

Municipal Service Review and Sphere of Influence Study

Independent Special Districts with a Regional Orientation:

- Monterey Peninsula Airport District
- Moss Landing Harbor District
- Northern Salinas Valley Mosquito Abatement District
- Resource Conservation District of Monterey County



Adopted by the Commission on
December 5, 2016

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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

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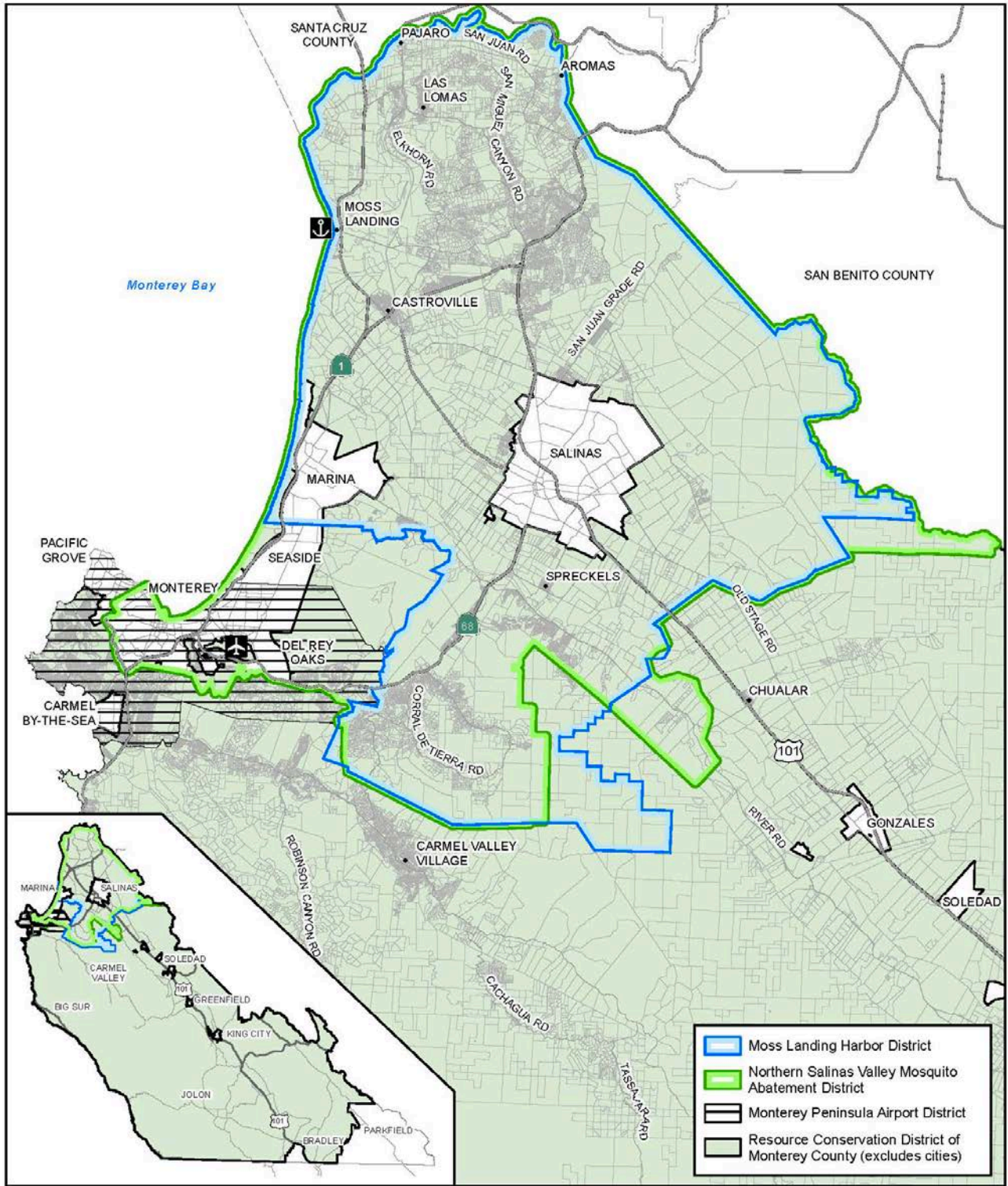
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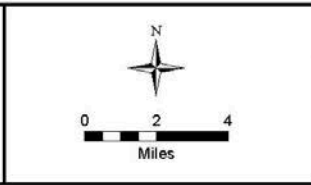
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LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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

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



SPECIAL DISTRICTS

FOUR REGIONAL DISTRICTS

Map Prepared: 12/9/2016

EXECUTIVE SUMMARY

INTRODUCTION

This report provides information about the services and boundaries of the following four regional independent special districts:

- Monterey Peninsula Airport District;
- Moss Landing Harbor District;
- Northern Salinas Valley Mosquito Abatement District, and
- Resource Conservation District of Monterey County.

These districts differ widely in the services they provide. Two of the districts provide transportation infrastructure that contributes significantly to the regional economy. The other two districts work regionally to promote environmental quality and to provide for a healthy physical environment. The four districts share a region-serving orientation that extends agency services and assets beyond individual local communities. Each of the four districts also has a successful track record in providing consistent, high-quality services.

The districts also vary widely in their geographic size and scope. The boundaries of these districts, or their predecessor agencies, date from the mid-1900s. Each of the four districts is currently serving, or has identified opportunities to serve, larger populations beyond their district boundaries. None of the districts currently has a Sphere of Influence designated beyond existing district boundaries. This study presents recommended Sphere revisions for the Mosquito Abatement and Resource Conservation Districts.

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 four districts, highlighting the specific characteristics, opportunities, and challenges of each local agency. This chapter also provides recommended Municipal Service Review and Sphere of Influence determinations for all of the districts as required by the State's Cortese-Knox-Hertzberg Act.

These chapters are followed by a brief Appendix with sources and acknowledgements, photo credits, and the complete wording of State -required Service review and Sphere of Interest determinations.

KEY FINDINGS

Following are the key findings of this report:

1. Each of the districts is successfully and reliably carrying out its mission.

Each of the four districts has a track record of successfully providing services for over 65 years. The districts provide valuable services to their communities, are professionally managed and staffed, promote governmental transparency, and are financially stable.

2. The districts provide services using a range of funding models.

The financial models (i.e. funding sources) of the four districts show fundamental differences. The Harbor and Airport Districts operate primarily as "enterprise"-type districts that collect fees for services from customers and leaseholders. The Mosquito Abatement District operates almost entirely

through tax funds and property assessments. The Resource Conservation District receives no tax or assessment revenue at all; most of its revenues are grant-based, with some fee-for-service work with area landowners.

3. The four special districts are adept at partnering with a variety of agencies and organizations.

Each of the four districts in this study is successful in part because it works with a network of cooperating and supporting agencies and organizations.

4. Emerging trends affect each of the four districts.

Some of the larger “macro” issues that the different districts contend with include ongoing changes in the airline industry, sea level rise, new invasive mosquito-borne illnesses, and threats to watersheds and aquifers.

5. The districts serve populations beyond their existing boundaries.

Each of the districts has experienced some degree of providing services to a larger population beyond its designated jurisdictional boundary. The Airport, Harbor, and Mosquito Abatement Districts were formed in 1941, 1943, and 1950 respectively. While the Resource Conservation District of Monterey County was formed in 1996, predecessors to the current RCD date back to 1942. The four districts’ current boundaries do not directly reflect the populations the districts serve, or have the potential to serve. However, in some cases, there is no financial incentive for a special district to expand its boundaries because expansion would increase district costs while generating no additional revenues.

6. Two of the districts currently warrant Sphere of Influence expansions.

This study recommends Sphere expansions for the Mosquito Abatement and Resource Conservation Districts. For the Mosquito Abatement District, staff recommends extending the Sphere of Influence to encompass all of Monterey County. For the RCD, staff recommends that the District’s Sphere be expanded to include the cities of Monterey County – currently designated as a Future Study Area – as well as the unincorporated area. The recommended Sphere amendments are an initial step toward potential future expansion of the boundaries of these two districts. Representatives of the two districts concur with the recommended Sphere changes.

The Airport and Harbor Districts also serve populations beyond district residents. However, users of these two districts’ services do not need to live within the District, the Districts are unlikely to receive additional taxes or other revenues through expansion, and expansion could significantly increase election costs without providing better governance. LAFCO staff, therefore, recommends no change to the Spheres of these two districts, and the districts’ representatives agree with this conclusion.

RECOMMENDED ACTIONS

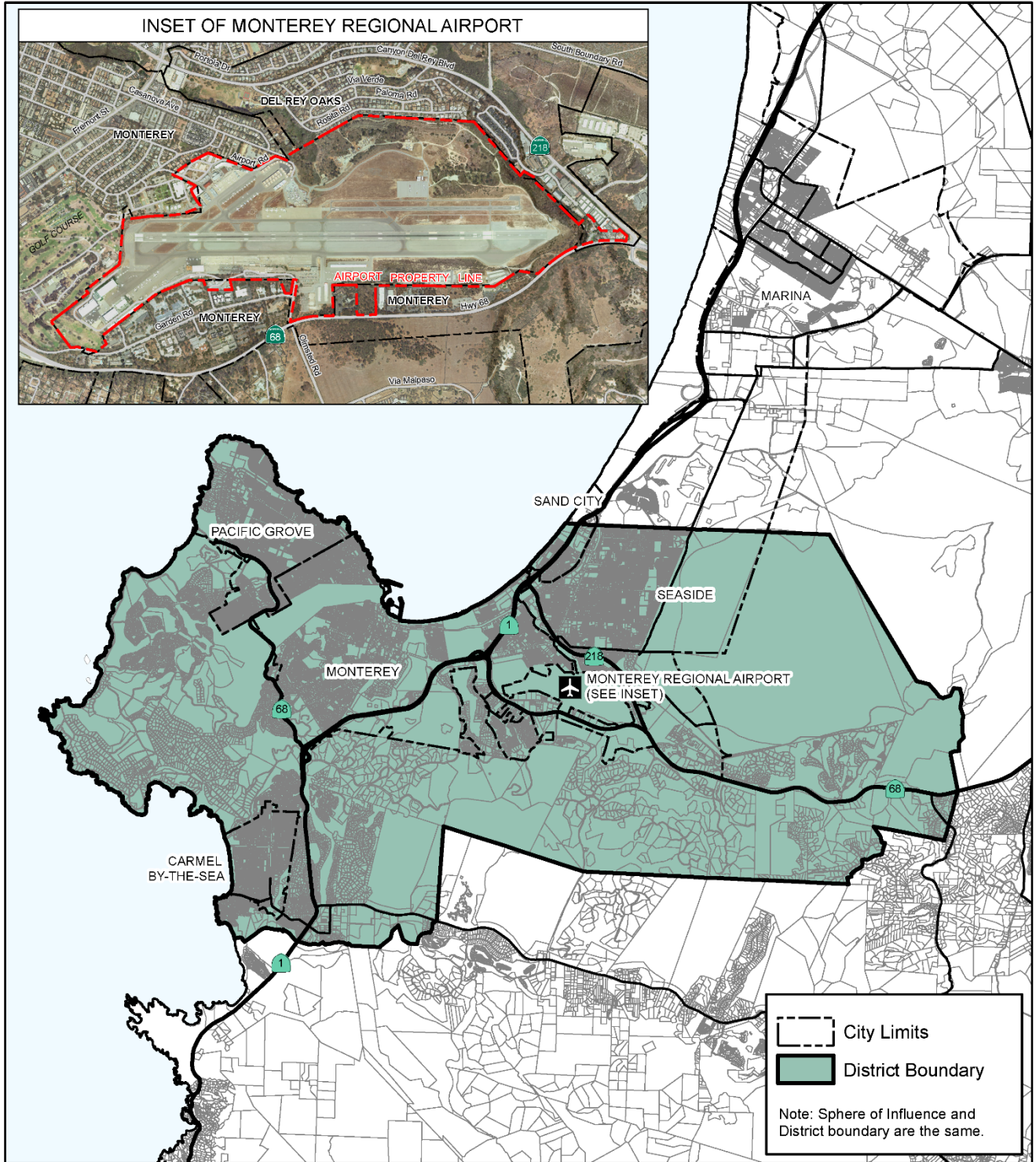
Based on the information in this report, the Executive Officer recommends that the Commission:

