancing our community's health, recreation and environmental education opportunities." As outlined in the Strategic Plan, a part of this plan's implementation is the divestiture and transfer of those properties that no longer support the District's vision. Implementing this goal will involve the transfer of ownership and control of community parks to local municipalities or organizations, as legally prescribed.

Ongoing collaboration with local partner agencies: The District has a strong record of working with, and providing financial assistance to, local parks and recreation agencies and organizations to meet local needs. As outlined in this report, the Carmel Valley Recreation and Park District is facing severe funding shortages that potentially threaten its fiscal sustainability. The County Parks Department, which operates Jacks Peak County Park and other County parks, has experienced increasing budget deficits in recent years, as well as a 44% staffing-level reduction since 2012. Among others in the area, these agencies present potential opportunities for additional efficiencies and yet to be developed public benefits through continuing interagency coordination.

Continuity of funding: A major source of funding for the District has been a benefit assessment that was approved by voters in 2004. This assessment, which provides approximately 20% of the District's revenues, is set to terminate in 2019. The District is planning a ballot initiative that will go before the voters in November 2016. This proposed measure will maintain the Assessment District's existing level of funding. Assessment District funds are now used to leverage outside grants for the acquisition of land, capital improvements, and for supporting community parks and recreation programs. Without passage of this measure, the District will need to scale back its plans and operations. While an informal poll showed strong voter support, the measure will require a two-thirds majority for approval.

SUMMARY

1. The Monterey Peninsula Regional Park District is carrying out its mission and providing services to the greater Monterey Peninsula area. The District is a leader in land conservation, having been instrumental in acquiring over 13,000 acres of open space.
2. The District's existing boundaries and designated Sphere of Influence are appropriate and are not in need of adjustment at this time.
3. An identified strategic planning goal of the District is to enhance or enlarge its largest open-space land holdings, and to consider the divestiture and transfer of smaller properties to other local agencies.
4. The District has established a successful record of collaborating with groups such as the State of California, The Nature Conservancy, The Trust for Public Land, and the Big Sur Land Trust to conserve available open space and expand its holdings. The District also provides funding assistance to scores of other organizations and agencies in the support of local recreation activities throughout District boundaries.
5. The District excels in governmental transparency and accountability, having earned a Transparency Certificate of Excellence from the Special District Leadership Foundation. Strong, board-adopted policies and procedures guide District governance and operations.
6. While the District is currently supported by adequate funding streams, voter approval of a November 2016 property tax measure is needed to ensure continuity of the District's work.

Carmel Valley Recreation and Park District

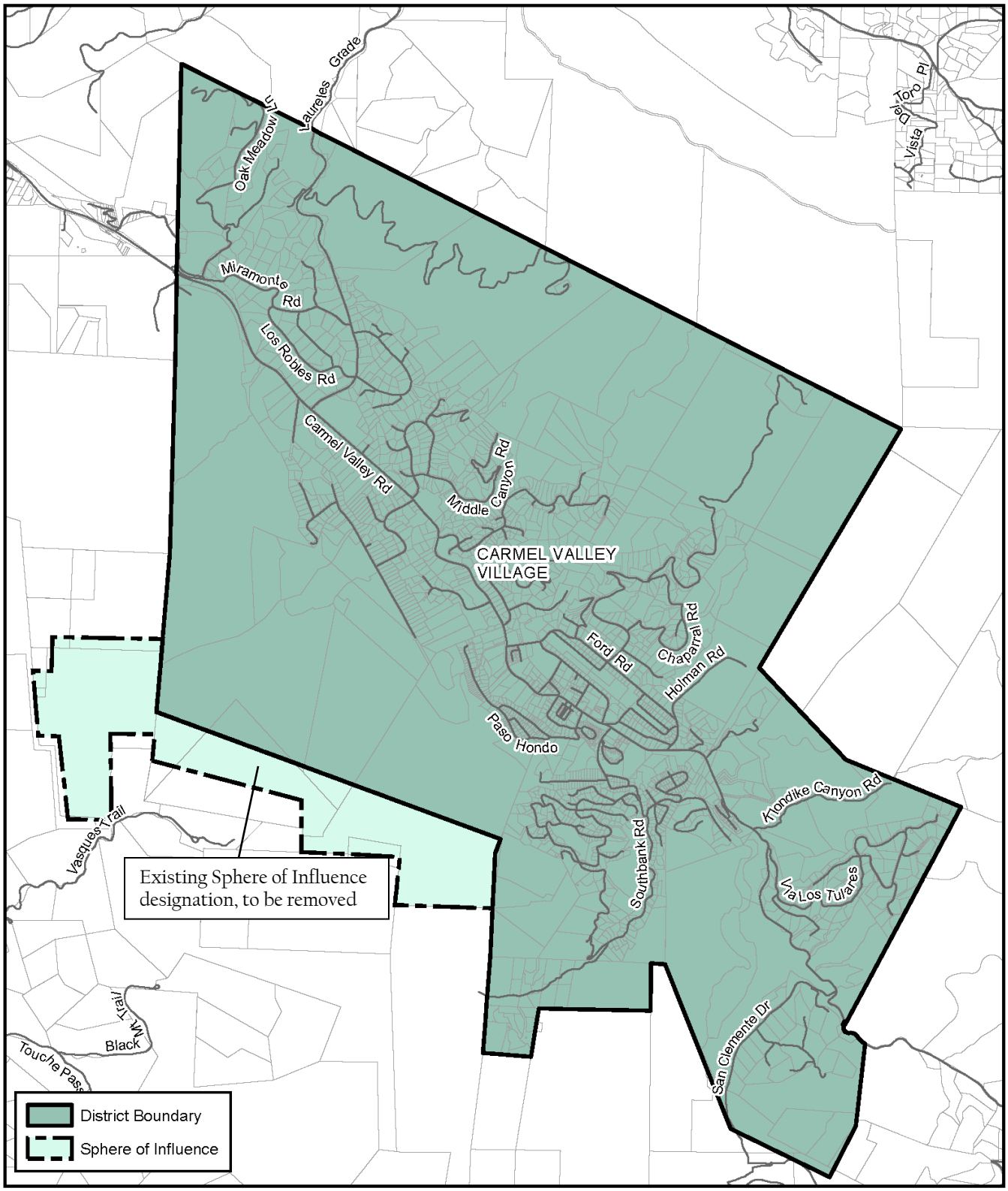
P.O. Box 334, Carmel Valley, CA 93924
29 Ford Road (near Carmel Valley Road), Carmel Valley, CA 93924
(831) 659-PARK [659-7275]

Carmel Valley Recreation and Park District – **At A Glance**	
Formation	October 1985
Legal Authority	Recreation and Park District Law, Public Resources Code, section 5780 et seq.
Board of Directors	Five members, elected to four-year terms
District Area	Approximately 12.9 square miles
Sphere of Influence	Approximately 1.0 square mile
Population (2010 est.)	4,500
Revenue (2016-17 Budget)	$75,867
Annual Revenue Per Capita	$17
Board President	Karolyn Stone
Employees	One landscaping/janitorial contractor
Facilities	Carmel Valley Community Park (6.8 acres)

Introduction

The Carmel Valley Community Park has been a prominent part of Carmel Valley Village's core identity since the park's initial development in 1954. The Carmel Valley Recreation and Park District formed as an independent special district by a vote of the people in 1985 to operate the park and provide recreational facilities to the community. The District-owned 6.8-acre park is part of a larger concentration of public uses just west of Carmel Valley Village. In addition to the Community Park, the area includes the nonprofit Carmel Valley Community Youth Center and pool, the nonprofit Carmel Valley History Center, built on parkland, and Tularcitos Elementary School.

