



AGENDA ITEM 7A

MEETING: January 15, 2014
TO: Humboldt LAFCo Commissioners
FROM: Colette Metz, Administrator
SUBJECT: **Countywide Public Cemetery Services Municipal Service Review and Sphere of Influence Updates for the Fortuna and Petrolia Cemetery Districts**
At a public hearing on November 20, 2013, the Commission reviewed the countywide public cemetery services municipal service review and considered staff's recommendations to reaffirm the coterminous sphere of influence for the Petrolia Cemetery District and reduce the sphere of influence for the Fortuna Cemetery District to be coterminous with the District boundary. The Commission continued the hearing to address property tax exchange questions from District representatives in the event that the Fortuna Cemetery District wanted to annex additional territory.

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 directs LAFCos to review and update each local agency's sphere of influence every five years, as needed. LAFCos use spheres to designate the territory it independently believes represents the appropriate future service areas and jurisdictional boundaries of the affected agencies. Importantly, all jurisdictional changes must be consistent with the affected agencies' spheres with limited exceptions. LAFCos must inform their sphere determinations by preparing municipal service reviews to consider the level, range, and need for governmental services within their county jurisdiction.

DISCUSSION

Fortuna Cemetery District

Fortuna Cemetery District representatives attended the November 20th LAFCo meeting and discussed the District's efforts to address revenue constraints. Currently, the Fortuna Cemetery District is funded by a combination of property taxes and service charges, although both sources have been reduced over time due to limits on property taxes and changes in demand from casket to cremation services.

The District noted that they are working to increase community involvement and fundraising to support district operations and maintenance needs. In an effort to explore other revenue generating options, the District has asked whether annexation of adjacent territory could generate additional property taxes to support district services. The District noted that there is a lack of cemetery services in the Rio Dell, Scotia and Carlotta areas and, as a result, residents in these areas often request District services.

Subsequent to the Commission meeting, LAFCo staff contacted the County Administrative Office and confirmed that it is unlikely that district would receive any

additional property tax revenue as a result of annexing additional lands. The primary consideration by the County when adjusting tax allocations is whether the annexation would result in reduced costs to the County. For example, would the district be taking over some service that the County currently provides?

Section 99 of the Revenue and Taxation Code requires local agencies affected by a jurisdictional change to negotiate the exchange of property taxes between and among themselves. Section 99.01 of the Revenue and Taxation Code provides that a jurisdictional change resulting from a special district providing one or more services to an area where such services have not been previously provided shall not become effective if one or more affected special districts involved in the property tax negotiation fails to adopt a resolution agreeing to a transfer.

With the exception of the annexing district, the Board of Supervisors has the final authority to determine the property tax exchange for each affected special district that fails to adopt a resolution agreeing to a property tax transfer. It is likely that affected special districts and/or the County would agree to a zero property tax transfer to the Fortuna Cemetery District as a result of annexation. This would result in no change to the property tax revenue accruing to other agencies serving an area affected by a jurisdictional change.

Considering a sustainable revenue source would be needed for the District to pursue annexation, and considering the District has the ability to recoup non-resident fees in adjacent served areas, LAFCo staff recommends that the Fortuna Cemetery District's sphere of influence be made coterminous with the current District boundary.

Sphere Recommendation: Staff continues to recommend the existing larger-than-district sphere be reduced to be coterminous with the jurisdictional boundaries of the Fortuna Cemetery District.

Petrolia Cemetery District

The Petrolia Cemetery District provides cemetery operations and maintenance services to two cemeteries in Petrolia. The historic Pioneer Cemetery was established in the late 1800s and since then been fully developed. More recently, the District acquired a second property, the Table Cemetery, which is at the beginning stages of development. The District currently is experiencing a low demand for cemetery services, consisting of two interments within the last five-year period. The District anticipates cemetery demand to increase over time as more residents learn about the new cemetery. The District has plans to develop physical infrastructure such as an ash garden, niche wall for cremains, and pavement for access roads.

Sphere Recommendation: Staff recommends the existing coterminous sphere be maintained for the Petrolia Cemetery District.

RECOMMENDATION

Staff recommends the Commission:

- 1) Receive verbal report from staff;

- 2) Open the public hearing;
- 3) Receive public comments;
- 4) Close the public hearing; and
- 5) Discuss item and consider motions to:

"I move to approve the Countywide Public Cemetery Services Municipal Service Review and adopt Resolution No. 14-02, updating the spheres of influence for the Fortuna and Petrolia Cemetery Districts, as described in the staff report."

Attachments

Attachment A: Countywide Cemetery Services MSR

Attachment B: Resolution 14-02 with Sphere of Influence Determinations

**Countywide
Public Cemetery Services
Municipal Service Review**

Draft January 2014



HUMBOLDT LOCAL AGENCY FORMATION COMMISSION

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Acknowledgements

LAFCo staff would like to thank the contributors to this Municipal Service Review. Input instrumental in completing this report was provided by Elizabeth Guggenbickler and Charlie Giannini of the Fortuna Cemetery District; Deva Wheeler and Patty Mendes of the Petrolia Cemetery District; and research historian, Ray Hillman of the Humboldt County Historical Society. This report would not have been possible without their assistance.