1. Adopt the Municipal Service Review and Sphere of Influence Study for the four districts, and
2. Based on the Study’s recommended determinations,
 - a) Affirm the current Sphere of Influence designations for the Monterey Peninsula Airport District and the Moss Landing Harbor District;
 - b) Expand the Northern Salinas Valley Mosquito Abatement District’s currently designated Sphere of Influence to include all of Monterey County; and
 - c) Expand the Resource Conservation District of Monterey County’s Sphere of Influence to add the cities of Monterey County (previously designated as a future study area).

Monterey Peninsula Airport District

200 Fred Kane Drive, Suite 200
 Monterey, CA 93940
 (831) 648-7000

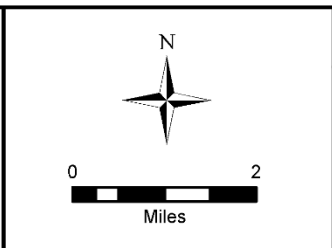
Monterey Peninsula Airport District – At A Glance	
Formation	March 22, 1941
Legal Authority	Monterey Peninsula Airport District Act (Chapter 52 of the Statutes of 1941) as amended through AB 2650 (2006)
Board of Directors	Five members elected to four-year terms through at-large elections
District Area	33,790 acres (53 square miles)
Sphere of Influence	Same as District (i.e. no Sphere beyond existing District boundaries)
Population (Estimate from 2010 U.S. Census)	86,000
Operating Revenue (2016-17 budget)	\$8,600,109
Approximate Annual Revenue Per Capita	\$100
Executive Director	Mike La Pier, AAE
Employees	30 full-time and 5 part-time
Facilities	Monterey Regional Airport
Website	www.montereyairport.com
Public Meetings	The second Wednesday of the month at 10:00 am in the board room of the airport’s terminal building, or as determined
Mission Statement	The mission of the Monterey Regional Airport is to provide the region convenient commercial and general aviation access to the national air transportation system, operate the airport in a safe, efficient, sustainable and fiscally responsible manner, and develop the airport to meet future needs, opportunities and challenges.



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 Salinas, CA 93902
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 Salinas, CA 93901
 FAX (831) 754-5831



AIRPORT DISTRICT

**MONTEREY PENINSULA
 AIRPORT DISTRICT**

Map Produced: 11/21/2016

District Overview

The Monterey Peninsula Airport District owns and operates the 598-acre Monterey Regional Airport (MRY). The Monterey airport began operations in the late 1920s, but first became a public district in 1941. At that time the California Legislature created the District as an urgency measure and determined that the Monterey Municipal Airport, which had been acquired by the District, was necessary for national defense. Most public airports in California are owned by cities or counties; this district is among the largest independent special district airports in the state.

The creation of an airport district unburdened the city from the need to maintain an airport that was fulfilling regional, not strictly city, needs. District boundaries include all, or portions, of the City of Monterey, Pacific Grove, Pebble Beach, Carmel-by-the-Sea, Carmel Valley, Del Rey Oaks, Seaside, Sand City and the Highway 68 corridor to Salinas.

The District develops and maintains the physical airport infrastructure and leases facilities to commercial airlines, a restaurant, rental car operations, other support operations, and non-airport businesses adjacent to the airport. The District is responsible for providing police services. The City of Monterey provides rescue and firefighting services by contract. The airport has two parallel runways, a federal air traffic control tower and precision instrument approaches. Approximately 114 aircraft are based at the airport in 211 hangar spaces and additional tiedown spaces. The primary runway that can accommodate larger aircraft is 7,616 feet (1.5 mile) long. The smaller general aviation¹ runway is 3,500 feet (2/3 mile) in length. Two full service-business operators – Del Monte Aviation and Monterey Jet Center – and other aviation tenants provide aircraft line services, fuel, aircraft storage, maintenance, flight



instructions, and aircraft rentals. The District also houses 55 other business tenants on its property. The District is unique in Monterey County in that it has land use authority that allows it to solely determine what land uses are allowed on its property, as well as the height, density and design of structures. The airport does not come under the land use permitting authority of the County or any city.



This airport is the only airport offering commercial air flights within the tri-county Monterey Bay Area (Monterey, Santa Cruz, and San Benito). Four airlines currently serve this “non-hub” airport: Alaska, American, Allegiant and United Airlines. These airlines provide direct service to San Francisco, Los Angeles, Las Vegas, San Diego and Phoenix.

¹ General aviation (GA) is defined as all civil aviation operations other than scheduled air services and non-scheduled air transport operations for remuneration or hire.

A 2015 economic benefit analysis² commissioned by the District determined that the airport contributed over \$300 million in economic benefits to the region. The benefits included personal income of \$112 million, \$98 million in visitor spending and annual tax revenues of \$19 million.

The District is currently engaged in the development of an Airport Master Plan³. The July 2015 draft final plan is currently undergoing environmental review. The plan forecasts that the number of departing passengers (“enplanements”) will increase from 200,651 in 2013 to 275,000 in 2033, and that air cargo will increase from about 1.0m pounds to 1.3m pounds. The projected increases are based on national aviation trends and socioeconomic trends in the District’s service area. The plan’s growth projections have been “found acceptable from a planning standpoint” by the Federal Aviation Administration.

This increase in usage, in addition to ongoing maintenance and safety improvements, will require more than \$200m in capital improvement investments over the next twenty years. Potential improvements include the design and construction of a parking structure, a new airport rescue and firefighting station, and a new terminal building. Public outreach for the future improvements is underway. The District has also scheduled roadway and taxiway improvements and plans a new north side road access point.

Finance

Monterey Peninsula Airport District					
Statement of Revenues, Expenditures and Changes in Net Position					
Fiscal Years 2012-13 to 2016-17					
Fiscal Year	2012-13 (audited)	2013-14 (audited)	2014-15 (audited)	2015-16: (audited)	2016-17: (budgeted)
Operating Revenues	\$7,745,543	\$7,937,711	\$8,351,300	\$8,597,015	\$8,600,109
Operating Expenses	\$7,225,444	\$7,621,009	\$7,652,017	\$7,802,142	\$8,026,773
Depreciation and Amortization	\$5,812,743	\$5,453,461	\$5,363,050	\$4,974,057	\$6,644,362
Non-Operating Revenues ⁴	\$747,267	\$678,458	\$751,070	\$879,970	\$3,031,163
Capital Contributions ⁵	\$916,219	\$3,270,612	\$26,393,749	\$16,814,025	\$2,356,084
Change in Net Position ⁶	(\$3,629,158)	(\$1,187,689)	\$22,481,052	\$13,514,811	(\$683,779)
Restatement of Liabilities	N/A	N/A	(\$6,446,352)	N/A	N/A
Net position, end of year	\$44,987,826	\$43,800,137	\$59,834,837	\$73,349,648	N/A

Data Sources: Monterey Peninsula Airport District, Annual Financial and Compliance Report, For the Years Ending June 30, 2013 through 2016, Operating Budget, Fiscal Year 2017, and Capital Budget, Fiscal Year 2017.

The District operates with an enterprise-based financial model. About 98% of its income results from fees and leases. Like many other airports, the District functions like a landlord. The largest sources of operating

² Dr. Lee McPheters in association with Coffman Associates, Economics Benefit Analysis, Appendix G of the Monterey Regional Airport Master Plan, February 2015.

³ The draft Airport Master Plan is available at: <http://monterey.airportstudy.com/master-plan/>.

⁴ Operating grants and Passenger Facility Charges (“FPCs”) are referred to as “Other Non-Operating Revenue.”

⁵ Grants restricted for capital purposes, primarily through the Federal Aviation Authority’s “Airport Improvement Program.”

⁶ Beginning deferred pension contributions and net pension liability as required by GASB Statements 68 and 71.

revenue in the Fiscal Year 2016-17 operating budget are terminal leases and concessions (\$4.0m), non-aviation tenants (\$1.7m), heavy general aviation tenants (\$1.0m), and commercial aviation (\$800,000). The largest expenditure categories are: finance and administration (\$2.0m), fire department (\$1.9m), maintenance and custodial services (\$1.5m), and police department (\$1.3m).

The District receives a relatively small amount of property tax revenue from the one-percent property tax collected by counties. Tax revenues approximate \$140,000 to \$175,000 a year (typically around 2% of the District's budget) and are included in the above chart within Operating Revenues.

The substantial increase in Capital Contributions listed for Fiscal Year 2015-16 resulted from initiation of the Runway Safety Improvement Project. This \$52 million project is intended to bring the airport into compliance with current Federal Aviation Administration safety standards. Primarily, the surface surrounding the primary airport runway was extended to provide safety margins for landing and departing aircraft in the event of an aircraft undershoot or overrun. The project also included installation of an arresting system called "Engineered Materials Arrestor System" at both ends of the main runway. Federal grants provided most of the project's funding.