Carmel Valley Community Park



LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
Salinas, CA 93902
FAX (831) 754-5831

N

0 2,000 4,000
Feet

SPECIAL DISTRICTS

CARMEL VALLEY RECREATION & PARK DISTRICT

Last LAFCO-Approved Change: 12/13/1994
Map Prepared: 4/26/2016

DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE

The District's boundaries include approximately 12.9 square miles of lands in and around the unincorporated Carmel Valley Village. The boundaries originally coincided with those of the Carmel Valley Fire Protection District. Over time, LAFCO approved increases to District boundaries to match annexations to the fire district. With the 2000 consolidation of the Carmel Valley and Mid-Carmel Valley Fire Districts, the Recreation and Park District initiated boundary expansion discussions with LAFCO. These discussions were put on hold when the Carmel Valley incorporation proposal was filed. Although the incorporation proposal was eventually defeated by voters, dialogue concerning the expansion of the Recreation and Park District was never reinitiated.

District boundaries are slightly larger than the Carmel Valley Village census-designated place, which had a population count of 4,407 in the 2010 Census. The 2010 Census showed a 6% population decrease from 4,700 in 2000, possibly due to an increasing incidence of "second-home" ownership in the area. The District serves a wider population than indicated by its boundaries as the park attracts many users from all over Carmel Valley and the greater Monterey Peninsula.

A Sphere of Influence of approximately 1.0 square mile exists beyond the District boundaries. There is no incentive to annex this land to the District because this area is primarily uninhabited Monterey Peninsula Regional Park District parklands. These Sphere parcels do not require the services of a community park and would not generate any property tax-based revenues if annexed into the District. For this reason, the removal of this 1.0 square mile area from the District Sphere is recommended. The District Sphere would then be coterminous with the existing District boundaries.

As discussed in the Introduction section, the entire District is located within the boundaries of the much larger Monterey Peninsula Regional Park District. This overlap is consistent with LAFCO laws and policies, in that the services provided by a local community-focused Recreation and Park District and a Regional Park District serve different—though intersecting and complementary—purposes. In this instance, the regional district was instrumental in creating the local district by endowing the original portion of the Community Park to the Carmel Valley Recreation and Park District.

FACILITIES AND SERVICES

The District owns and maintains the Carmel Valley Community Park. This 6.8-acre park is located near the intersection of Carmel Valley Road and Ford Road. In 1954, the Community Park started as a 1.3-acre park on Ford Road. In 1987, shortly after the formation of the Recreation and Park District, the Monterey Peninsula Regional Park District deeded this park to the local district. In 1989, the Recreation and Park District was able to purchase an adjacent 3.9-acre undeveloped parcel on Carmel Valley Road. Shortly after that, the District negotiated a long-term lease from the Carmel Unified School District adding a 0.2-acre area which acts as a connector between these two District-owned parcels. In 1995, the Carmel Valley Village Improvement Committee purchased an adjacent 1.4-acre parcel and granted it to the District for public use.

The park includes open space, a gazebo, barbecue pits, picnic tables, an outdoor stage, volleyball and horseshoe areas, two restroom buildings, an activity house with meeting rooms, and parking areas. The public has access to all facilities, with modest fees for groups that want to reserve specific areas of the site.

The Kiwanis Club of Carmel Valley sponsors an annual fiesta at the Community Park on the first full weekend in August. Other organized uses of the property include hosting meetings at the park's activity building, use of the building as a community field office by the Monterey County Sheriff, and the provision of space for the Carmel Valley Farmers' Market on Sundays from 10:00 AM to 3:00 in the afternoon. During the current (2016) Soberanes wildfire in Big Sur and Carmel Valley, the Community Park has been used as a staging location for firefighters. The park also provides the only open public restrooms in the Village.

The District Board is currently informally surveying the community to explore potential additional park improvements. One idea is to construct a fully accessible picnic site which meets the full requirements of the Americans with Disabilities Act. In addition to its ownership of the Community Park, the District holds an easement over Schwarz Park, a small "pocket park" on the site of the Bernardus Winery. The

Carmel Valley Village Improvement Committee assists with the maintenance of this landscaped seating area, which is two blocks east of the Community Park. The District has approximately $5,000 in donated funds that are reserved for potential future maintenance needs at this site.

While the District Board of Directors has been able to fulfill its responsibilities for park maintenance, this is becoming increasingly difficult as revenues shrink compared to expenses. This situation is discussed more in the Finance Section.

COLLABORATION

The District is enhanced by a network of public and nonprofit groups. The Community Park is adjacent to a 1.5-acre parcel owned and operated by the nonprofit Carmel Valley Community Youth Center. This property contains a swimming pool, café, community center, patio and barbecue, children's playground, performance stage and parking. The Community Park and the nonprofit facilities function as a seamless group with few visual boundaries. The Community Youth Center nonprofit was previously the recipient of some District funds, and in some years also provided staff to manage the Community Park. However, these arrangements do not currently exist.

Carmel Valley Community Youth Center
Photo credit: CVCYC

The 1.4-acre parcel deeded to the District by the Carmel Valley Village Improvement Committee now houses the nonprofit Carmel Valley Historical Society, which finished construction of a historical museum on the property in December 2013. The Historical Society holds a 30-year lease on the building and pays $1 a year for its use. The District paved the parking lot for the historical museum, and the Historical Society is paying off a no-interest loan from the District at a rate of approximately $760 a year for the use of eight parking spaces. This lot is also used by park visitors and is the location of a weekly farmers' market.

The District also has a strong relationship with the adjacent Tularcitos Elementary School. The school district leases land to the District to allow direct physical access between District-owned parcels. School children use the park and traverse it to reach the swimming pool for classes.

The District received its original 1.3-acre Ford Road parcel from the Monterey Peninsula Regional Park District, and also receives occasional grants from the regional district for capital improvements. The 2006 Municipal Service Review for the Carmel Valley area stated that the two districts should collaborate with each other when analyzing the options for expanding service in the Carmel Valley area. Cost efficiencies and shared staffing in planning for the overall needs of the community continue to be potentially beneficial.

GOVERNANCE /TRANSPARENCY AND ACCOUNTABILITY

The District is governed by an elected Board of Directors made up of five members with staggered four-year terms. As allowed under State law, elections are bypassed if the number of Board candidates is equal to the number of vacant seats. The Board holds open public meetings on the second Wednesday of each month at 6:30 PM at the District's activity building at 29 Ford Road. Agendas are posted at the park, at the post office, and on a bulletin board in Carmel Valley Village. The District does not maintain a website.

The District has not consistently prepared formal budgets or authorized financial reviews in recent years. State law requires that a special district furnish an annual report of all financial transactions of the local agency within seven months after the close of each fiscal year. The law also requires that an audit be filed with the State Controller and the County Controller within twelve months of the end of the fiscal year, or years, under examination.

A budget was not formally adopted for Fiscal Year 2015-16. The last independent accountant's review report was completed for the two fiscal years ending in June 2010 and 2011. The District, however, has prepared a budget for the current fiscal year and has entered into an engagement letter for a review of District finances for the years ending June 2012 and 2013. The budget for the current year includes the cost of these reports. Subsequent audits will be completed in coming years.

The District operates under Administrative Rules adopted when the District was originally formed. These rules cover the powers and organization of the District, its directors, and officers. They outline the procedures for Board meetings and specifics on committees, employees, contractors, conflict of interest, and benefit assessments. Board Members file the State-required Annual Statement of Economic Interests ("Form 700"). There is no definitive District policy that Board Members take the State-required ethics training. While the existing Administrative Rules provide some guidance, the District Board should consider updating them to reflect current operations and State requirements.