Countywide Public Cemetery Services *Municipal Service Review*

Draft
November 2013

Prepared by
Humboldt LAFCo



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INTRODUCTION

This report is prepared pursuant to legislation enacted in 2000 that requires Local Agency Formation Commissions (LAFCo) to conduct a comprehensive review of municipal services and update the spheres of influence of all agencies under LAFCo's jurisdiction. This service review focuses on public cemetery services in Humboldt County. Private cemetery services provided by various religious organizations and private enterprises throughout the county are outside the scope of this review.

1.1 Service Review and Determinations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.) requires LAFCo to review and update spheres of influence not less than once every five years and to review municipal services prior to or in conjunction with sphere updates. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth.

Effective January 1, 2008, Government Code Section 56430 requires LAFCo to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- o Growth and population projections for the affected area;
- o The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence (effective July 1, 2012);
- o 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);
- o Financial ability of the agency to provide services;
- o Status of, and opportunities for, shared facilities;
- o Accountability for community service needs, including governmental structure and operational efficiencies; and
- o Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

1.2 Uses of the Report

The service review process provides LAFCo with a tool to study current and future public service conditions and to evaluate organizational options for fostering orderly growth and development, promoting the efficient delivery of services, and encouraging the preservation of open space and agricultural lands. The potential uses of this report are described below.

Update Spheres of Influence

LAFCo will use this report as a basis to update the spheres of influence of the two public cemetery districts. Markedly, spheres of influence designate the territory that LAFCo believes represents the affected agencies' appropriate future jurisdictions and service areas. All

boundary changes, such as annexations, must be consistent with the affected agencies' spheres of influence with limited exceptions.

Consider Jurisdictional Boundary Changes

LAFCo is not required to initiate any boundary changes based on service reviews. However, LAFCo, local agencies, or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

Resource for Further Studies

Other entities and the public may use this report for further studies and analysis of issues relating to public cemetery services in Humboldt County.

1.3 Review Methods

Each agency reviewed as part of this service review process demonstrated full accountability in disclosure of information and cooperation with LAFCo. The following information was considered in the service review:

- o Agency-specific data: responses to LAFCo Requests for Information, budgets, fee schedules, maps, and district plans.
- o Demographic data: U.S. Census Bureau; Department of Finance.
- o Population projections: Department of Finance.
- o Long-Term Debt: California State Controller.
- o Revenue: California State Controller; Humboldt County Auditor/Controller; Comprehensive Annual Financial Reports.

Information gathered was analyzed and applied to make the required determinations for each agency. All information gathered for this report is filed by LAFCo for future reference.

CEMETERY SERVICES OVERVIEW

This chapter provides a description of the regulatory framework that guides public cemetery district operations. In addition, a summary of both public and private cemetery services in Humboldt County is provided.

2.1 Public Cemetery Districts

Public cemetery districts are among the earliest and oldest public facilities in the State. The Legislature authorized the creation of public cemetery districts in 1909 to assume responsibility for the ownership, improvement, expansion, and operation of cemeteries and the provision of interment services from fraternal, pioneer, religious, social and other organizations that were unable to provide for those cemeteries.¹ California's 252 public cemetery districts rank fourth in the total number of special districts in the state, behind county service areas, fire protection districts, and community service districts.

The principal act that governs the districts is the Public Cemetery District Law.² The principal act authorizes districts to own, operate, improve, and maintain cemeteries, provide interment services within its boundaries, and to sell interment accessories and replacement objects (e.g., burial vaults, liners, and flower vases). Although districts may require and regulate monuments or markers, districts are precluded from selling them. Districts are also restricted from acquiring mausoleums constructed after 1937 or constructing new ones. The principal act requires districts to maintain cemeteries owned by the district.³

The law allows districts to inter non-residents under certain circumstances. Non-residents eligible for interment are described in California Health and Safety Code §9061, and include:

- o Former residents,
- o Current and former taxpayers,
- o Family members of residents and former residents,
- o Family members of those already buried in the cemetery,
- o Those without other cemetery alternatives within 15 miles of their residence, and
- o Those who died while serving in the military.

In accordance with Health and Safety Code §9065, all cemetery districts must create an endowment fund for the perpetual maintenance of the cemetery facilities. The districts are required to collect a minimum endowment care fee for each interment right sold. The principal of the endowment fund may only be used for investment purposes. Any income from those investments may be used for care of cemeteries owned by the district.

¹ California Health & Safety Code § 9001.

² California Health & Safety Code §§ 9000-9093. The District Law came into being in 2003, 2003 Stat. ch. 57 (Sen. 341), as the product of a comprehensive review, consolidation, and revision of laws relating to public cemetery districts conducted by a working group appointed by the Senate Local Government Committee.

³ California Health and Safety Code §9040.

2.2 Service Providers and Service Areas

Public cemetery services in Humboldt County are provided by the Fortuna Cemetery District and the Petrolia Cemetery District. In addition, both the City of Trinidad and the City of Eureka maintain cemetery facilities. Private cemetery services are also provided by various religious organizations and private enterprises throughout the county.

The Fortuna Cemetery District and the Petrolia Cemetery District are independent special districts⁴ responsible for owning and operating public cemeteries and providing respectful and affordable interments within their district boundaries.

Fortuna Cemetery District

The Fortuna Cemetery District provides cemetery operations and maintenance services to seven cemeteries within the Fortuna, Rohnerville and Hydenville areas. The district boundaries includes the City of Fortuna and surrounding unincorporated areas. The existing sphere of influence adopted by LAFCo extends northwest to include the Loleta and Table Bluff areas. The district has a boundary area of approximately 50 square miles, and serves a population of approximately 15,324 residents.