In 2012, the District issued taxable pension obligation bonds for refinancing \$3,077,000 in outstanding CalPERS "side fund" obligations. These bonds require payments of principal and interest of approximately \$383,000 a year through 2022. The District has no other long-term debt.

Challenges and Opportunities

The Monterey Regional Airport, and all non-hub and small hub airports, face challenges retaining and expanding air service and ridership. This problem was summarized on a national level as early as 2003, in a report from the Government Accounting Office (GAO):

Small communities face a range of fundamental economic challenges in obtaining and retaining commercial passenger air service. The smallest of these communities typically lack the population base and level of economic activity that would generate sufficient passenger demand to make them profitable to air carriers. While larger communities in this group may have less difficulty in sustaining a base level of service, they may not be able to attract additional carriers to provide greater choice and lower fares. Smaller communities located near larger airports may also face reduced demand because passengers choose to use the larger airport with lower fares or more choices for flights. These communities also have difficulty because the airline industry is in turmoil, making less profitable operations increasingly vulnerable.⁷

The continued existence of this nationwide problem was confirmed in a 2015 Transportation Research Board report.⁸ The number of enplanements at Monterey has remained between approximately 180,000 to 230,000 since 2000. The District plans to increase advertising efforts to promote awareness of local air

⁷ United States General Accounting Office, "Commercial Aviation: Factors Affecting Efforts to Improve Air Service at Small Community Airports," January 2003.

⁸ Transportation Research Board, Airport Cooperative Research Program Report 142: "Effects of Airline Industry Changes on Small- and Non-Hub Airports," 2015.

services and limit the “leakage” of Monterey Bay Area passengers to airports in San Jose, San Francisco, and Oakland. The District will also seek to create and participate in joint advertising efforts, strengthen strategic industry affiliations, and expand the Airport’s marketing reach within the region.

In discussions with LAFCO staff, the District’s executive director has also outlined the major challenge that public pension liabilities present to the District. In its June 2015 audit, the District increased its stated liabilities by almost \$6.5 million to clarify current contributions and liabilities. While this impact is felt by most government agencies in California, its impact is felt most strongly by agencies, such as the airport district, that have a significant number of public safety employees.



With regard to future opportunities, the District’s executive director views the airport’s physical property as the District’s greatest asset. This property has the potential to bring in revenue from commercial income-producing users, including uses that are not necessarily airport-related. An expansion of U. S. Customs services at the airport is an identified future prospect that would facilitate international flights, which could include both passenger services and transportation of agricultural products or other cargo.

Sphere of Influence

A Sphere of Influence is “a plan for the probable physical boundaries and service area of a local agency.”⁹ The District’s existing Sphere of Influence is coterminous with its boundaries, meaning that LAFCO does not anticipate the geographic expansion of this District in the foreseeable future.

The District views its commercial aviation service area as including most of Monterey County and portions of Santa Cruz and San Benito Counties. However, the District’s actual jurisdictional boundary includes only a much smaller geographic area around the airport, as mapped on Page 8.

Although it serves a wider population beyond its boundaries, the District does not wish to pursue expanding its boundaries at present. There is no financial incentive to do so, as the District operates almost wholly with enterprise funds. The District receives only approximately 1.5% of its funds through property taxes, and, under the existing statewide tax allocation model, would not gain any additional tax revenues via a boundary extension. Accordingly, LAFCO staff recommends that the District’s existing Sphere of Influence designation be affirmed with no changes.

Determinations

Service Review Determinations, per Government Code section 56430¹⁰

I. Population and growth

Determination: The Monterey Peninsula Airport District contains all or part of six cities and additional unincorporated areas. The District’s population count was estimated at 85,803 from the 2010 Census. Incremental growth is anticipated both within the cities and unincorporated area.

⁹ California Government Code, section 56076.

¹⁰ The complete wording of the determination topics for the Service Review and Sphere of Influence is listed in an appendix to this document.

2. **Disadvantaged unincorporated communities (DUCs)**
Determination: No DUCs exist in the District’s boundaries or Sphere.
3. **Capacity of facilities, adequacy of public services and infrastructure needs**
Determination: The District successfully provides airport services for the Monterey Bay region, including service to a larger population beyond District boundaries, with no significant unmet needs identified.
4. **Financial ability**
Determination: The District operates with revenues exceeding expenditures. As of June 30, 2015, it had unrestricted current assets of approximately \$6.7 million and a net position of almost \$60 million.
5. **Shared facilities**
Determination: The District contracts with the City of Monterey to provide firefighting services at the airport, which the District had independently provided through 2013. Through this agreement, the City operates the District-owned fire station and equipment.
6. **Accountability for community service needs**
Determination: The District is governed by a five-member Board of Directors, which is elected at-large by District voters.
7. **Matters required by local LAFCO policies**
Determination: No additional locally adopted LAFCO policies are specifically relevant to this Study.

Sphere of Influence Determinations, per Government Code section 56425

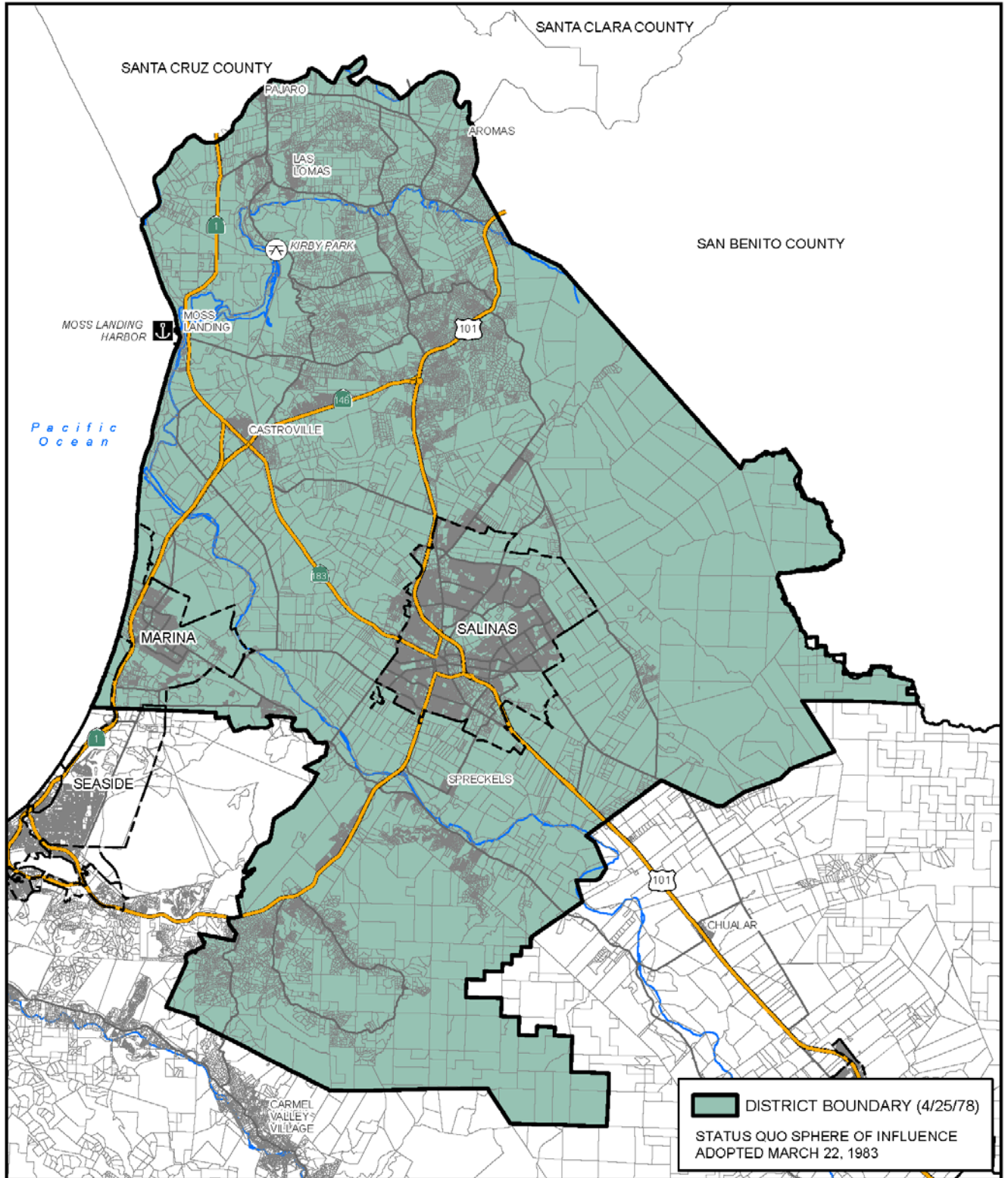
1. **The present and planned land uses in the area, including agricultural and open-space lands.**
Determination: The District’s boundaries, encompassing six cities and other unincorporated lands, has a wide range of land uses, including open spaces. Little agricultural land lies within the District boundaries. No planned changes would significantly affect the context of this review.
2. **The present and probable need for public facilities and services in the area**
Determination: Local residents, visitors, and the economy—particularly the tourism and agricultural industries—rely on the airport. The airport’s use is projected to increase in future decades.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**
Determination: The District has consistently demonstrated capacity to provide airport-related services to the region.
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**
Determination: The District provides service to residents who live well beyond the District boundaries.
5. **For an update of a sphere of influence of a city or special district that provides [structural fire protection], the present and probable need for those public facilities and services of any disadvantaged communities within the existing sphere of influence**
Determination: The District only provides fire protection on the airport property it owns, which is uninhabited.

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Moss Landing Harbor District

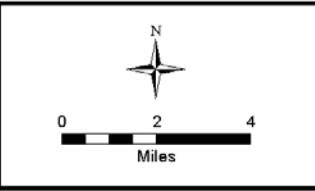
7881 Sandholdt Road
 Moss Landing, California 95039
 (831) 633-5417

Moss Landing Harbor District – At A Glance	
Formation	June 22, 1943
Legal Authority	California Harbors and Navigation Code, section 6000 et seq.
Board of Harbor Commissioners	Five members, elected at-large to four year terms
District Area	233,137 acres (364 square miles)
Sphere of Influence	Same as District (i.e. no Sphere beyond existing District boundaries)
Population (Estimate from 2010 U.S. Census)	234,000
Revenue (2016-17 budget)	\$3,343,518
Approximate Annual Revenue Per Capita	\$14
General Manager / Harbor Master	Linda G. McIntyre
Employees	Nine full-time
Facilities	Moss Landing Harbor and Kirby Park
Website	www.mosslandingharbor.dst.ca.us
Public Meetings	The fourth Wednesday of the month at 6:00 pm at District offices
Mission Statement	The Moss Landing Harbor District is the Number One commercial fishing harbor in Monterey Bay and is a year round port of safe refuge for recreational boating that partners with marine research and education with full public access to the environment.