Current Budget - Revenues

The District is experiencing significant budget shortfalls stemming from a fundamental problem of having a fixed income with expanding expenses. A benefit assessment, collected as part of annual property tax bills, is the District's primary revenue source (about 66% of all revenue); the District receives no property tax allocation. When the District formed in 1985, the voters approved a benefit assessment that was set at $6.00 per unit of benefit per year, with single-family dwellings assigned four units ($24). Various other property types are assigned different numbers of units.

The voter-approved measure included no provisions to adjust for inflation, and the number of in-District residences has neither significantly increased nor is likely to increase. Therefore, the amount of revenue has remained at approximately $50,000 per year since 1985. However, based on the Consumer Price Index, the actual purchasing power of a dollar has decreased by approximately 55% between 1985 and 2016.[2] As one point of comparison, the District's per-capita annual revenue is less than 27% of that of the North County Recreation and Park District ($17 vs. $64, respectively, for the current fiscal year). Total District revenues are outlined in the following table.

Carmel Valley Recreation and Park District Budgeted Revenues, Fiscal Year 2016-17		
Revenue Source	**Budgeted Amount**	**Percent of Total** (Approx.; rounded)
Benefit assessments	$50,290	66%
Rental revenues (meeting space, Sheriff's community field office, storage space fees)	$7,935	10%
Park reservations	$6,850	9%
Farmers' market revenues	$6,900	9%
Total	**$75,687**	**100%**

Data Source: Carmel Valley Recreation and Park District, Budget Fiscal Year 2016-2017.

The District has had successes in reaching out to the community for donations for needed improvements. For example, in 2014 and 2015, the District needed well improvements and new and water storage tanks to provide adequate landscape irrigation. In response to the call for help, one park user pledged $25,000 that could be used as a one-for-one match to encourage other donations. The community came forward with the remaining $25,000, and the water system was built and is now operational.

However, the District continues to have an ongoing, structural deficit problem in relation to the original, 1985-level benefit assessment fee amount serving as the District's main revenue source. At the same time, the physical size of the park is now approximately five times as large as the original 1.3-acre park site, resulting in more maintenance responsibilities and expenses. The District is actively exploring the possibility of proposing an increase of the existing benefit assessment amount (via a new benefit assessment or a parcel tax) in order to reflect actual current needs and expenses and provide for the District's future fiscal sustainability. It is anticipated that any such proposal would require either a simple majority or 2/3 majority voter approval, and would need to be supported by some form of a consultant-prepared study. This issue is also referenced in the Challenges and Opportunities section, below.

Current Budget - Expenses

The District functions as a volunteer organization, with no paid management/administration staff. However, the District hires contractors for landscape maintenance, irrigation, and similar services at the park. The following table details expenses anticipated within the Fiscal Year 2016-17 budget.

[2] According to the Bureau of Labor Statistics, $50,000 in 1985 is equivalent to $112,000 in 2016 dollars (i.e. $112,000 would be required today to achieve the same purchasing power as $50,000 in 1985).

The District has taken steps to reduce expenses. For example, the District previously provided funds to the nonprofit Carmel Valley Youth Community Center but the assistance had to be discontinued as funds became more scarce. However, the fundamental issue remains that the District is faced with using 1985-level assessment revenues to cover 2016-level expenses, and is having difficulty with keeping annual expenses within corresponding revenues.

For FY 2016-17, budgeted expenses are about 10% above revenues. Taken on its own, this shortfall is not remarkable; it is a small dollar amount (about $9,000), much of which appears be associated with one-time costs for previous-year audit work. The budget also includes a modest ($4,000) contingency provision. Significantly, however, the anticipated negative net income is a continuation of a longer-term trend of annual year-end losses, as noted below. In addition, the District has few remaining reserves available to cover budget shortfalls and/or potential unanticipated expenses in future years. As discussed further below, the District has approximately $25,000 in unencumbered liquid assets remaining.

Carmel Valley Recreation and Park District Budgeted Expenses, Fiscal Year 2016-17		
Expense Category	**Budgeted Amount**	**Percent of Total** (Approx.; rounded)
Landscape	$37,530	44%
Janitorial	$11,820	14%
Utilities	$10,202	12%
Audit Expenses	$8,084	10%
Maintenance	$7,400	9%
Insurance, legal and elections, property assessments, office, other misc.	$5,974	7%
Contingency	$4,000	5%
Total	**$85,010**	**100%**

Data Source: Carmel Valley Recreation and Park District, Budget Fiscal Year 2016-2017.

Past-Year Revenues and Expenditures

The following table provides a summary of District revenues and expenses since FY 2012-13. Revenues have consistently, albeit by modest dollar amounts, fallen short of expenses during this time interval. It is perhaps noteworthy that the shortfalls are a relatively recent phenomenon. Earlier financial reports, and current discussions with District representatives, indicate that District revenue was adequate to meet expenses until approximately 2012. LAFCO's 2006 service review for the District also documented that revenues at that time approximated park maintenance costs, with capital improvements limited to those allowed by grants and donations.

Carmel Valley Recreation and Park District Income Summary, Fiscal Year 2012-2013 to 2015-16				
Fiscal Year, with Data Source Shown	**2012-13 (SCO)**	**2013-14 (SCO)**	**2014-15 (CVRPD)**	**2015-16: (CVRPD)**
Total Revenue	$63,373	$84,276	$108,107	$147,561
Total Expenses (Excludes depreciation)	$72,749	$91,865	$127,628	$164,910
Net Income	**($9,376)**	**($7,589)**	**($19,521)**	**($17,349)**

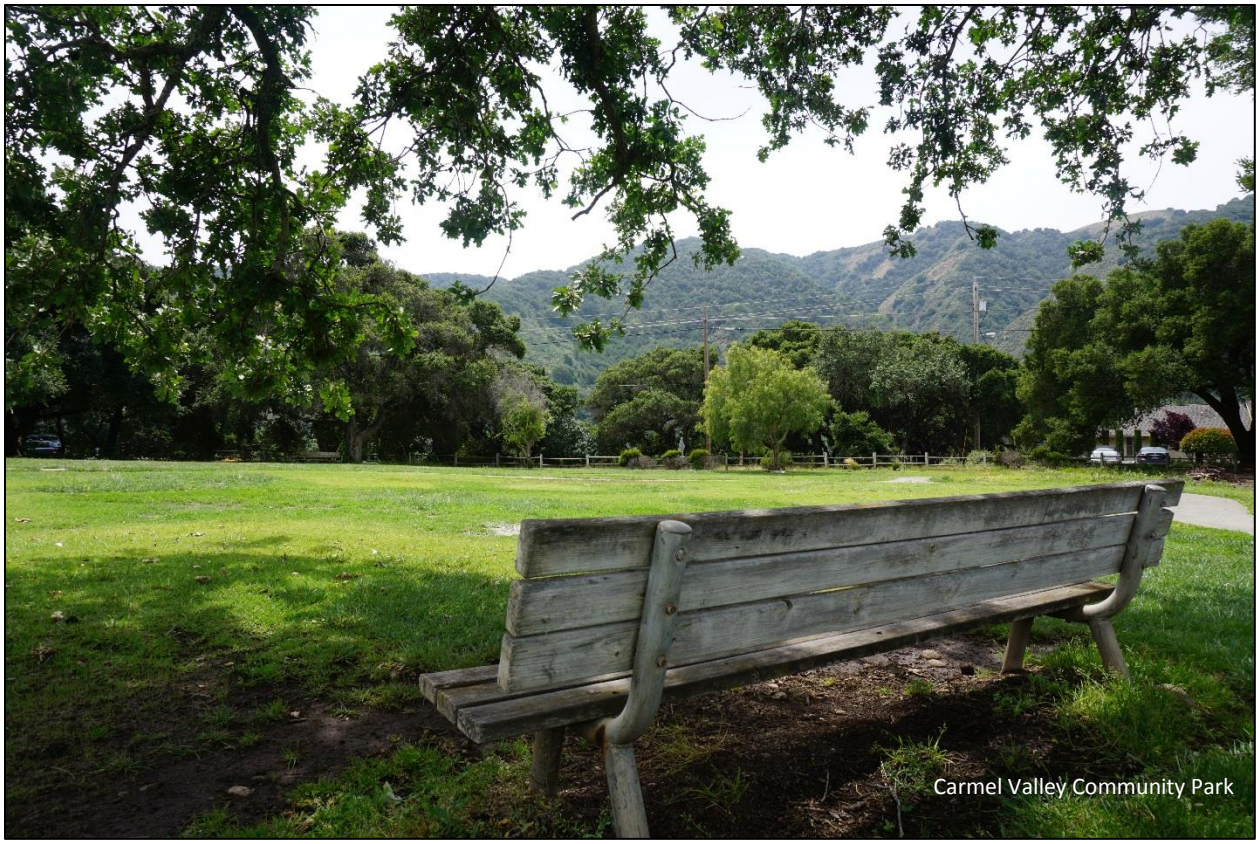
Data Sources: Data for FY 2012-13 and 2013-14 is from the State Controller's Office. More recent data was provided by the District. The peak in revenue and expenses in Fiscal 2014-15 and 2015-16 is primarily due to needed drainage and well improvements. These expenses were partially offset by financial contributions from the Carmel Unified School District and Community Youth Center, which benefited from the drainage improvements, and by community donations.