Petrolia Cemetery District

The Petrolia Cemetery District provides cemetery operations and maintenance services to two cemeteries. The existing sphere of influence adopted by LAFCo is coterminous with the district boundaries. The Petrolia Cemetery District has a boundary area of approximately 150 square miles, and serves a population of approximately 359 residents.

City of Trinidad

The City of Trinidad owns and maintains the Trinidad Cemetery, and it is one of the City's designated historic sites. There are a limited amount of burial sites still available for sale to the public. City staff maintains the grounds of the Trinidad Cemetery. While the City does not arrange funeral services at the cemetery, the coordination of burial and the preparation of gravesites is a City responsibility.

City of Eureka

The City of Eureka owns and maintains the Myrtle Grove Cemetery as historic open space. The property was donated to the City in 1861 for the establishment of the cemetery and the construction of several mausoleums. The Myrtle Grove Cemetery is at capacity unless family plots have been purchased.

Other Cemetery Providers

There are various private providers of cemetery services in Humboldt County, which residents may choose in-lieu of a public cemetery. There are also family and historical pioneer cemeteries within the county; however, these cemeteries are not open to the public for burials, or are at capacity and are not conducting new burials. The following table identifies known cemeteries in Humboldt County. This list was compiled from grave site records provided by the Humboldt County Historical Society and cemetery listings on findagrave.com.

⁴ Health & Safety Code § 9007(c). A cemetery district is independent special district unless county board of supervisors appoints itself as district board of trustees; see also Govt. Code §56044.

Table 2-1: Cemetery Locations in Humboldt County

Cemetery	Location
Greenwood Cemetery	Arcata
St. Mary's Catholic Cemetery	Arcata
Lyons Family Cemetery	Bald Hills
Blocksburg Cemetery	Blocksburg
Blue Lake Cemetery	Blue Lake
Scottsville Cemetery	Blue Lake
Briceland Cemetery	Briceland
Bridgeville Cemetery	Bridgeville
Ettersburg Cemetery	Ettersburg
Myrtle Grove Cemetery	Eureka
Ocean View Cemetery/ Sunset Memorial Park	Eureka
Saint Bernard's Catholic Cemetery	Eureka
Ferndale Cemetery	Ferndale
St. Mary's Catholic Cemetery	Ferndale
Kenmar Cemetery	Fortuna
Masonic and IOOF Cemeteries	Fortuna
Sunrise (formerly Fortuna & Kenmar)	Fortuna
Spear Family Cemetery	Freshwater
Garberville Cemetery	Garberville
Harris Cemetery	Harris
Jewett Valley Cemetery	Harris
Roscoe Cemetery	Honeydew
Hoopa Tribal Cemetery	Hoopa
Hydesville Pioneer Cemetery	Hydesville
Hydesville IOOF Cemetery	Hydesville
Iaqua Cemetery	Kneeland
Myers Flat Cemetery	Myers Flat
Orick Cemetery	Orick
Orleans Cemetery	Orleans
Petrolia Pioneer Cemetery	Petrolia
Petrolia Table Cemetery	Petrolia
Fort Anderson Cemetery	Redwood Creek
Bull Creek Cemetery	Redwoods State Park
Rohnerville Catholic Cemetery	Rohnerville
St. Patrick's Catholic Cemetery	Table Bluff
Table Bluff Cemetery	Table Bluff
Trinidad Cemetery	Trinidad
Willow Creek Cemetery	Willow Creek
Hadley Family Cemetery	Upper Mattole

SERVICE AGENCY PROFILES

This chapter provides an overview of the two public cemetery districts in Humboldt County. Included is a description of the cemetery services and facilities provided by each district, including growth and population projections, current and future service needs, infrastructure needs, service adequacy, and financing.

3.1 Fortuna Cemetery District

The Fortuna Cemetery District was formed on July 28, 1959 by the Humboldt County Board of Supervisors (Resolution No. 13-22), following a successful special election. The Fortuna Cemetery District is an independent, single-purpose special district authorized to own, operate, improve, and maintain cemeteries and provide interment services pursuant to the Cemetery District Law (Division 8, Part 4 of the Health and Safety Code, Section 9000 et seq.), which supersedes prior cemetery district laws.