DISTRICT BOUNDARY (4/25/78)
 STATUS QUO SPHERE OF INFLUENCE
 ADOPTED MARCH 22, 1983

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION
 P.O. Box 1369 Salinas, CA 93902 Telephone (831) 754-5838
 132 W. Cabilan St., Suite 102 Salinas, CA 93902 FAX: (831) 754-5831



SPECIAL DISTRICTS
MOSS LANDING HARBOR DISTRICT
 Map produced: 11/17/2016

District Overview

The Moss Landing Harbor District was formed in 1943 to provide a commercial and recreational boating harbor at Moss Landing. The Harbor District was created because there was no other governmental body with the expertise or interest in developing and maintaining a harbor. In 1947, dredging was completed, piers and wharves were built, and the harbor officially opened. The harbor's early activity level varied over the years with local agricultural production, railroad connections, and commercial fishing and whaling.

The District covers 364 square miles and extends from the bay east to the San Benito County line, and from the Santa Cruz County line as far south as the Corral de Tierra area. Creation of the District was associated with an extensive development project in 1947 to build the harbor. This included connecting Elkhorn Slough with Monterey Bay and dredging to deepen the harbor's marine area for vessel traffic.



Views of the South Harbor



The District-owned harbor property is approximately 85 acres, not including submerged lands. It berths over 600 boats, including 350 fishing boats, 200 pleasure craft, 12 research vessels, many transient vessels, and about six tour and charter boats. The District estimates that roughly half of these boats are owned by District residents. The District limits live-aboard boats to approximately 60. The harbor's commercial boats land Dungeness crab, halibut, king salmon, albacore, rockfish, squid, and a variety of other fish.

The economy of the Moss Landing Harbor centers on its role as a fishing port and tourist destination. In 2015, the National Marine Fisheries Service listed the Moss Landing Harbor as the largest commercial fishing port in California, by weight of fish caught¹¹.

A 2010 study commissioned by the Elkhorn Slough Foundation¹² estimated the impact of the harbor on the local economy. The study concluded that approximately \$15 million in gross revenues were attributed to commercial fishing (\$6 million), charter boats (\$1 million) and recreational boating (\$7 million). These estimates do not include the annual budgets of the Monterey Bay Aquarium Research Institute and Moss Landing Marine Laboratory, which depend on the harbor for much of their work. The budgets of these two institutions, taken together, exceeded \$67 million in 2007. Another important

harbor-related regional asset is the Dynege electrical power plant, whose coolant outfall line empties into the harbor.

The Harbor District plays a critical role in the success of these ventures, by providing needed infrastructure, services, and professional management. The District provides all services at the Moss Landing Harbor, including maintenance of harbor facilities and management of boat berthings. Facilities include the Main Harbor, located south of the main channel to the Monterey Bay, where larger vessels are berthed. The Main Harbor houses the Harbor Master's office, shower and laundry facilities for slip holders, and a small community park. Adjacent to this area, on District-owned land, is a recreational vehicle park

¹¹ http://www.st.nmfs.noaa.gov/Assets/commercial/fus/fus15/documents/02_Commercial2015.pdf

¹² Judith Kildow, PhD, and Linwood Pendleton, DFES, "Elkhorn Slough Restoration: Policy and Economics Report," http://www.elkhornslough.org/tidalwetland/downloads/Kildow_and_Pendleton_Elkhorn_Slough_Restoration_Policy_and_Economics_report_2010.pdf, February 25, 2010.

that is open to the public, dry dock storage facilities, a maintenance dock, and a bilge and oil pump-out facility that is available free of charge on a 24-hour basis.



Moss Landing community and harbor, seen from the south

The North Harbor lies on the other side of the main channel and primarily serves recreational craft. The north side of the channel was the subject of a \$4 million improvement project that was completed in 2007. Improvements included a 900-foot public wharf, a 110-foot dock, paved parking, and a four-lane boat launch ramp.

The District also owns and operates Kirby Park at the east end of Elkhorn Slough, about nine miles inland (via roads) from Moss Landing. This park

provides parking and launch ramp for kayaks and other small vessels that can navigate the slough. A wheelchair-accessible nature viewing trail extends from the paved parking area.

Other District-owned buildings at the harbor property include a 2,800-square-foot commercial building that is leased to a pottery shop and Monterey Bay Kayaks, a 33,600-square-foot cannery building leased to a several marine-related and commercial fishing businesses, and a newly constructed seafood restaurant.

The other harbors in the Monterey Bay Area are the Monterey Harbor and the Santa Cruz Small Craft Harbor, which are owned by the City of Monterey and the Santa Cruz Port District, an independent special district. Moss Landing houses a much larger number of commercial fishing boats and live-aboard vessels than either of these facilities.

The Harbor District was designated a California Certified Clean Marina in 2007 and recertified in 2012. Marinas meeting the criteria for this certification are verified as providing environmentally clean facilities and protecting the states' coastal and inland waters from pollution through compliance with established best management practices.

In addition to more typical special district legal rights and obligations, harbor districts—because they administer harbors, wharves, and channels—are authorized to pass ordinances and enforce regulations within their boundaries. The District's personnel are also authorized to enforce the California Harbors and Navigation Code. Violations of harbor-related ordinances are typically infractions.

Finance

Moss Landing Harbor District					
Statement of Revenues, Expenditures and Changes in Net Position					
Fiscal Years 2012-13 to 2016-17					
Fiscal Year	2012-13 (audited)	2013-14 (audited)	2014-15 (audited)	2015-16: (estimated)	2016-17: (budgeted)
Operating Revenues	\$2,700,904	\$2,797,728	\$3,158,567	\$3,133,864	\$3,343,518
Operating Expenditures	\$2,678,959	\$1,620,836	\$1,840,125	\$1,664,796	\$2,035,900
Depreciation ¹³	\$766,841	\$949,096	\$945,417	\$945,000	\$945,000
Net Non-Operating Revenues	\$1,327,622	\$246,527	\$591,950	\$127,096	\$80,947
Change in Net Position	\$582,726	\$474,323	\$964,975	\$651,164	\$443,565
Net position, end of year	\$13,839,010	\$14,313,333	\$15,278,308	\$15,929,472	\$16,373,037

Data Sources: Moss Landing Harbor District, Independent Auditor's Report and Financial Statements, Fiscal Year Ending June 30, 2015 and Preliminary Budget, 2016-2017, 9/6/2016 Revision.

The District's current (Fiscal Year 2016-17) budget projects that fully 60% of its operating revenues will come from marina revenues. The next-largest operating revenue category (17%) is generated by leases. Only about \$200,000, or 6%, is projected to come from the District's share of the one-percent property tax.

Outside of depreciation, the major budgeted operating expenses for Fiscal Year 2016-17 include personnel (\$746,000), property taxes (\$200,000), preparation of an environmental document for a desalination project (\$200,000), PG&E (\$196,000), and the upcoming Harbor Commissioners biannual election (\$175,000). The cited environmental document costs derive from the District's role as the CEQA lead agency for the proposed People's Moss Landing Desalination Project. The District has assumed this role because it has permitting authority over the proposed project's seawater intake and outfall systems. These costs are fully reimbursable by the project's proponent.

The District has never participated in the State CalPERS system, and therefore is not financially affected by shortfalls in the State public retirement system.

Challenges and Opportunities

The District is significantly affected by changes in State laws and regulations from time to time that can add complexities and costs. For example, changes in California's Clean Water Act's list of impaired water bodies, maintained by the State Water Resources Control Board, can impact the District's dredging operations. Regulations related to fishing and other ocean resources can also affect commercial and recreational fishing, with potential impacts to District activities.

Sea level rise, predicted as a result of climate change, may force the District to make expensive adaptations. In 2015, the California Legislature passed AB 691 requiring trustees of granted public lands to assess the

¹³ In the audit depreciation is categorized as an "operating expense," however, due to its size, this study itemizes it separately.

impacts of sea level rise on these lands and to provide this assessment to the State Lands Commission by January 2019. The District is investigating revenue sources to pay for this assessment.

Increases in the minimum wage can make a balancing of revenues and expenditures more difficult. Many lower-skilled Harbor positions start at minimum wage.

The County's 2015 draft Moss Landing Community Plan¹⁴ identified deficiencies that potentially limit harbor development. These included a shortage of adequate unloading and working docks, insufficient fish handling facilities, and limited dry storage areas. However, it should be noted that the identified issues are primarily related to privately-owned facilities adjacent to the harbor and beyond the District's control. The District maintains cooperative relationships with neighboring landowners and encourages mutually beneficial uses in these areas. Constraints in the North Harbor due to bank erosion are currently being addressed. Erosion remediation began in November 2016, with completion anticipated in early 2017.

The People's Moss Landing Desalination Project in Moss Landing is one of three desalination proposals being explored in the county. The Harbor District is acting as the lead agency for CEQA environmental review with the County of Monterey's concurrence.

Sphere of Influence

A Sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency." The District's existing Sphere of Influence is coterminous with its boundaries, meaning that LAFCO does not anticipate a geographic expansion of this district in the near future. The District's boundaries include the cities of Marina and Salinas (which provide most of the District's population), as well as the unincorporated communities of Moss Landing, Castroville, Spreckels, Prunedale, Royal Oaks, and the portion of Aromas that is within Monterey County. The District also contains large areas of the unincorporated County from the Santa Cruz County line to the northern edge of Carmel Valley.

The population served by the District does not closely align with District boundaries. For example, half of boat owners in the harbor are estimated to live beyond the District boundaries. However, the District does not wish to pursue expanding its boundaries at present. There is no financial incentive to do so, as the District operates almost wholly with enterprise funds. The District receives only approximately 6% of its funds through property taxes and, under the existing statewide tax allocation model, would not gain any additional tax revenues via a boundary extension. Accordingly, LAFCO staff recommends that the District's existing Sphere of Influence designation be affirmed with no changes.

Determinations

Service Review Determinations, per Government Code section 56430

1. Population and growth

Determination: Most of the District's population resides within the cities of Salinas and Marina, which are projected to see substantial population growth in coming years. The Association of Monterey Bay Area Governments (AMBAG) has projected that these two cities will grow by approximately 26,590, or 15%, between 2010 and 2035¹⁵. Unincorporated areas of the District and the county overall are projected to grow more slowly.