The District has made strides to connect with grant funds and voluntary donations, as well as to control costs, in response to its limited and "shrinking" (in real-dollar terms) 1985-based revenues. However, based on the most recent five years of data, it seems unlikely that additional cost-saving measures are readily available to bring expenses into line with revenues.

District Assets and Fund Balance

Limited year-to-year information is available concerning District assets and liabilities. Related annual filings to the State Controller's Office do not appear to have been completed in recent years.

The District's unaudited balance sheet, as of June 30, 2016, lists total assets at $936,185. Most ($860,846) of this value reflects land and structures/improvements. "Current" assets (cash and cash equivalents) are listed at $63,172, with current liabilities (accounts payable) at $37,841. Unencumbered current assets, therefore, total just over $25,000.


Carmel Valley Community Park

Challenges and Opportunities

Fiscal Sustainability: The District derives about 2/3 of its annual revenue from a parcel-based benefit assessment that was set in 1985. Since that time, inflation has reduced the "real-dollar" value of these assessments to about 45% of their original value. In addition, shortly after 1985, the size of the park tripled in size, and it grew again in 1995, thereby increasing the District's responsibilities and costs. The District was able to keep expenditures within revenue until approximately five years ago, when annual deficits began to accumulate. Available funds are currently at a precipitously low level. The District is actively exploring potential ways to restore existing, "1985-level" revenues to levels commensurate with the realities of modern-day service costs. The Board is looking into the possibility of proposing a ballot measure that would increase tax and/or assessment revenues, subject to voter approval. The estimated cost of over $50,000 to develop a study and take such a measure to the public is beyond currently available financial resources.

Capital Planning: In tandem with augmenting its revenues, the District would benefit from the development of a long-range master plan which anticipates, and budgets for, needed capital improvements. Such a plan would schedule improvements needed to the activity building and parkland and help the Board of Directors develop a plan to have adequate funds available. While the District has been successful at raising funds for major capital improvements when these are needed, the District would benefit from a capital improvement plan that would anticipate and schedule needed work, and a capital improvements budget that would outline potential funding sources.

Governance/Administration: The District is taking steps to complete past-due financial filings and audit reports for several prior years, for submittal to the State Controller and the County Auditor-Controller. The District is also encouraged to review and update its existing Administrative Rules document to ensure conformance with State legal requirements. The California Special District Association can provide assistance in understanding and following these legal requirements. The District may also wish to consider creating a website in order to allow for greater public awareness of District services and activities.

Summary

1. The Carmel Valley Recreation and Park District is carrying out its mission and providing services to the community. The Carmel Valley Community Park is an important recreational asset to the residents of Carmel Valley Village and the surrounding area.
2. An approximately one-square-mile Sphere of Influence beyond the District's boundaries is unlikely to warrant future annexation into the District, and is therefore recommended to be removed. No other Sphere or boundary changes are currently recommended.
3. The District is generally in conformance with State directives such as open public meetings and filing of annual financial disclosures, but has not consistently completed annual budgets, financial filings, or audit reports in some recent years. Additional efforts are recommended to update the District's Administrative Rules and to ensure that all state requirements for board member training and financial reporting are met.
4. Annual revenues are largely funded by a benefit assessment that was established in 1985 and has remained unchanged since then. Measures must be taken to bring revenues and expenditures into balance in order to ensure the District's fiscal sustainability. The District is exploring the possibility of a ballot measure for a new parcel-based tax to increase revenues. However, funds for a study and preparation of the ballot measure are not currently available.
5. A strength of the District is the support it receives from the community and the connections that have been formed with other local agencies and community groups.

[This page left blank intentionally.]

North County Recreation and Park District

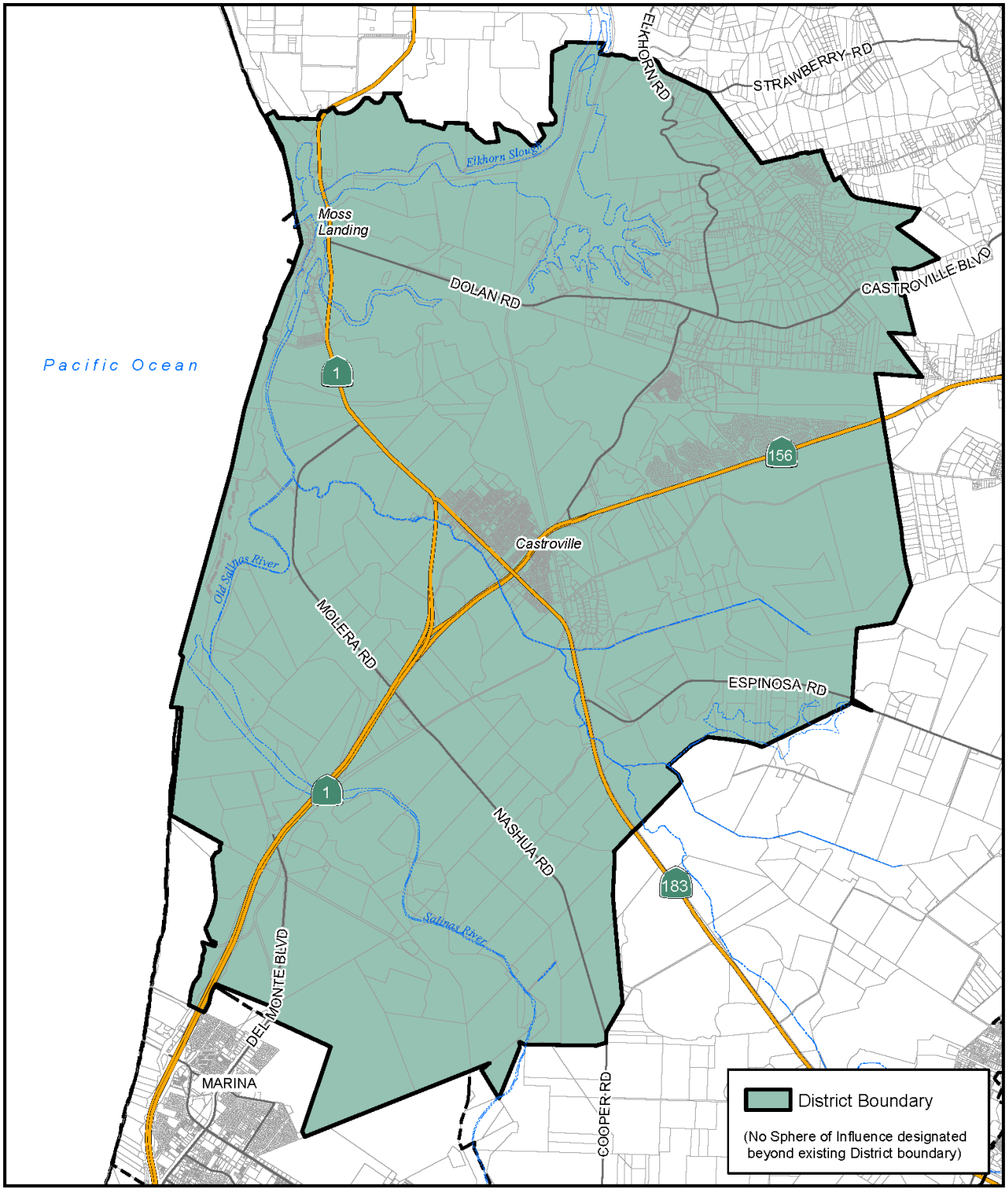
PO Box 652
11261 Crane Street, Castroville, CA 95012
(831) 633-3084