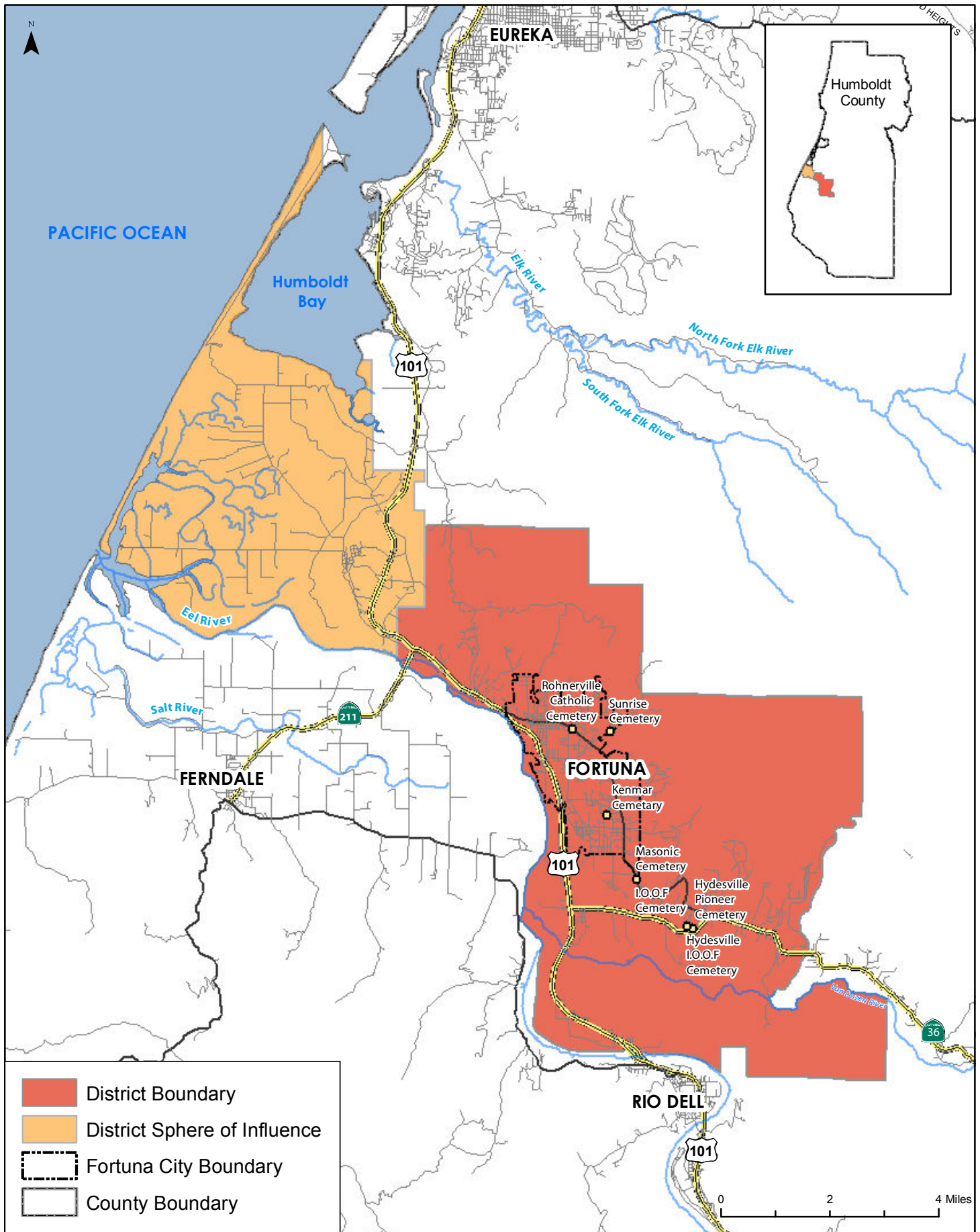
The Fortuna Cemetery District covers approximately 50 square miles and provides public cemetery services to the Fortuna, Rohnerville, and Hydesville areas. The district owns, operates and maintains seven (7) cemeteries, including two in Fortuna (Sunrise and Kenmar); three on Rohnerville Road (Masons, Odd Fellows, and Catholic); and two in Hydesville (Pioneer and Odd Fellows). The district does not own or maintain a mausoleum.

The district was originally formed for the purpose of maintaining the Sunrise Cemetery and consisted of approximately 14 square miles. On February 21, 1968, LAFCo approved an annexation to the district consisting of all the territory within the Loleta, Fortuna Union, Rohnerville and Hydesville School Districts, as existed at that time. However, the proposal was amended on June 19, 1968, to exclude territory within the Loleta Elementary School District.

Individual burials within the boundaries of the Fortuna Cemetery District have been recorded as early as the mid-1800s. The Fortuna Cemetery District is comprised of seven parcels, each originating from different families and organizations.

Table 3-1: Fortuna Cemetery District – District Overview

Fortuna Cemetery District	
PRINCIPAL ACT	Cemetery District Law (Health and Safety Code §9000 et seq.)
FORMATION	July 28, 1959
DISTRICT TYPE	Independent, Single-Function
SERVICES PROVIDED	Cemetery Services
AREAS SERVED	Fortuna, Rohnerville, Hydesville
DISTRICT AREA	50 square miles (32,275 acres)
POPULATION	15,324 residents



Fortuna Cemetery District

Figure
1

Boundary and Sphere

The jurisdictional boundary of the Fortuna Cemetery District covers approximately 50 square miles (32,275 acres) and contains the entire City of Fortuna and the surrounding unincorporated communities of Palmer Creek, Rohnerville, Alton, and Hydesville. The District's sphere of influence includes the existing district boundary and additional area extending northwest to include the Loleta and Table Bluff areas. The existing sphere, which totals approximately 25 square miles (16,103 acres), was first established by LAFCo on June 27, 1979, and subsequently re-affirmed by LAFCo on January 21, 2009.

Types and Extent of Services

Services Provided

The Fortuna Cemetery District provides cemetery plots for interment rights of casket burials and cremated remains. The District also offers inurnment rights in a companion niche or recorded spreads. Memorials services include the opening and closing of the plot or niche, and recording of the interment. Casket liners are required for use at this District. Headstones may not be purchased from the District but the District offers headstone foundation and setting fees. The District does not sell caskets or operate a funeral home or crematory.