¹⁴ Monterey County Resource Management Agency, Moss Landing Community Plan (Chapter 5 of the North County Land Use Plan), Revised Draft, May 2015: http://www.co.monterey.ca.us/planning/Long-range-planning/Moss_Landing_Community_Plan/Revised_Draft_Moss_Landing_Community_Plan_May_2015.pdf

¹⁵ AMBAG, *Monterey Bay Area 2008 Regional Forecast*, Adopted by the AMBAG Board of Directors June 11, 2014: <http://ambag.org/sites/default/files/documents/FINAL%20Adopted%20Forecast%20and%20Documentation.pdf>

2. **Disadvantaged unincorporated communities (DUCs)**
 Determination: The District boundaries, and Sphere of Influence, contain three unincorporated community places that have been designated as disadvantaged: Boronda, Moss Landing, and Pajaro. The areas are eligible for District services, and no Sphere changes are contemplated.
3. **Capacity of facilities, adequacy of public services and infrastructure needs**
 Determination: The District successfully provides harbor facilities in Monterey County, and serves a population beyond District boundaries. No significant unmet service needs are currently known.
4. **Financial ability of agencies**
 Determination: The District operates with revenues exceeding expenditures. It currently operates with a net position of approximately \$16 million and current assets of approximately \$6 million.
5. **Shared facilities**
 Determination: There are limited opportunities for a harbor district to share facilities with others. The District leases some of its lands to marine-oriented commercial enterprises and organizations, such as the Monterey Bay Aquarium Research Institute. The Harbor is within the boundaries of the Castroville Community Services District, which provides sewer service, and the Pajaro-Sunny Mesa Community Services District, which provides potable water. Although specific opportunities for sharing resources have not been identified, shared services, facilities, or staff may be a future opportunity for the harbor and community services districts.
6. **Accountability**
 Determination: The District is governed by a five-member Board of Directors, which is elected by District voters.
7. **Matters required by local LAFCO policies**
 Determination: No additional local LAFCO policies are specifically relevant to this Study.

Sphere of Influence Determinations, per Government Code section 56425

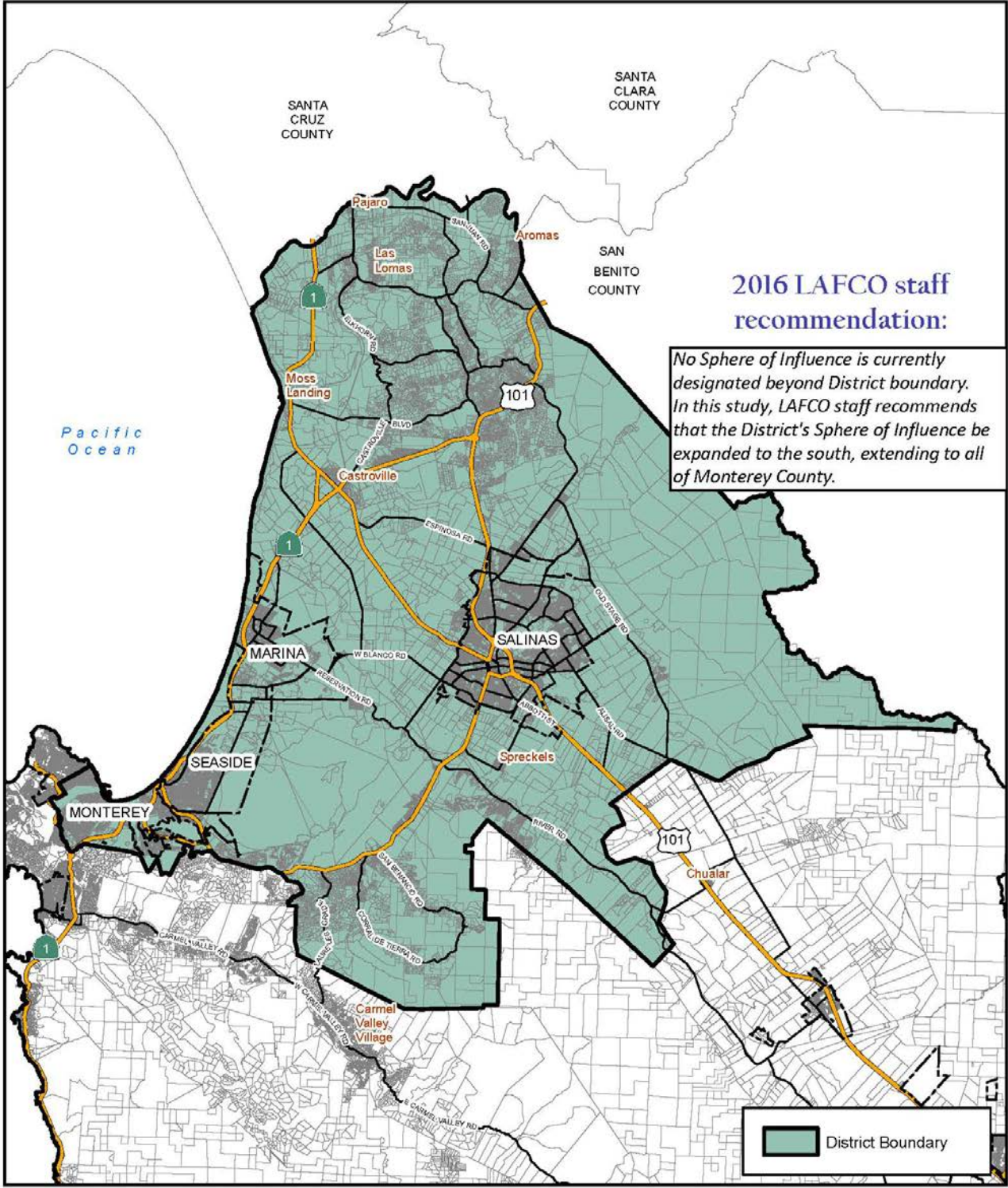
1. **The present and planned land uses in the area, including agricultural and open-space lands.**
 Determination: The District boundaries contain two cities and a large area of unincorporated land. This area includes a wide range of land uses, as well as prime agricultural land and scenic open spaces. The County of Monterey is currently engaged in a community planning effort for Moss Landing. No other land use changes in the area are likely to be significantly relevant to the District.
2. **The present and probable need for public facilities and services in the area**
 Determination: An ongoing need for a harbor in the northern Monterey County is demonstrated by the current waiting list for harbor slips. For example, the waiting list for a 20-foot slip is several years, and for a 30-foot slip the wait is approximately one-and-a-half years.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**
 Determination: The District has consistently demonstrated a capacity to provide harbor services to the population it serves. A strong local demand for harbor services (see #2, above) is effectively constrained by the spatial limitations of the harbor's physical site.
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**
 Determination: There are no District-relevant social or economic communities of interest in the area served.

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Northern Salinas Valley Mosquito Abatement District

342 Airport Boulevard
Salinas, CA
(831) 422-6438

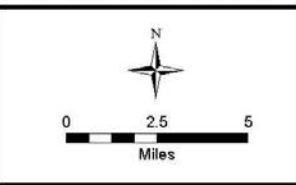
Northern Salinas Valley Mosquito Abatement District – At A Glance	
Formation	November 27, 1950
Legal Authority	California Health and Safety Code, section 2000 et seq.
Board of Trustees	Nine members: three named by the Monterey County Board of Supervisors and one named by each of the six cities that are located within District boundaries. Appointments are for four-year terms.
District Area	257,204 acres (402 square miles)
Sphere of Influence	Same as District (i.e. no Sphere beyond existing District boundaries)
Population (Estimate from 2010 U.S. Census)	297,000
Revenue (2016-17 budget)	\$1,758,643
Approximate Annual Revenue Per Capita	\$6
District Manager	Ken Klemme
Employees	Seven full-time
Facilities	The District has no capital facilities.
Website	www.montereycountymosquito.com
Public Meetings	The second Tuesday of the month at noon in the District Office, 342 Airport Boulevard, Salinas (no meeting in the month of December).
Mission Statement	The Northern Salinas Valley Mosquito Abatement District was established to protect public health and comfort by abating existing mosquito breeding sources and to prevent new ones in order to permit full use and enjoyment of our backyards, recreational facilities, agricultural and industrial areas.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5636

132 W. Gabilan St., Suite 102
 Salinas, CA 93902
 FAX (831) 754-5631



SPECIAL DISTRICTS

**NORTHERN SALINAS VALLEY
 MOSQUITO ABATEMENT DISTRICT**

Last LAFCO-Approved Change: 1/26/1993
 Coterminus Sphere of Influence Adopted: 2/2/1993
 Map Prepared: 9/16/2016

District Overview

The District was established in 1950 to reduce the risk of vector¹⁶-borne disease and discomfort to District residents. The District boundaries were originally drawn around Elkhorn Slough in northern Monterey County, a major area for mosquito breeding. The boundaries have expanded over time to include additional areas, including a portion of the Monterey Peninsula.

The District works to control mosquitos and other vectors through the fundamentals of integrated pest management. This work calls for source reduction, habitat modification, and biological control before the application of pesticides. When the District uses pesticides, these are applied in a manner that minimizes risk to human and ecological health. In addition to combating mosquitos, the District works to educate the community on how to control cockroaches, fleas, flies, rats, mice, ticks, yellowjacket wasps, Africanized honeybees, other stinging or biting insects such as mites and bedbugs, nuisance wildlife such as skunks, raccoons, and opossums, and noxious/invasive weeds. Within its boundaries, the District:

- Conducts mosquito inspections, surveillance, and control,
- Tests for mosquito and other vector-borne diseases,
- Controls adult mosquitos when necessary to protect public health,
- Treats areas with environmentally safe products wherever mosquito larvae or pupae are found,
- Responds to requests concerning mosquitos and public health concerns,
- Provides free mosquito-eating fish to property owners for ponds and other water features, and
- Provides community education, presentations, and outreach to property owners, school groups, and other interested parties about vectors and the diseases they can transmit.

The District has no regulatory authority and works voluntarily with local property owners and residents.

Although the District is only responsible for vector control within its boundaries, it also provides assistance, to the extent possible, to property owners and jurisdictions beyond District boundaries.

The District is proud of the steps it has taken to increase its public visibility. Following voter approval of continuing assessments in 2016, the District was able to hire a staff member to coordinate education and outreach.

The District makes presentations to approximately 120 school classes annually, has a presence on Facebook and YouTube, and participates in parades, agricultural tours, and fairs. The District has also recently increased its efficiency by equipping field staff with iPads to geographically encode and track inspection and treatment sites.