North County Recreation and Park District – **At A Glance**	
Formation	November 1954
Legal Authority	Recreation and Park District Law, Public Resources Code, section 5780 et seq.
Board of Directors	Five Members, with four-year terms, appointed by the County Board of Supervisors
District Area	Approximately 44.1 square miles
Sphere of Influence	Same as District (i.e. no Sphere beyond existing District boundaries)
Population (2010 estimate)	13,000
Revenue (2015-16 Budget)	$828,996
Annual Revenue Per Capita	$64
General Manager	Judy Burditt
Employees	Five full-time, four part-time, two to six seasonal
Facilities	North County Recreation Center, Cato-Phillips Park, Crane Street Park, Japanese School Park, Rancho Moro Cojo Park, and Moro Cojo Nature Trails
Website	www.ncrpd.org

Introduction

The North County Recreation and Park District is the only provider of parks and open spaces within the unincorporated community of Castroville, and the only parks-focused special district in northern Monterey County. More recently, the District has also developed various senior nutrition programs and after-school recreation services. The District originally formed in 1954 as the Castroville Recreation and Park District, with an initial objective to establish a recreation center. The District today operates the North County Recreation Center, Cato-Phillips Park, Crane Street Park, Japanese School Park, Rancho Moro Cojo Park and the Moro Cojo Nature Trails.

North County Rec. Center
Photo credit: Dana Payne



LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
Salinas, CA 93902
FAX (831) 754-5831

N

0 1 2
Miles

SPECIAL DISTRICTS

NORTH COUNTY RECREATION & PARK DISTRICT

Last LAFCO-Approved Change: 5/24/1983
Map Prepared: 5/6/2016

District Boundaries and Sphere of Influence

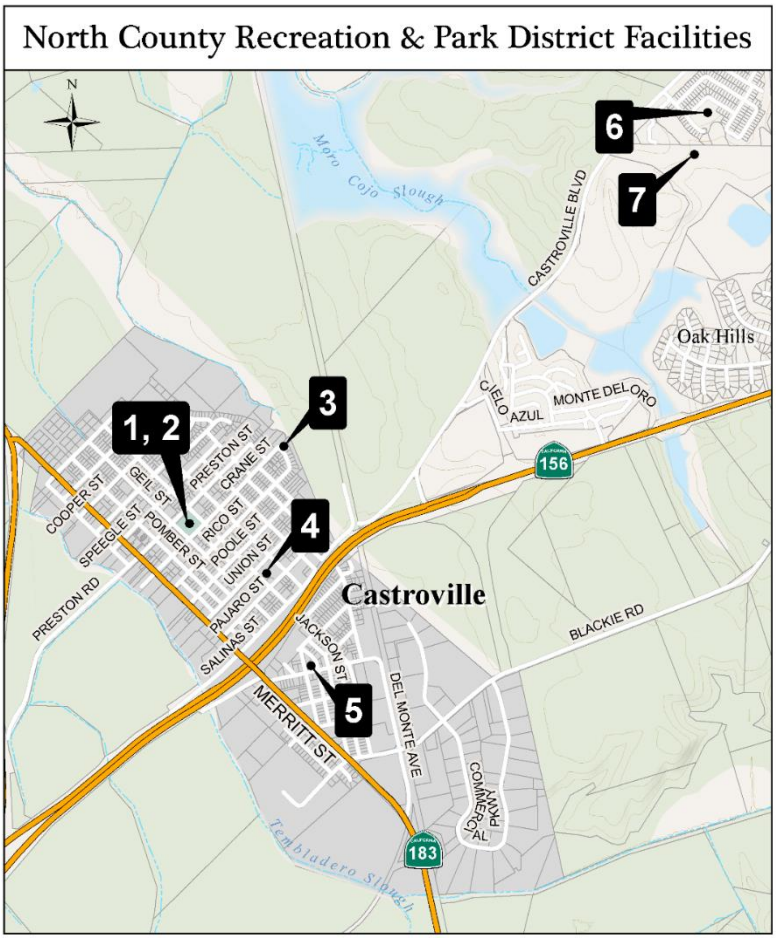
District boundaries cover approximately 44 square miles. With the unincorporated community of Castroville at its center, the District extends from the coast to the western edge of Prunedale and from the north of Elkhorn Slough south to the boundaries of the City of Marina. No Sphere of Influence is designated beyond existing District boundaries.

District population appears to be approximately 13,000, based on 2010 census block data for an area approximating District boundaries. The District has independently estimated its population at 18,600, which may include portions of Prunedale outside of the District's actual boundaries. During LAFCO's previous (2006) service review District staff expressed concern that, while the District provides services to a population greater than the designated boundaries, the District has no financial incentive to expand its boundaries because future annexations would not be accompanied by increased property tax allocations under current State and County laws.

Facilities and Services

The District's stated mission is to strengthen community image and sense of place, support economic development, strengthen safety and security, promote health and wellness, foster human development, increase cultural unity, protect environmental resources, provide recreational experiences and facilitate community problem solving. The District works to accomplish its mission through parks, facilities, and activities.

The District owns parks and facilities at six locations within the Castroville area. When not being directly used for District activities, many of these facilities are available for rent, which provides a source of District revenue.



1 & 2: North County Recreation Center and Park (11261 Crane Street, Castroville): Includes a main hall, a meeting room , and a full kitchen. The two-acre site houses the District office and the Castroville Senior Center. The property also contains a gymnasium, rock climbing wall, slides, swing sets, playground, skate park, basketball courts, children's play structure, restrooms, and barbecue pits.

3: Crane Street Park (Crane Street at Rico Street, Castroville): 0.4-acre park with a play structure. Plans include park benches, waste bins, and improvements to the play structure.

4: Japanese School House, (11199 Geil Street, Castroville): Historic schoolhouse and outdoor amphitheater owned by the County and operated by the District, and **North County Sports Complex,** adjacent to the schoolhouse, a 1.8-acre site that houses the District's sports and youth programs. Includes a synthetic turf field for soccer and football and a decomposed granite infield for youth baseball. Amenities include restrooms, tiered bleachers, and a snack bar.