Service Area

The Fortuna Cemetery District provides interments to property owners and tax-paying residents of the District. Additionally, persons residing outside District boundaries may be interred, as qualified, according to California Health and Safety Code Section 9061. The District occasionally assists with services upon request of the Loleta Church. On average, the District serves twelve out-of-county and out-of-state interments each year. Generally, these interments are former Fortuna residents that have moved out the area to be cared for by family care-givers, but have retained burial property within the district.

Service to Other Agencies

The Fortuna Cemetery District does not have any contracts to provide services to other public agencies.

Overlapping and Neighboring Providers

Other providers of cemetery services that tend to overlap with cemetery districts are cemeteries associated with certain churches or private associations. In the case of the Fortuna Cemetery District, there are no other cemetery facilities located within the District's boundaries. The nearest active cemetery facilities are in Ferndale (Ferndale Cemetery and St. Mary's Catholic Cemetery) and Table Bluff (St. Patrick's Catholic Cemetery and Table Bluff Cemetery).

Accountability and Governance

The Fortuna Cemetery District is governed by a five-member board of trustees appointed by the Humboldt County Board of Supervisors. Board members, which must reside within district boundaries, are appointed for fixed, four-year terms. Board members serve in a voluntary capacity; minimal compensation, for training or traveling expenses, is allowed by board vote.

Board meetings are held on the third Thursday of each month at 6:30 p.m. in the lobby of the Sunrise Cemetery, 3315 Newburg Road, Fortuna. Meetings are open to the public and agendas are posted in three public locations 72 hours prior to the meeting in accordance with the Brown Act. The District Board has adopted bylaws and reviews its policies and procedures regularly. Service, infrastructure and budget decisions are made primarily by the vote of the Board, based on the needs of the general public and employees. Sub-committees are formed, as necessary, to address any additional concerns. Current committees include: Grounds Committee; Office Committee; Funeral Homes, Vendors, and Families Committee; Finance Committee; and Fundraising, Public Outreach and Special Events Committee.

The Fortuna Cemetery District is a member of the California Association of Public Cemeteries and the Public Cemetery Alliance. Copies of the policy for California Association of Public Cemeteries, is updated and published annually. These records, which include subtext of the California Health and Safety Code Section 9000 et seq. (Cemetery District Law), are kept on-site in the District office.

Table 3-2: Fortuna Cemetery District - Contact Information and Governing Body

Contact Information	
CONTACT	Elizabeth Guggenbickler, Office Administrator
MAILING ADDRESS	PO Box 702, Fortuna, CA 95540
SITE ADDRESS	3315 Newburg Road, Fortuna, CA 95540
PHONE	(707) 725-6459
FAX	(707) 725-6653
E-MAIL	fortunacemetery@att.net
WEBSITE	n/a
Board of Trustees	
GOVERNING BODY	Five-member Board of Trustees appointed for four-year terms
BOARD MEMBERS AND CURRENT TERMS	Ross Rowley 11/15/11 - 06/30/14
	Charlie Giannini 02/07/12 - 02/20/14
	Kent Wrede 05/15/12 - 06/30/16
	John Crotty 02/05/12 - 06/30/16
	Vacancy On Appointment
BOARD MEETINGS	Third Thursday of each month at 6:30 p.m. Sunrise Cemetery, 3315 Newburg Road, Fortuna

Management and Staffing

The District employs three full-time staff positions, including one office administrator, sexton, and sexton's assistant. The office administrator, sexton, and Board of Trustees are responsible for maintaining cemetery records. The office administrator is also currently responsible for the District's accounting/bookkeeping. The District is currently transferring workman's compensation, liability, and health insurance plans to the Golden State Risk Management Authority (GSRMA) and qualifies for limited legal advisement through this organization's counsel.

The District has not adopted long-range plans or capital improvement plans, but the Board has developed strategic goals to guide matters such as budget, fundraising and public outreach. For example, an overarching goal of the Board is to reinstate a shared public interest in the cemeteries, by bringing civic organizations back to the properties for beautification projects and dedication ceremonies. The Fortuna Cemetery District, in conjunction with the Fortuna Chamber of Commerce, and Friends of the Fortuna Cemetery District, organize and host an annual community fundraiser, entitled *Grave Matters and Untimely Departures*. This fundraiser has increased the public's awareness and interests of the local cemeteries, genealogy, and restoration of family gravesites.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The Fortuna Cemetery District has submitted its budget for the most recent fiscal year.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.⁵ The Fortuna Cemetery District has not completed its annual audit but has recently retained a certified public accountant to prepare an audit.

Population and Projected Growth

Land Uses

The District encompasses the entire City of Fortuna and unincorporated areas within the County, including the Palmer Creek, Rohnerville, Alton and Hydesville areas. The District is comprised of a mixture of rural residential, agriculture, and timber related uses, with urban uses predominantly within the City of Fortuna.

Current Population

As of 2010, the District's population was approximately 15,324 residents, based on GIS analysis of 2010 Census data. Of the District's population, approximately 11,926 residents or 78 percent reside in the City of Fortuna, while the remaining 3,398 residents or 22 percent reside in the unincorporated areas of the district.

⁵ California Government Code §26909.

Disadvantaged Unincorporated Communities

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.⁶

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities' median household income definition. DWR is not bound by the same law as LAFCo to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged.⁷ Based on mapping information from DWR, the majority of the unincorporated area within the Fortuna Cemetery District is designated as disadvantaged. In addition, the Loleta, Scotia and Carlotta areas, which are located outside of the District to the northwest, south and southeast, respectively, are also designated as disadvantaged unincorporated communities by the DWR.