¹⁶ A vector is defined as “any animal capable of transmitting the causative agent of human disease or capable of producing human discomfort or injury, including, but not limited to, mosquitos, flies, other insects, ticks, mites, and rats, but not including any domesticated animal...” [California Health and Safety Code section 2200(f)].

Finance

Northern Salinas Valley Mosquito Abatement District					
Statement of Revenues, Expenditures and Changes in Net Position					
Fiscal Years 2012-13 to 2016-17					
Fiscal Year	2012-13 (audited)	2013-14 (audited)	2014-15 (audited)	2015-16: (unaudited)	2016-17: (budgeted)
Total Revenues	\$1,546,517	\$1,586,425	\$1,805,394	\$1,778,984	\$1,758,643
Expenditures	\$1,154,237	\$1,370,320	\$1,359,717	\$1,605,841	\$1,742,921
Change in Net Position	\$392,280	\$216,105	\$445,677	\$173,143	\$15,722
Restatement of Liabilities	-	-	\$(1,305,310)	-	-
Net position, end of year	\$3,723,182	\$3,939,287	\$3,079,654	\$3,252,797	TBD

Data Sources: Northern Salinas Valley Mosquito Abatement District, Financial Statements, for the Years Ending June 30, 2013 through 2015; unaudited District 2015-16 financial statement, and 2016-17 District financial spreadsheet.

The District relies on revenues produced through property taxes and parcel assessments. In the most recently completed District audit (Fiscal Year 2014-15), these totaled 57% and 32% of all District revenues, respectively. The parcel assessment was scheduled to sunset in 2016 but was continued with a 2014 vote of District property owners. At that time, property owners approved an extension of the assessment and an increase in the assessment from approximately \$5 a parcel to \$7 a parcel with no expiration. The measure, which required a simple majority for passage, was approved by a 66% vote.¹⁷ Another 7% of revenues derives from special district revenues, which include supplemental property taxes, County redevelopment funds, and other local government pass-through monies.

The audit for the year ending June 2015 reflects a restatement of liabilities, primarily CalPERS pension liabilities as required by the Governmental Accounting Standards Board (GASB 68 and 71).

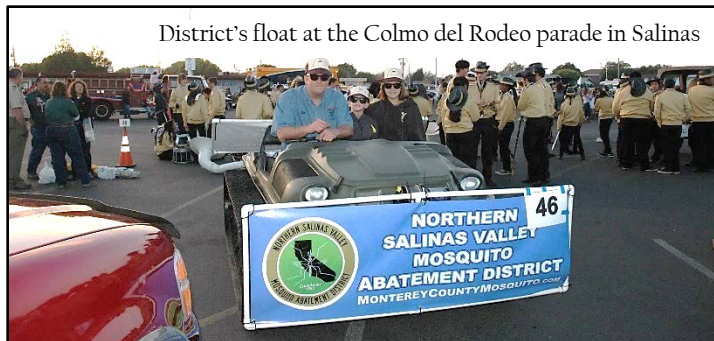
Challenges and Opportunities

New invasive mosquitos have entered into California in recent years, making possible the threat of new disease outbreaks in Monterey County. A possible outbreak of Zika, Dengue, Yellow Fever and Chikungunya highlights the importance of the District's efforts. If mosquitos bearing one or more of these diseases move into the county, there will likely be pressure for the District to increase its efforts and possibly expand its geographic boundaries. At the same time, new public health regulations regarding pesticides and water pollution control standards tend to make the treatment of mosquitos more complex and costly over time.

The District has historically provided advice and supplies to fighting vectors in the southern Salinas Valley. However, such efforts are limited by the fact that these areas are outside the District's jurisdictional authority and funding base. The Monterey County Environmental Health Bureau shares in overall responsibility for vector control countywide, but does not have the same level of resources and focus that

¹⁸ Monterey County Civil Grand Jury, 2013-2014 Final Report, June 30, 2014, page 58.

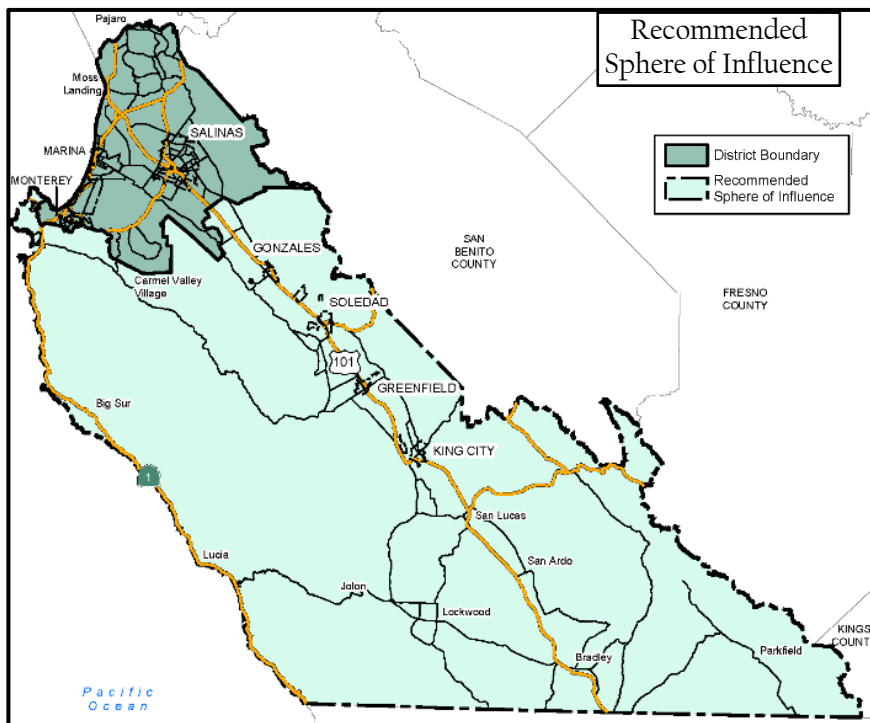
the District is able to bring to bear on vector issues. Some cities, such as Gonzales, also work to eradicate mosquito breeding grounds but are severely limited by budget constraints.



Sphere of Influence

A Sphere of Influence is “a plan for the probable physical boundaries and service area of a local agency.” At District formation, the boundaries of the District were originally set in response to the needs of property owners and residents who were directly affected by the mosquito breeding areas of Elkhorn Slough. The current increase in mosquito-borne diseases has heightened the awareness of combating mosquitos wherever they breed.

The District's current Sphere of Influence is the same as its boundaries, indicating that, in the recent past, LAFCO has not anticipated a geographic expansion of this District. The current study recommends that the District's Sphere of Influence be expanded to include all of Monterey County, as further discussed below.



The Monterey County Grand Jury reviewed the District in 2013-14 and recommended that “the District and the Monterey County Health Department staff should mutually and quickly explore and report on a path to extend the mosquito abatement activities throughout the County...”¹⁸

Vector control districts in California tend to serve large geographic areas. Large, single-purpose vector control districts can result in a more efficient delivery of services. As an example of this approach, the boundaries of the Santa Cruz County Mosquito and a County Service Area were expanded in 2005. At

¹⁸ Monterey County Civil Grand Jury, 2013-2014 Final Report, June 30, 2014, page 58.

that time, a service review by Santa Cruz LAFCO summarized that “The benefits [of expansion] include higher levels of service, more effective vector control and operational efficiency. The disadvantage will be increased cost and an additional assessment on those parcels not currently served. However, the advantages for more effective vector control and public health protection likely outweigh the minimal charge to property owners.¹⁹”

State law already allows the District to take direct but limited action in areas adjacent to the District’s boundaries if needed to provide control of mosquitos and other vectors that are detrimental to District residents, or upon the request of adjacent jurisdictions. For this reason, all of Monterey County was included within the program area that was used to assess the environmental impacts of the District’s Integrated Vector Management Program.

LAFCO staff has discussed potential expansion of the District’s Sphere of Influence with the District’s manager and the board of trustees, with a consensus to proceed with a Sphere expansion. In the course of preparing this study, the director of the County’s Environmental Health Bureau has affirmed that there is a continued need for mosquito abatement services countywide, and expressed support for expanding the District’s Sphere.

Expanding the District’s Sphere of Influence would not immediately expand the District’s boundary or give the District additional authority, responsibility, or funding at this time. The action would indicate that future expansion of the District’s boundary warrants further consideration by the District and LAFCO. The recommended Sphere action is a step toward timely consideration of future boundary changes, particularly if new vector-related public health needs arise in the area. Any future expansion of the District boundary would require a financial study to justify fee assessments and would include a review of the District’s governance structure to ensure that new District residents would have an equal say in District operations.

Determinations

Service Review Determinations, per Government Code section 56430²⁰

1. Population and Growth

Determination: The Northern Salinas Valley Mosquito Abatement District’s existing boundary includes six cities and large areas of unincorporated land. The District’s population was estimated at 298,000 from the 2010 Census. Incremental growth is anticipated both within the cities and unincorporated area.

2. Disadvantaged Unincorporated Communities (DUCs)

Determination: Three DUCs exist within the District’s existing Sphere and boundaries (Boronda, Moss Landing, and Pajaro). The areas currently receive District services. The recommended Sphere expansion would encompass additional DUCs that would become eligible for District services upon annexation to the District.

3. Capacity of facilities, adequacy of public services and infrastructure needs

Determination: The District successfully provides services to abate mosquitos and other vectors throughout the northern portion of Monterey County and, when possible, to outlying areas.

4. Financial Ability

Determination: The District consistently operates with revenues exceeding expenditures. It currently has a fund balance that approximates two years of expenditures.

¹⁹ Santa Cruz LAFCO: Countywide Service Review, June 2005, Public Review Draft, Section 10, Page 19.

²⁰ The complete wording of the determination topics for the Service Review and Sphere of Influence is listed in an appendix to this document.

5. Shared Facilities

Determination: The District has had its office in a City of Salinas-owned building since its formation. It cooperates closely with the Monterey County Environmental Health Bureau and mosquito abatement agencies in adjacent counties.

6. Accountability for Community Service Needs

Determination: The District is governed by a nine-member Board of Trustees, representing the six cities and the portion of the unincorporated county within its boundaries.

7. Matters Required by Local LAFCO policies

Determination: No additional local LAFCO policies are specifically relevant to this Study.

Sphere of Influence Determinations, per Government Code section 56425

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

Determination: The District boundaries contain six cities and a large area of unincorporated land. This area includes a wide range of land uses, as well as prime agricultural land and open spaces. No significant, District-relevant planned land use changes have been identified.

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

Determination: A need for the control of vector-borne diseases exists and will continue to warrant specialized resources. Public health needs may increase with the potential expansion of invasive mosquitos and other pests.