5: Cato-Phillips Park (northeast corner of Wood and California Streets, Castroville). This 0.4-acre park was remodeled in 2014 and rededicated to children 12 and under with a new play structure, picnic tables, bench seating, a water fountain and basketball courts.

Crane Street Park

6: Rancho Moro Cojo Park (northeast corner of Los Niños Place and Comunidad Way, approximately 1.5 miles northeast of Castroville): A 3.4-acre park in the Moro Cojo housing development. The park was recently remodeled and contains a full-length basketball court, baseball diamond, practice soccer field, children's play area, picnic tables, barbecue pits, and restrooms. The rehabilitation of this park is planned in the near future.

7: Moro Cojo Nature Trails: 75 acres of District-owned open space and approximately 3 miles of nature trails adjacent to the developed park.

Through a joint use agreement, the District also has access to the gymnasium at the North Monterey County Middle School and the athletic fields at Castroville Elementary School.

Many of the District's buildings and facilities are aging and will be requiring substantial improvements and maintenance in coming years. This need is being addressed by a newly adopted capital improvements program and campaign.

Cato-Phillips Park
Photo courtesy of NCRPD

Services and Activities

The District provides a variety of services for youths, adults, and seniors. The North County Recreation Center hosts recreational services after school hours, as well as during the summer and other school breaks. Activities include rock climbing, homework help, sports, games, tournaments, crafts, cooking classes, cultural dance and special events. Children have access to the gym and many activities at no charge. The Center is also the host site for a youth nutrition program that serves a full lunch on summer weekdays.

Year-round, the Castroville Senior Center provides a venue for seniors to enjoy cards, quilting, gym bowling, crafts, board games, bingo, exercise and socializing. With the help of District staff, seniors plan field trips to various local attractions. The Recreation Center kitchen also prepares hot, nutritious meals that are transported and served at a senior center in Prunedale. The Recreation Center provides approximately 50 to 70 low-cost meals each weekday. The Monterey County Area Agency on Aging supports these meals by contracting nutrition services and health promotions for seniors. Additionally, the District offers adult sports leagues, recreational activities and classes. The North County Recreation Center is also the local distribution site for the Monterey County Food Bank, and a farmers' market is held outside of the Recreation Center on Thursday evenings.

Collaboration

The District works closely with many different local agencies and private organizations to meet its mission. District programs are funded by the Monterey County Area Agency on Aging, the Monterey County Community Action Partnership, the Castroville Community Services District, and other granting agencies including the United States Tennis Association, the Junior Giants Fund, the Junior Warriors Fund, the Rotary Club of Castroville, local businesses and private donors. The Castroville CSD's financial assistance is a continuation of funds that were previously provided by the former County Service Area 14; the CSD is CSA 14's successor agency. Please see additional discussion in the Finance section, below, regarding the Castroville Community Services District.

The District contracts to provide services to other groups and events which provide a source of District revenue. For example, the Artichoke Festival hires the District to provide parade administration and other Festival-oriented activities. The Rotary Club and Monterey Bay Water Works Association use the District for catering and event planning. From time to time, the District also contracts with agencies such as the nonprofit housing provider CHISPA to provide after-school and summer youth recreation programs.

The District also worked extensively with the Monterey County Redevelopment Agency (RDA) until the 2012 statewide dissolution of RDAs. The County's RDA partnered in development of the District's North County Sports Complex on Geil Street. The loss of financial assistance formerly provided by the RDA has impacted the District, but is partially offset by a slight increase in tax revenue allocations.

Governance /Transparency and Accountability

The District is governed by a five-member Board of Directors. Board Members are appointed by the Monterey County Board of Supervisors to staggered four-year terms. The Board holds open public meetings on the second Wednesday of each month at 5:30 pm at the meeting room of the Recreation Center at 11261 Crane Street. Agendas are posted at the Recreation Center and on the District web site. The agenda is also sent to the Salinas Californian and the Monterey County Herald.

The District prepares and approves an annual budget, and files the required financial transaction reports with the State Controller's Office. The District also provides for a financial audit every year. Adopted bylaws provide general guidance to board members and reference State legal requirements such as open public meetings and the annual filing of Statements of Economic Interests. Board Members receive a $100 stipend for attending any regularly scheduled or special Board meeting as allowed by the bylaws. Committee meetings are not compensated. Board members receive State-required ethics training bi-annually.

The District's website provides general public information about programs, hours of operations, events, facility rental, staff, and employment opportunities. The site could be expanded in the future to include

governance information such as budgets, audits, organization charts, the terms of office of Board Members, and District bylaws. One to two times per year the District mails an activities guide to all District residents and many households beyond the District boundaries. This guide outlines general information on the District, and information on sports and recreation programs, senior activities and special events. The District's facilities and their availability for rent are described, and an activity registration form is included.

FINANCE

Current Budget - Revenues

The District's adopted budget for Fiscal Year 2016-17 projects a net income of $118,072. As shown in the following table, the District receives most of its revenues from property taxes and grants. In addition, the current budget reflects $300,000 in revenues from the District's planned capital campaign, which will allow the District to initiate major improvements to the Community Center and Park and Rancho Moro Cojo Park. This campaign will primarily appeal to the generosity of area businesses and reflects an increase from previous District budgets.

North County Recreation and Park District Budgeted Revenues, Fiscal Year 2016-17		
Revenue Source	**Budgeted Amount**	**Percent of Total** (Approx.; rounded)
Property taxes	$ 404,714	33%
Revenues from Outside Agencies (Grants & Contracts)	$ 256,649	21%
Program Fees, Nutrition Program & Facility Use Fees	$ 204,162	17%
Miscellaneous	$ 53,040	4%
Capital Campaign	$ 300,000	25%
Total	$ 1,218,565	100%

Data Source: North County Recreation and Park District, Fiscal Year 2016-17 Budget.

Property taxes have increased slightly in recent years as a result of the dissolution of the County's RDA. Grant funds primarily come from two sources: The County's Community Action Partnership (which uses Community Services Block Grant funds for after-school and summer youth programs) and the Castroville Community Services District (CSD). The CSD provides approximately $100,000 a year to compensate the District for providing recreational services within the Castroville area[3]. The CSD's funding has been crucial to maintaining the Recreation and Park District's ongoing operations. However, it is not immediately clear that the current funding level from the CSD (which remains a separate, independent public agency) can be considered to be a stable and reliable revenue source for purposes of the District's future budget planning.

Even with the current funding level from the CSD in place, the District struggles from year to year to operate its various programs and aging facilities with existing funding streams. The District is therefore actively exploring an effort to increase funding through a parcel tax proposal that would require voter approval. The issue of the District's year-to-year funding difficulties is further described below.

[3] Property tax funds were previously provided for recreation activities in the Castroville area by County Service Area (CSA) 14, which was dissolved into a newly formed Community Services District (CSD) in 2007. In order to facilitate the CSD's formation, the Castroville CSD committed, via a September 5, 2007 letter to continue "to augment your District in the same manner as the existing CSA-14. i.e. . . . funding existing programs provided by NCRPD." LAFCO Resolution 07-15, by which the CSD was formed, included a finding that "as a condition of approval of this application the September 5, 2007 letter sent by the Castroville Water District to the North County Recreation and Parks District is binding on the Castroville Community Services District." In Fiscal Year 2006-07, CSA 14 provided $71,863 to the North County Recreation and Park District and an additional $63,000 to the Police Activities League.

Current Budget - Expenses

The following table details expenses anticipated within the Fiscal Year 2016-17 budget. The primary District expense is for employee salaries and benefits. This year the District also projects that the Capital Campaign will allow the expenditure of over $300,000 in capital improvements.