Projected Growth

While population projections specific to the District are not available, future population may be estimated using population projections developed by the Department of Finance for California counties in January 2013.⁸ Using the average Humboldt County growth rate of approximately 0.4 percent between 2010 and 2035, the District is anticipated to have a 2035 population of 16,932, or an additional 1,608 residents.

Financing

Financial Adequacy

The Fortuna Cemetery District reported that the current level of financing limits the district's ability to sustain current staffing levels, long-term maintenance and facility needs. The most significant financing constraints for cemetery services are legal requirements that limit property taxes and require voter approval of new taxes. Finances are additionally constrained due to the decline in the real estate market, which has dampened property tax revenue.

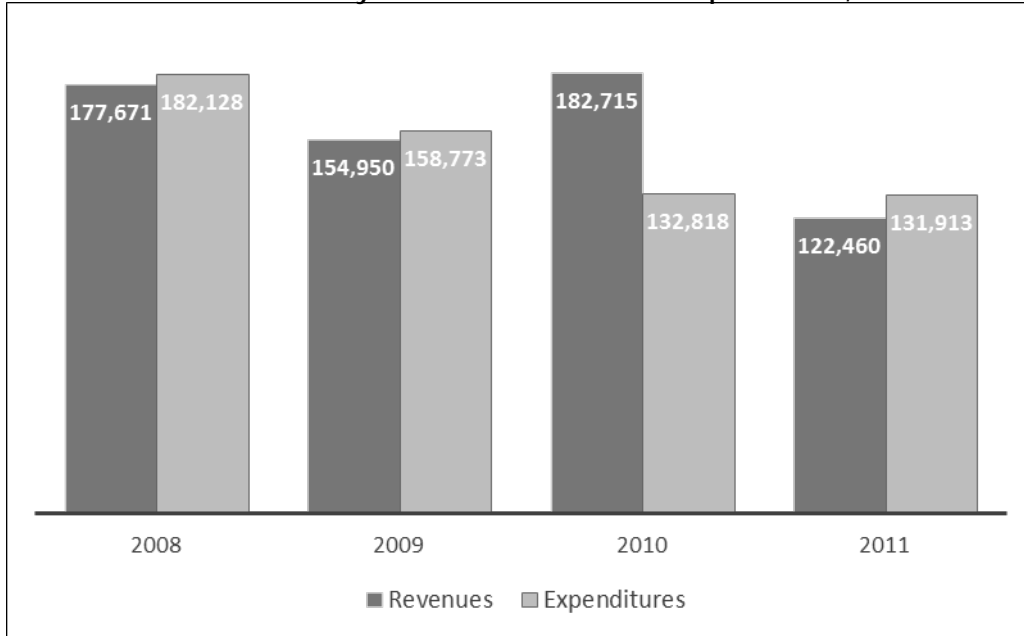
The Fortuna Cemetery District reported that it has made significant efforts to reduce operational expenses. As shown in the below figure, the District's expenditures have exceeded revenue in three of the past four fiscal years (2008–2011). In FY 2010, the District reduced expenditures and experienced a relatively high number of interments, which caused revenues to peak that year. In FY 2011, the district's expenditures remained low but the number of burials and associated revenues was also reduced.

⁶ California Government Code §56033.5.

⁷ DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

⁸ California Department of Finance, Population Projections for California and its Counties 2010-2060, or Table P-1.

Table 3-3: Fortuna Cemetery District - Revenues and Expenditures, FYs 2008-2011



Source: FY 2008 through FY 2011 annual financial reports, State Controller

Revenues and Expenditures

The Fortuna Cemetery District relies on property taxes, sales and service charges, grants, and interest income to finance cemetery services. The Fortuna Cemetery District's primary expenses are salaries and benefits, as well as services and supplies. The table below presents a breakdown of district expenditures in FY 2010 and 2011.

Table 3-4: Fortuna Cemetery District – Budget Summary

Revenues	FY 2010	%	FY 2011	%
Property Taxes	22,438	12%	22,815	19%
Interest Income	497	0%	268	0%
Intergovernmental - State	525	0%	582	0%
Charges for Services	159,255	87%	96,209	79%
Other Revenues	0	0%	2,586	2%
Total Revenue	\$ 182,715	100%	\$ 122,460	100%
Expenditures	FY 2010	%	FY 2011	%
Salaries, Wages and Benefits	91,738	69%	80,938	61%
Services and Supplies	40,380	30%	50,975	39%
Other Expenditures	700	1%	0	0%
Total Expenditures	\$ 132,818	100%	\$ 131,913	100%
Revenues Over (Under) Expenditures	\$ 49,897	-	\$ (9,453)	-

The Fortuna Cemetery District reviews its prices and adjusts its rates as needed. The rates were most recently updated in 2012. Rates for a full-sized burial plot ranges from \$900 to \$1,200. Cremation plots are \$650. Niches for cremated remains range from \$650 to \$850, depending on the location of niche (bottom tier to top tier). Recorded spreads are \$75. Each customer must pay an endowment fee, which is contingent on the price of the grave site. Endowment fees for grave sites range from \$100 for a cremation plot to \$220 for a burial plot. The endowment fee for the cremation niches is \$100 regardless of the location of niche purchased. In addition to these rates the District also charges an opening and closing fee, recording fee, and purchase of casket liners.