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

Determination: The District has adequate capacity to provide mosquito abatement services to the area it serves. Potential future boundary changes, if approved, will need to be funded by property assessments in the expansion area in order to maintain funding and service levels.

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

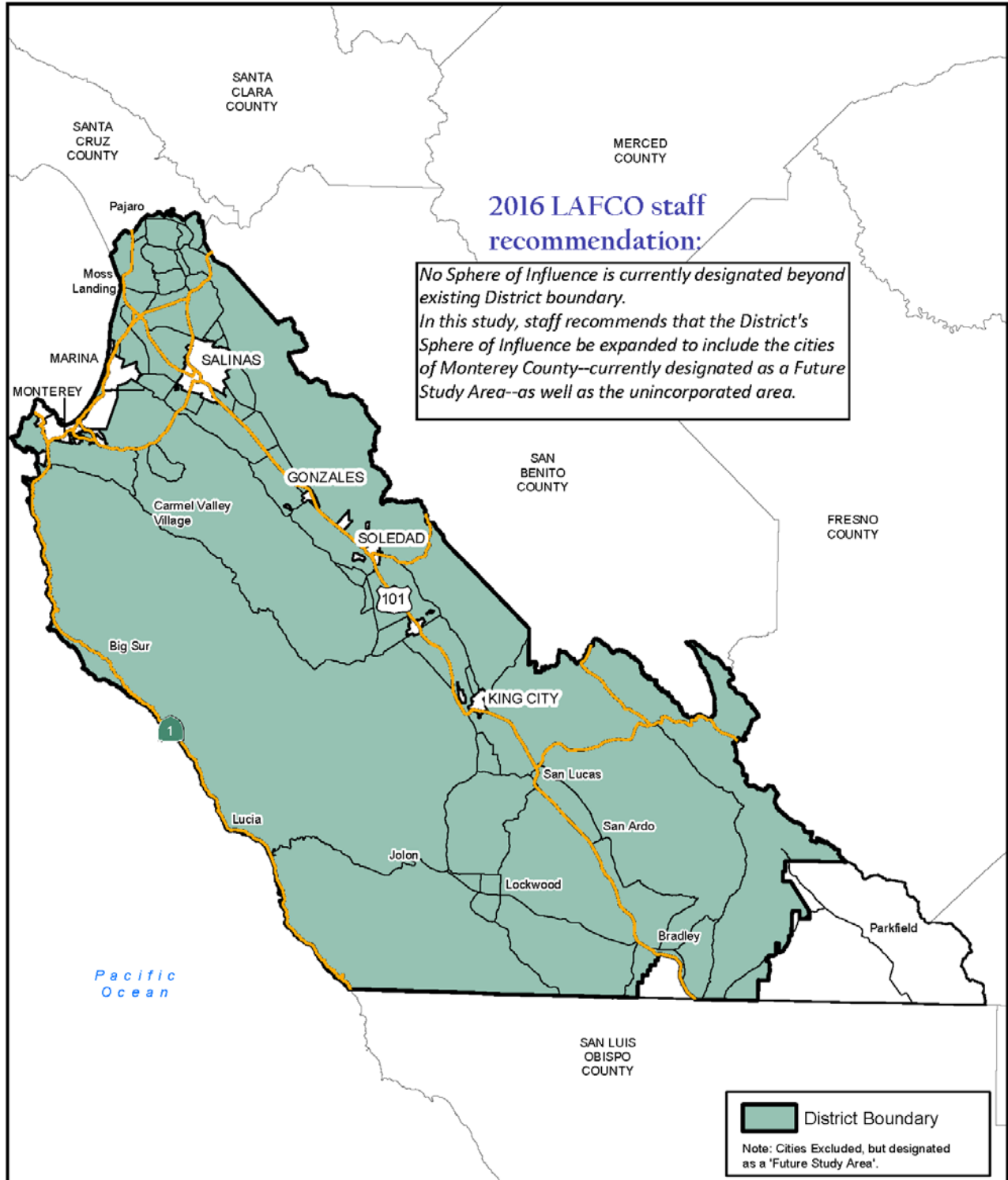
Determination: Expansion of the District's Sphere would facilitate future services to at-risk populations.

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Resource Conservation District of Monterey County

744-A LaGuardia Street
 Salinas, CA 93905
 (831) 424-1036, extension 124

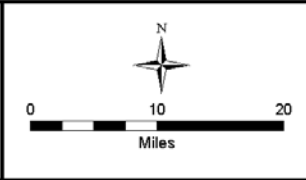
Resource Conservation District of Monterey County – At A Glance	
Formation	April 23, 1996
Legal Authority	California Public Resources Code, section 9151, et seq.
Board of Directors	Seven members appointed to four-year terms by the Monterey County Board of Supervisors
District Area	1,925,433 acres (3,008 square miles)
Sphere of Influence	Same as District (i.e. no Sphere beyond existing District boundaries)
Population (Estimate from 2010 U.S. Census)	100,000
Revenue (2016-17 budget)	\$1,383,274
Approximate Annual Revenue Per Capita	\$14
Executive Director	Paul Robins
Employees	Three full-time, two part-time, and four seasonal employees
Facilities	The District has no capital facilities.
Website	www.rcdmonterey.org
Public Meetings	Third Thursday of the month at 10:00 a.m. at the District office.
Mission Statement	To conserve and improve our natural resources, integrating the demand for environmental quality with the needs of agricultural and urban users. To seek to achieve the sustainable management of local natural resources including soil, water, vegetation and wildlife throughout Monterey County.



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



SPECIAL DISTRICTS

RESOURCE CONSERVATION DISTRICT OF MONTEREY COUNTY
 Last LAFCO-Approved Change: 9/27/2004
 Status Quo Sphere of Influence Adopted: 4/1/1995
 Map Prepared: 11/2/2016

District Overview

The federal government established the Soil Conservation Service within the US Department of Agriculture in 1937 to address erosion that had become a national crisis during the Dust Bowl phenomenon. In 1938, California authorized the establishment of soil conservation districts to work with the federal agency and to ensure that local needs were met. In the 1970s the powers of the federal and local agencies were expanded beyond soil and water resources to include related resources including fish and wildlife habitat. The names of these agencies were later changed to the Natural Resources Conservation Service (NRCS) and resource conservation districts (RCDs) to reflect their expanded roles. The NRCS and local RCDs are bound together through a series of written cooperative and working agreements.

The Resource Conservation District of Monterey County works with cooperating farmers, ranchers, landowners, and other land managers to voluntarily prevent erosion, control runoff, demonstrate management practices, and protect water supplies. It provides planning and design assistance, and coordination of multiple permits from governmental agencies, to facilitate the installation of a range of resource protection and conservation practices.

For example, the District has worked with strawberry farmers in the North County area to ensure that they design the plantings to minimize runoff. The District also seeded and straw-mulched approximately 100 acres in North County for winter erosion control. These and other best management practices contribute to both improved land stewardship and increased return on landowners' investment. District staff assist farmers to access local, state, and federal funding programs to support conservation projects. The District also works to monitor and evaluate conservation practices and develop innovative practices to meet the economic, water quality, and environmental needs of its cooperators.

The District helps implement resource conservation projects for private landowners and dozens of governmental and nonprofit agencies. The District works closely with the County of Monterey Office of the Agricultural Commissioner for weed abatement and erosion control planning assistance to farmers and rural landowners. The District also works closely with the NRCS to provide bilingual farmer conservation assistance, conservation project design, and irrigation efficiency evaluations and assistance. The District works out of offices owned by the NRCS. The District works closely with the Santa Cruz and San Mateo County RCDs through the Integrated Watershed Restoration Program. The District also has agreements to share resources with RCDs in Santa Clara and San Luis Obispo Counties. Staff and other resources are frequently shared between agencies.

The District works with its public and private partners to help develop watershed management plans as needed. To date the District has contributed to plans for the Carmel, Big Sur, and Nacitone Watersheds. The District works to educate landowners, growers, ranchers and the general public on resource conservation techniques.



The District has no enforcement or regulatory authority. Public and private landowners partner with the District on a voluntary basis. Operating funds are derived entirely from grants and work contracts.

The District is guided by a Board of Directors which are appointed by the County Board of Supervisors. Directors represent a broad spectrum of experience including farming, ranching, finance, and non-profit land conservancy management. Depending on the level of funding available at any given time, the District employs staff members with diverse technical backgrounds to support implementation of the mission.

In September 2016, the District began a strategic planning process to guide policy and goals for the next three years. This process was launched by a “listening session” of landowners and community opinion leaders. The specific programs and activities of an RCD are not set forth by law. The District strives to stay agile and connected with local residents to ensure that local needs are met.

Finance

Resource Conservation District of Monterey County					
Statement of Revenues, Expenditures and Changes in Net Position					
Fiscal Years 2012-13 to 2016-17					
Fiscal Year	2012-13 (audited)	2013-14 (audited)	2014-15 (audited)	2015-16: (estimated)	2016-17: (budgeted)
Total Revenues	\$506,468	\$498,974	\$899,054	\$608,047	\$1,383,274
Expenditures					
Services, Supplies, Travel, and Other Expenditures	\$265,357	\$342,865	\$529,872	\$386,895	\$925,689
Salaries and Benefits	\$270,017	\$160,930	\$338,826	\$312,395	\$457,585
Total Expenditures	\$535,374	\$503,795	\$868,698	\$699,290	\$1,383,274
Net Change in Net Position	(\$28,906)	(\$4,821)	\$30,356	(\$91,242)	N/A
Net Position, end of year	\$159,656	\$154,835	\$185,191	\$93,949	N/A

Data Sources: Resource Conservation District of Monterey County, Report of Certified Public Accountants and Financial Statements, Fiscal Years Ending June 30, 2013 through 2015; unaudited Resource Conservation District Profit & Loss Statement: July 2015 through June 2016; and Projected Cash Receipts, Disbursements & Balances (Accrual Accounting) for the Fiscal Year: July 1, 2016 – June 30, 2017.

The District receives no taxes or assessments from district property owners. Its current (Fiscal Year 2016-17) budget lists revenues from a total of 22 grants and contracts, with approximately 90% of the funding coming from grants. In FY 2013-14 and FY 2014-15, approximately 76% of its income was grant-derived. The heavy reliance on competitive and variable grant funds results in the wide variation of District revenues from year to year.