North County Recreation and Park District Budgeted Expenses, Fiscal Year 2016-17		
Expense Category	**Budgeted Amount**	**Percent of Total** (Approx.; rounded)
Employee Salaries and Benefits	$ 453,051	41%
Recreational Program Costs	$ 62,600	6%
Senior Nutrition Costs	$ 43,600	4%
Repairs and Maintenance	$ 52,133	5%
Administration and Office Expenses	$ 107,169	10%
Utilities, Insurance, and Other	$ 73,440	7%
Capital Improvements	$ 308,500	28%
Total	**$ 1,100,493**	**100%**

Data Source: North County Recreation and Park District, Fiscal Year 2016-17 Budget.

Past-Year Revenues and Expenditures

The following table presents a summary of overall District revenues, expenses, and net income since FY 2012-13.

North County Recreation and Park District Statement of Revenues and Expenses Fiscal Years 2012-13 through 2015-16				
Fiscal Year, with Data Source Shown	**2012-13 (audited)**	**2013-14 (audited)**	**2014-15 (audited)**	**2015-16 (unaudited)**
Revenues	$ 796,266	$ 850,264	$ 743,761	$ 826,583
Expenses	$ 869,357	$ 802,772	$ 787,953	$ 719,009
Net Income	$ (73,091)	$ 47,492	$(44,192)	n/a

Data Sources: North County Recreation and Park District, Financial Report with Independent Auditor's Report, Fiscal Years Ending June 30, 2013 through 2015 and unaudited Profit and Loss Recreation Fund, July 2015 through June 2016. The unaudited 2015-16 data does not include a calculation of depreciation and the line items may not be completely comparable to the audited line items.

As seen in this table, District expenses have exceeded revenues in two of the last three years for which audits are available. The District is seeking a solution to the constant challenge of being underfunded. The Management's Discussion and Analysis section in the District's 2015 audit report stated that:

> The District continually struggles to maintain its aging facilities and the level of service that the community has come to rely upon with existing funding streams. Consistent fundraising, grant writing and contracting for services have helped the District, but they are not a reliable long-term solution. To that end, the District has decided to try to increase funding through a parcel tax increase.
>
> This will require voter approval. The cost to put one of these measures out for a vote is costly and something that the District cannot afford to do on its own. The Castroville Community Services District, whom we contract for services with, is willing to pay for a consultant to work with a core committee to [implement a Capital Campaign, and] do community outreach [and education leading up] to … a tax measure. The committee has met several times already and hopes to have … enough success to place a measure on the ballot in November of 2016. To that end, the District has completed a Capital Improvements Project list and plans to host several Town Hall meetings prior to the November election.

Based on discussions with District representatives, the District plans to present a property tax proposal to voters that would raise additional revenues of approximately $300,000 per year. While this ballot measure was originally planned for as early as November 2016, it is more likely to be scheduled for 2017. This funding would allow the District to fund the scheduled capital improvements and to build up reserves. This measure will require a two-thirds majority for approval.

The Five-Year Capital Improvement Program prepared by the District includes over $2 million of improvements. Improvements to all of the District's parks are included in this list. The largest cost items are an expansion of the North County Recreation Center ($500,000), a Recreation Center kitchen remodel to include walk-in refrigeration ($125,000), and installing field lighting at the North County Sports Complex formerly known as the Japanese School Park ($250,000).

It should be noted that capital expenditures are not reflected in the table above. The District's audit reports list over $150,000 invested in capital improvements between FY 2012-13 and 2014-15. Additionally, approximately $435,000 in capital improvements were made in FY 2010-11 with the construction of the Sports Complex.

Revenues in the "donations, fees and other charges" category unexpectedly decreased in FY 2014-15 due to the loss of a Program Director during the critical programming season. This resulted in a 43% drop in program income from what was budgeted.

District Assets and Fund Balance

The following table presents a summary of District assets and liabilities through June 30, 2015.

North County Recreation and Park District Statement of District Assets: June 2013 to June 2015			
Fiscal Year End	**June 30, 2013 (audited)**	**June 30, 2014 (audited)**	**June 30, 2015 (audited)**
Assets:			
Current and other assets	$ 79,067	$ 95,670	$ 88,822
Capital assets - net	$ 2,226,107	$ 2,227,155	$ 2,173,233
Total Assets	**$ 2,305,174**	**$ 2,322,825**	**$ 2,262,055**
Liabilities:			
Current	$ 71,647	$ 79,184	$ 82,152
Long-term liabilities	$ 61,559	$ 24,181	$ 4,635
Total Liabilities	**$ 133,206**	**$ 103,365**	**$ 86,787**
Net Position:			
Invested in capital assets (net of related debt)	$ 2,226,107	$ 2,227,155	$ 2,173,233
Unrestricted	$ (54,139)	$ (7,695)	$ 2,035
Total Liabilities And Net Position	**$ 2,305,174**	**$ 2,322,825**	**$ 2,262,055**

Data Source: North County Recreation and Park District, Financial Report with Independent Auditor's Report, Fiscal Years 2012-13 through 2014-15.

The above table shows that District financial resources are primarily in the form of capital assets (land and buildings). The District owns multiple facilities that are generally unencumbered by loans or financial liens. "Current" assets (cash and cash equivalents) , on the other hand, are comparatively modest and, more significantly, are almost matched by current liabilities (accounts payable) and longer-term debt obligations. A lack of current assets above and beyond current liabilities limits the District's ability to withstand sporadic shortages in cash flow. As of the end of FY 2014-15, the District had depleted virtually all its liquidity.

CHALLENGES AND OPPORTUNITIES

Funding: As discussed in the Finance section above, annual district revenues are not consistently adequate to cover current-year expenses and anticipated future costs. The District plans to present a property tax proposal to voters that would raise additional revenues of approximately $300,000 per year. The ballot measure is likely to be scheduled for 2017.

Facilities: The District's aging facilities will require substantial reinvestment and maintenance in upcoming years. About half of the District's Five-Year Capital Improvement Program is for expanding and improving the Recreation Center in order to continue to meet community needs.

Staffing: The District's longtime general manager plans to retire within the next few years, which will incur a significant loss of institutional expertise and knowledge. The District's board implemented a restructuring and succession plan in late 2015 to help prepare for the future stability of the District's administration in this eventuality.

SUMMARY

1. The North County Recreation and Park District is carrying out its mission and providing parks, recreational and nutritional services, and similar valuable services to the residents of Castroville and the larger North County community.
2. The District's existing boundaries and designated Sphere of Influence are appropriate and are not in need of adjustment at this time.
3. District personnel take an entrepreneurial approach to fulfilling the District's mission, working on joint projects with the Castroville Community Services District, the County of Monterey, school districts, and local community groups.
4. The District is in conformance with State legal requirements such as open public meetings and the filing of annual financial disclosures.
5. The District experiences sporadic cash flow deficiencies. At the end of Fiscal Year 2014-15, the District was nearly depleted of liquidity. An increased need for maintenance and reinvestment at its aging facilities, in addition to current expenses, places stress on available funds. Increased property assessments, subject to voter approval, would potentially stabilize and shore up the District's finances.

Mural, Rancho Moro Cojo Park
Photo courtesy of NCRPD

[This page left blank intentionally.]

DETERMINATIONS

OVERVIEW AND SUMMARY OF RECOMMENDATIONS

The Cortese-Knox-Hertzberg (CKH) Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence of all cities and districts in Monterey County (Government Code Section 56425). The CKH Act also requires that, before updating an adopted Sphere, LAFCO shall conduct a review of municipal services (Government Code section 56430).