Non-resident fees apply to anyone who is eligible for burial, but was not a resident or taxpayer of the District at the time of death. The amount of the non-resident fee varies depending on the type of service (i.e., \$325 for burial interment or \$125 for cremation interment).

A 2013 price survey of local cemetery providers conducted by the Funeral Consumers Alliance of Humboldt shows that the cheapest full-grave sites range from \$500 to \$2,045. The Fortuna Cemetery District charges \$900 for its cheapest full-grave plot, which is the median charged by respondents of the survey.

Reserves

Cemetery districts are required to establish an endowment care fund and may only use the interest earned on the principal to finance the care of the facilities.⁹ As of June 30, 2013, the Fortuna Cemetery District's endowment fund at the County totaled \$107.39. The District also invests its endowment care funds outside the County Treasurer. As of June 30, 2013, the District's endowment account was valued at \$169,675.85, of which \$15,730.11 is interest income that can be used for facility maintenance. Once the interest portion of the account reaches a certain value, the District's financial committee invests the funds in bond purchases.

The Fortuna Cemetery District's current endowment fees comply with the minimum endowment amounts required by the District's principal act.¹⁰ However, the total endowment fund necessary to guarantee continued maintenance of cemetery properties depends largely on the endowment fee collected, the number of years burial operations will continue (over which period the endowment fund may continue to grow), as well as the expected life span of large capital assets. It is recommended that the District conduct an analysis of its endowment fee to ensure that the fees are sufficient to meet the future needs of the cemeteries.

Debt

The Fortuna Cemetery District did not have any long-term debt at the end of FY 2012.

⁹ California Health and Safety Code §9065.

¹⁰ California Health and Safety Code §8738.

Infrastructure, Facilities and Services

The Fortuna Cemetery District owns and maintains seven cemeteries totaling approximately 27 acres of land. District staff reports that cemetery facilities and equipment are adequate to continue current levels of service, but additional funding is needed to support facility maintenance and improvements. The Fortuna Cemetery District does not have a formal written capital improvement plan; however, the District has identified the capacity and facility needs for each cemetery, as described below.

Sunrise Cemetery

The Sunrise Cemetery (previously known as the Newburg Cemetery) is located at 3315 Newburg Road in Fortuna. The cemetery is approximately 9.4 acres in size and includes the District's main administrative and maintenance building. Overall, this facility and the cemetery grounds are in good condition. The District reported that retaining walls need to be constructed to secure burials along the exterior perimeter of the property that are adjacent to nearby residences. In addition, the exterior siding of the office and maintenance building needs to be replaced and the adjacent roadway and parking area needs to be resurfaced. The District estimates that the Sunrise Cemetery is at 65 percent capacity.

Kenmar Pioneer Cemetery

The Kenmar Pioneer Cemetery is located at 3150 Church Street in Fortuna. The District estimates that approximately 80 burial plots remain for interment rights and 300 cremation plots remain for inurnment rights at the cemetery.

Rohnerville Catholic Cemetery

The Rohnerville Catholic Cemetery is located at 1715 Rohnerville Road in Fortuna. The District estimates that approximately 700 burial plots remain for interment rights and 500 cremation plots remain for inurnment rights at the cemetery.

Rohnerville Masonic Cemetery

The Rohnerville Masonic Cemetery is located at 5254 Rohnerville Road in Fortuna. There are approximately 1,400 total burial spaces at the cemetery, which includes approximately 730 recorded burials and approximately 300 casket burial plots remaining. In addition, this cemetery has available capacity for approximately 600 cremation sites.

Rohnerville I.O.O.F. Cemetery

There are approximately 800 burial spaces at the Rohnerville I.O.O.F. (Oddfellows) Cemetery. There are roughly 425 recorded burials, with nearly 400 casket burial plots remaining. This property has room for approximately 600 cremation sites.

Hydesville Pioneer Cemetery

The Hydesville Pioneer Cemetery is located at 3630 A Street in Hydesville. The District estimates that approximately 100 burial plots remain for interment rights and 200 cremation plots remain for inurnment rights at the cemetery.

Hydesville I.O.O.F. Cemetery

The Hydesville I.O.O.F. Cemetery is located at 3501 A Street in Hydesville. The District estimates that there are approximately 600 total burial spaces at the cemetery, which includes approximately 285 recorded burials and approximately 300 casket burial plots remaining. In addition, this cemetery has available capacity for approximately 400 cremation sites.

Table 3-5: Fortuna Cemetery District – Cemetery Facilities

CEMETERY NAME	LOCATION	SIZE (ACRES)*	YEAR ESTABLISHED	STATUS
Sunrise Cemetery	3315 Newburg Road, Fortuna	9.4	1870s	Active
Kenmar Pioneer Cemetery	3150 Church Street, Fortuna	1.9	1860	Active
Rohnerville Catholic Cemetery	1715 Rohnerville Road, Fortuna	2.0	Unknown	Active
Rohnerville Masonic Cemetery	5254 Rohnerville Road, Fortuna	4.7	1873	Active
Rohnerville I.O.O.F. Cemetery	5266 Rohnerville Road Fortuna	4.0	1877	Active
Hydesville Pioneer Cemetery	3630 A Street, Hydesville	3.2	1860	Active
Hydesville I.O.O.F. Cemetery	3501 A Street, Hydesville	2.0	1871	Active

*Based on Humboldt County parcel level data

Demand for Services

Demand for cemetery services is indicated by the number of interments performed annually. The table below shows the total number of cremation interments and regular interments (burials) from FY 2008 to FY 2012 for the Fortuna Cemetery District. As shown, the district performed an average of 68 interments per year, including an average of 26 cremation interments and 41 regular burials.