A major ongoing source of District funds has been the Integrated Watershed Restoration Program (IWRP), which is anticipated to bring in approximately 16% of District revenues in FY 2016-17. The IWRP acts as a clearinghouse to help identify high-priority projects and provide oversight for their design, environmental compliance, and construction of projects throughout Monterey, Santa Cruz, and San Mateo Counties. The IWRP Steering Committee is composed of the executive directors of the RCDs in these three counties, staff from the Coastal Conservancy (an early and ongoing IWRP supporter), and a consultant who acts as the IWRP coordinator.

Forty-four percent of the District’s anticipated FY 2016-17 funding derives from the California Wildlife Conservation Board for the implementation of a noxious weed management plan along the Salinas River. The District began this project in 2014. An additional 9% of the District’s current funding is anticipated to come from the Monterey County Office of the Agricultural Commissioner, which provides local matching funds for the weed management program. Landowners fund portions of the Salinas River Stream Maintenance Program, bringing in a total of approximately 6% of the current District budget.

Challenges and Opportunities

The ongoing need to obtain grant funds to support District programs is a constant strain on the District. A lack of long-term funding security makes it difficult for the District to build continuity and maintain the confidence of its community partners.

The District is focusing on developing non-grant funding opportunities to enhance funding security. For example, with increased water quality regulations at the state level, demand for the District’s services is increasing. The District is seen as an impartial entity that can capably test and ensure compliance with regulatory standards. The District is also increasing its involvement in permit support and biomonitoring services for the Salinas River Stream Maintenance Program (a coordinated approach to vegetation and sediment management, voluntarily implemented by landowners, growers, and municipalities).



Statewide support for resource conservation districts has increased in recent years through the California Association of RCDs and the State Department of Conservation. Beginning in 2016, the District has received direct funding and technical support to help reduce year-to-year funding fluctuations and enhance services for youth conservation education.



The ongoing statewide drought and changing rainfall patterns are increasing the need for farmland stewardship and erosion mitigation. New state legislation such as the Sustainable Groundwater

Management Act (2015) presents an opportunity for the District to partner with local government agencies and landowners in a cooperative effort to steward this resource.

Sphere of Influence

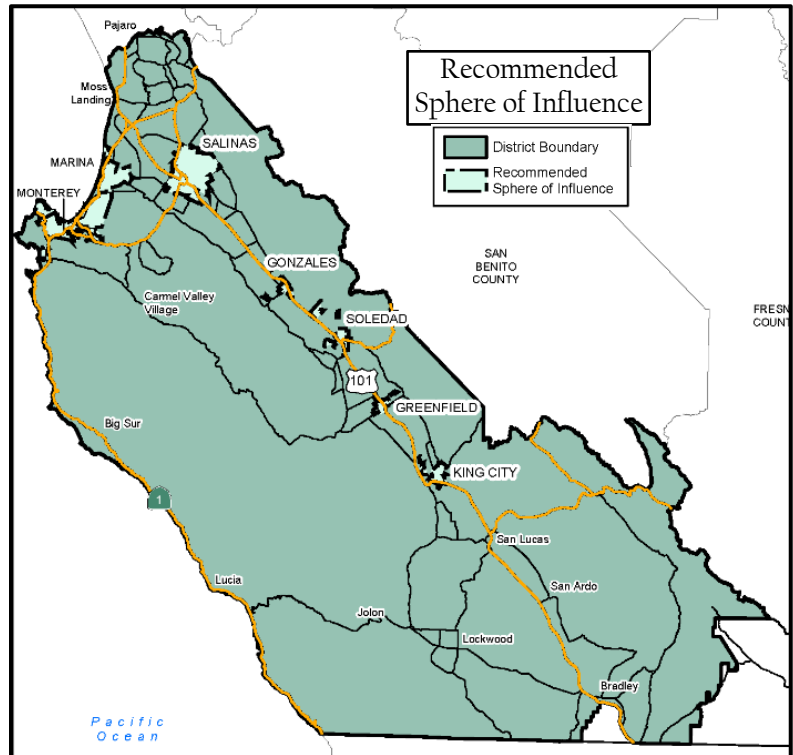
A Sphere of Influence is “a plan for the probable physical boundaries and service area of a local agency.” The RCD’s currently designated Sphere is coterminous with its boundaries, meaning that, in the recent past, LAFCO has not anticipated a geographic expansion of this District. **The current study recommends that the District’s Sphere of Influence be expanded to include the incorporated cities of Monterey County, as further discussed below.**

The District covers the entire unincorporated County except for a small area²¹ of the County immediately adjacent to San Luis Obispo County. In past decades, Monterey County had several RCDs (referred to as soil conservation districts at that time). The merger of predecessor RCDs has resulted in the current district, which is nearly countywide in scope. The last of these mergers occurred in 1996. The unincorporated area that is not a part of the District is within the Upper Salinas–Las Tablas RCD, headquartered in Templeton with oversight responsibility by LAFCO of San Luis Obispo County.

Monterey County cities were located within RCDs at one time but were removed from district boundaries in 1982 at the request of the two soil conservation districts that later merged to become the current RCD. This action was intended to enable the districts to concentrate efforts in rural, unincorporated areas. In 1994, LAFCO designated the cities as a Future Study Area for the District, indicating an intent to re-include city territory within District boundaries after additional input from the cities.²² A Future Study Area is an informal designation beyond a city or special district’s boundaries and Sphere.

Since designating the cities as a Future Study Area, there has been an increase in storm water management regulations and a corresponding increase in the availability of grants to improve stream maintenance. There has also been an increasing emphasis on the importance of addressing problems on a watershed basis rather than focusing on solutions for a parcel or local area. The District has also been increasingly active in educating youth and others about ways to conserve land and water resources. These education needs are not limited to rural residents, but also to the majority of County residents that live in cities. At an October 11, 2016 District Board retreat, the Board identified “city projects” as a future opportunity, and defined the need for city residents to understand their role in conservation.

The current LAFCO recommendation is to add the twelve Monterey County cities to the Resource Conservation District’s Sphere of Influence. The District has been consulted and is in full support of this recommendation. While soil and water conservation and environmental remediation may be a more



²¹ Approximately 148,500 acres.

²² LAFCO resolutions 94-17 and 94-18, and accompanying Executive Officer Report of December 13, 1994.

pressing concern in rural areas, these objectives are also important in urban areas. The District is involved in a number of programs that can be of great value to cities and their residents, including:

- Providing technical assistance to cities on runoff, irrigation, and vegetation management, especially relating to the urban-agricultural interface,
- Fully including the cities in local watershed planning efforts,
- Including city lands in the Salinas River Stream Maintenance Program to reduce erosion, pollution and the risk of flooding,
- Removing invasive plants from riparian areas to remove habitat for mosquitos and other disease-carrying vectors,
- Promoting conservation topics and career educational opportunities for students, and
- Sponsoring workshops for homeowners and city personnel aimed at reducing pollutants in residential storm water runoff.

Expansion of the District's Sphere to include the cities will not grant the District any additional authority or responsibilities. Expanding the Sphere is a first step, indicating that it is appropriate for LAFCO and the District to consider annexation of the cities to the District. Such consideration would only be initiated following consultation with the cities. If LAFCO approves future annexations of city territory to the District, annexed areas would not be subject to any new regulations or costs, as the District has no regulatory or taxing powers.

Determinations

Service Review Determinations, per Government Code section 56430

1. Population and growth

Determination: The Resource Conservation District contains all unincorporated areas in Monterey County, except for two lightly populated areas in the southeastern area of the county that are within the Upper Salinas–Las Tablas RCD. All cities in the county are outside the District. The population of the District was estimated at 100,000 from the 2010 Census. While the unincorporated population will increase, the increase is projected to be slow. The Association of Monterey Bay Area Governments projects a slow 4% increase in the 25 years between 2010 and 2035. Growth is projected to be higher in some of the cities in Monterey County.

2. Disadvantaged unincorporated communities (DUCs)

Determination: Unincorporated Monterey County contains six Census-Designated Places that meet the definition of DUCs²³, all of which are already within the Resource Conservation District's boundaries and are eligible for District services.

3. Capacity of facilities, adequacy of public services and infrastructure needs

Determination: The District has shown itself to be capable of retaining the flexibility to expand and contract its services relative to the availability of grant funding. The District makes maximum use of contract services to provide grant services. The projected 2016-17 District budget contains a "contract service" line item that is double the salary line item.

²³ California Department of Water Resources, "Disadvantaged Communities Mapping Tool" web app: <https://gis.water.ca.gov/app/dacs/>

4. Financial ability of agencies

Determination: The District consistently operates within available grant-based funding levels. It has shown a commendable ability to obtain and manage competitive grant funds.

5. Shared facilities

Determination: The District works closely with a variety of public and private partners to successfully implement conservations programs.

6. Accountability

Determination: The District is governed by a seven-member Board of Trustees, which represents District residents.

7. Matters required by local LAFCO policies

Determination: No additional local LAFCO policies are specifically relevant to this Study.

Sphere of Influence Determinations, per Government Code section 56425

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

Determination: The District's existing Sphere and boundary area includes prime agricultural land, scenic open spaces, and rural residential uses. These uses are projected to continue, for the most part. The recommended Sphere expansion will extend District services to help protect such resources.

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

Determination: The protection of the County's soil and water resources is of continuing critical importance to all County residents and the County's agricultural industry.

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

Determination: The District has the capacity to provide land and water conservation services throughout Monterey County.

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

Determination: District services provide potential benefits to populations in the incorporated cities as well as to the residents of unincorporated areas. The conservation of natural resources is crucial to both urban and rural County residents. The value that city residents would receive from being in the District boundaries is outlined earlier in this document.

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 and fee schedules. Without their cooperation and assistance, this report would not have been possible.

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.

Photo Credits

Monterey Peninsula Airport District -

- “Commercial aviation apron and terminal” and “Monterey Jet Center and hangars on the airport’s southwestern corner”: Orbx Simulation Systems (<https://orbxdirect.com/product/kmry>)
- “Monterey Regional Airport, seen from the northeast”: Monterey Regional Airport Runway Safety Area Improvements Project (<http://www.mryrsa.com/>)

Moss Landing Harbor District -

- “Moss Landing community and harbor, seen from the south”: Harbor District files
- “Views from the South Harbor”: Thomas A. McCue, LAFCO of Monterey County

Northern Salinas Valley Mosquito Abatement District -

- All photos: Mosquito Abatement District files

Resource Conservation District of Monterey County -

- All photos: Resource Conservation District files

Complete Wording of Cortese-Knox-Hertzberg Determinations

The District Profile sections of this Municipal Service Review and Sphere of Influence Study use abbreviated language in citing the determinations required by State law. Following is the complete wording of these determinations, as listed in Sections 56430 and 56425 of the Government Code (the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended):

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area

as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

56425. (e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

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