This chapter provides recommended determinations on each of the Municipal Service Review and Sphere of Influence subject areas required by the CKH Act. Each recommended determination applies to all three districts within this study. Based on the recommended determinations in this chapter, the Executive Officer recommends that the Commission:

- Approve this study,
- Affirm the currently adopted Spheres of Influence designations for the Monterey Peninsula Regional Park District and the North County Recreation and Park District, and
- Amend the Carmel Valley Recreation and Park District's currently designated Sphere of Influence to remove an area of approximately 635 acres (1.0 square mile) of uninhabited open space that is unlikely to warrant future annexation into the District.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area

The Association of Monterey Bay Area Governments (AMBAG) has developed population forecasts to the year 2035 for all cities in Monterey County and the unincorporated area of County[4]. According to these forecasts , the seven cities which in 2010 constituted almost 80% of the Regional Park District's population of 128,199 were projected to grow by 22% between 2010 and 2035. This growth rate is slightly more than the projected countywide growth rate of 19%. AMBAG forecasted lower (4%) overall growth in unincorporated Monterey County, in which both the Carmel Valley and North County districts are entirely located.

2. The location and characteristics of any disadvantaged unincorporated communities [DUCs] within or contiguous to the Sphere of Influence

The California Department of Water Resources has not identified any unincorporated areas as being disadvantaged within the Monterey Peninsula Regional Park District. DWR identified several areas within the Cities of Marina, Seaside, Monterey and Carmel-by-the-Sea as being disadvantaged block areas. There are no DUCs contiguous to the Regional Park District's Sphere of Influence.

There are no disadvantaged communities within, or adjacent, to the Carmel Valley Recreation and Park District. The North County Recreation and Park District includes the unincorporated community of Moss Landing, which is identified as a DUC. The District is centered on the unincorporated community of Castroville, parts of which are identified by block data as being disadvantaged. Most of the area between the District boundary and the City of Salinas is identified as disadvantaged, although this area is rural and therefore may not be appropriate for inclusion within the District boundary. Individuals living beyond the boundaries of any of the three districts are not precluded from using the park and recreational services provided.

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 DUCs within or contiguous to the sphere of influence)

[4] AMBAG, 2014 Regional Growth Forecast, Technical Documentation, adopted June 11, 2014.

As outlined in this Service Review, the three districts have adequate facilities and services to meet current needs. All three districts are actively interested in expanding their parklands and services to more fully meet the needs of their residents.

4. Financial ability of agency to provide services

The three districts reviewed in this Service Review vary greatly in size and financial resources. The Monterey Peninsula Regional Park District is facing the 2019 sunset of an assessment district that provides approximately 20% of its funding. The Carmel Valley Recreation and Park District is a small district without staff and a fixed income from parcel assessments that, in effect, shrinks each year due to inflation. The North County Recreation and Park District places an emphasis on the provision of recreational and social programs for the lower-income community of Castroville and surrounding nearby areas. To meet their individual challenges, all three districts are planning to ask voters in the near future to extend, increase, or establish (respectively) tax measures to meet ongoing needs.

5. Status of, and opportunities for, shared facilities

All three districts actively collaborate with other local agencies and community organizations to meet the park and recreation needs of their communities. There may exist additional opportunities for a sharing of expertise and resources between the districts. The Regional Park District has historically included, as one of its functions, financial assistance to local public agencies by "passing through" portions of some funding received via Federal and State grant programs.

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

The Carmel Valley and North County districts are independent special districts formed through the provisions of the Recreation and Park District Law. The Monterey Peninsula Regional Park District was formed through provisions of the Public Resources Code. Each of the three districts is governed by a five-member Board of Directors. In Carmel Valley these Directors are elected at-large, in the Monterey Peninsula Regional Park District they are elected by geographic areas or wards, and in North County, the Directors are appointed by the Monterey County Board of Supervisors. Due to its small size and absence of staff, the Carmel Valley Recreation and Park District faces particular challenges in complying with all of the State requirements for a local agency.

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

In conformance with State law, and to meet local needs, LAFCO of Monterey County has adopted Sphere of Influence Policies and Criteria within its *Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization*. The policies stipulate that the designation of Spheres of Influence shall avoid the creation of islands and corridors. There are currently no islands or corridors enclosed by the boundaries or Spheres of Influence of the districts reviewed.

SPHERE OF INFLUENCE DETERMINATIONS

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

The land uses within the three districts are highly varied. While the Carmel Valley and North County districts are located in the unincorporated County, 80% of the Monterey Peninsula district's residents live within one of seven incorporated cities. No agricultural or open space lands are affected by this Service Review. The area recommended for removal from the Sphere of Influence of the Carmel Valley Recreation and Park District is uninhabited, and approximately 95% of the 1.0 square mile area is within the boundaries of Garland Ranch Regional Park. This area is unlikely to benefit from inclusion in the boundaries of the local recreation and park district in the future.

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

There is a demonstrated need for the facilities and services provided by the districts in this study. The regional district is actively preserving lands of great scenic beauty, and supporting urban parks and services for District residents. In Carmel Valley, the District provides a place for outdoor recreation and the enjoyment of nature in the village's setting. In North County, the District provides community parks within walking distance of a large proportion of District residents and recreational and social services for many low-income seniors and youth.

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

The three districts have adequate facilities and services to meet the needs that they were formed to serve. Both of the "local" (Carmel Valley and North County) districts grapple with the maintenance and upkeep of aging facilities, although related issues are particularly of concern with regard to the North County Recreation and Parks District's Recreation Center. The two local districts experience funding shortages that, at times, limit their ability to maintain facilities or provide optimal levels of service, and appear to have real potential to threaten their long-term fiscal sustainability unless lasting revenue enhancements are put in place. As discussed above, all three districts are planning to propose near-term ballot measures in order to keep or enhance their existing revenue streams.

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

The boundaries of the three districts accurately reflect community boundaries. There are no other social or economic communities of interest within the scope of this Sphere of Influence Review.

[This page left blank intentionally.

APPENDIX

SOURCES AND ACKNOWLEDGEMENTS

Information that LAFCO received from district representatives (Board Members and staff) was of key importance in developing this study. The districts met with LAFCO staff and provided copies of audits, financial statements, budgets, policies and procedures, agendas, fee schedules. Without their cooperation and assistance, this report would not have been possible.

Supplemental finance-related information was obtained from the State Controller's Office website. Population estimates for the districts were calculated from 2010 U. S. Census data using the County of Monterey's Geographic Information System (GIS). Population projections were derived from the adopted 2014 Association of Monterey Bay Area Governments (AMBAG) Regional Growth Forecast. LAFCO's earlier Municipal Service Reviews and Sphere of Influence Studies provided additional background information about the districts.

PARKS AND RECREATION IN MONTEREY COUNTY

In addition to the parks and recreational services provided by park-related independent special districts in Monterey County, other resources include:

- **Federal Lands:** Monterey County contains newly dedicated Fort Ord National Monument, the western end of Pinnacles National Park and the northern portion of the Los Padres National Forest.
- **State Parks:** There are seventeen state parks wholly within Monterey County and an additional three that overlap County boundaries.
- **Monterey County Parks Department:** The County maintains three parks that are reserved for day use, four where overnight camping facilities are available, and one that is primarily reserved for organized youth sports.
- **City Parks:** Of the twelve cities in the county, eleven provide municipal parks within their boundaries.
- **Other Special District Parks:** Park spaces owned and maintained by other types of special districts with a different primary focus include Pajaro Park (Pajaro/Sunny Mesa Community Services District), Spreckels Park (Spreckels Memorial District), and Jim Maggini Memorial Park (Greenfield Memorial District),

As a regionally oriented agency, the Regional Park District is the most involved with these different types of government within its boundaries. This work includes the District's participation in joint land acquisitions and the District providing financial assistance to local parks for maintenance and expansion.