The Fortuna Cemetery District has reported that the demand for cremation burials has increased over time, shifting away from full-body burial services. Cremation services are significantly more economical from a cost standpoint for the consumer and from a land use standpoint for the cemetery.

Table 3-6: Fortuna Cemetery District - Interment Demand

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total number of cremations	30	16	31	30	24
Total number of burials	44	46	39	35	43
Total	74	62	70	65	67

Governance Structure Options

No governance structure options were identified with regard to the Fortuna Cemetery District.

3.2 Petrolia Cemetery District

The Petrolia Cemetery District was formed on September 26, 1955 by the Humboldt County Board of Supervisors, following a successful special election. The District was formed for the purpose of restoring and maintaining the historic Petrolia Pioneer Cemetery, which was established in the late 1800s and since then has been fully developed. More recently, the District has acquired a second property, the Petrolia Table Cemetery, which is at the beginning stages of development.

The Petrolia Cemetery District is an independent, single-purpose special district authorized to own, operate, improve, and maintain cemeteries and provide interment services pursuant to the Cemetery District Law (Division 8, Part 4 of the Health and Safety Code, Section 9000 et seq.), which supersedes prior cemetery district laws.

The District is situated in the southwestern coastal region of Humboldt County. Although no major highways exist, Mattole Road comprises the primary transportation corridor, leading from northerly Cape Mendocino to the town of Petrolia, and continuing in a south-easterly direction toward Honeydew. The town of Petrolia is centrally located within the Petrolia Cemetery District.

Table 3-7: Petrolia Cemetery District – District Overview

Petrolia Cemetery District	
PRINCIPAL ACT	Cemetery District Law (Health and Safety Code §9000 et seq.)
FORMATION	September 26, 1955
DISTRICT TYPE	Independent, Single-Function
SERVICES PROVIDED	Cemetery Services
AREAS SERVED	Petrolia
DISTRICT AREA	150 square miles (96,623 acres)
POPULATION	359 residents

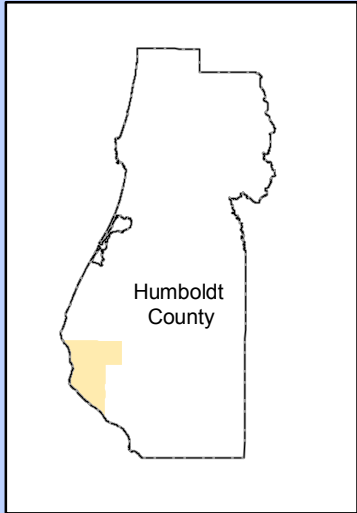
Boundary and Sphere

The jurisdictional boundary of the Petrolia Cemetery District covers approximately 150 square miles (96,623 acres). When formed, the boundaries of the district were established so as to coincide with the boundaries of the Mattole Union School District, as they existed at that time. The District’s sphere of influence, which was first established by LAFCo on May 23, 1979, is coterminous with the existing district boundary.

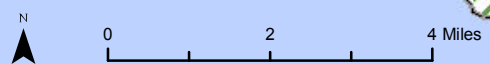
Types and Extent of Services

Services Provided

The Petrolia Cemetery District provides cemetery plots, burials, and maintenance of grounds for the residents and taxpayers of the District. Currently, the district provides interment rights of full- and half-burial sites, as well as half-burial sites for cremated remains. The District also has plans to develop an ash garden and a niche wall for cremated remains. Other services that the District provides includes opening and closing of the burial sites; the sale of required liners for both cremation and full-casket in-ground burials, as well as setting markers. The District does not sell caskets or operate a funeral home or crematory.



- Petrolia Cemetery District Boundary & SOI
- County Boundary
- Public Land



Petrolia Cemetery District

Figure
2

Service Area

The Petrolia Cemetery District provides interments to property owners and residents of the District. Additionally, persons residing outside District boundaries may be interred, as qualified, according to California Health and Safety Code Section 9061.

Service to Other Agencies

The Petrolia Cemetery District does not have any contracts to provide services to other public agencies.

Overlapping and Neighboring Providers

Other providers of cemetery services that tend to overlap with cemetery districts are cemeteries associated with certain churches or private associations. In the case of the Petrolia Cemetery District, there are no other cemetery facilities located within the District's boundaries. The nearest cemeteries are: the Roscoe Cemetery near Honeydew; the Bull Creek Cemetery in Redwood State Park; and the Hadley Family Cemetery in the Upper Mattole.

Accountability and Governance

The Petrolia Cemetery District is managed and governed by a five-member Board of Trustees appointed to fixed terms by the Humboldt County Board of Supervisors. In 1969, the Board of Trustees was increased from three to five members (BOS Resolution No. 69-90). Board members, which must reside within district boundaries, are appointed to four-year terms of office. There are no term limits. As the four-year terms of office of incumbent Board members expire, existing members are generally re-appointed, or if the member does not desire to serve any longer, then new members are recommended by the Board of Trustees and appointed by the County Board of Supervisors.

Board members serve in a voluntary capacity and Board meetings are held quarterly at the residence of the Board President. The Brown Act requires that meetings involving a majority of a legislative body must be open to the public and must satisfy certain meeting notice and agenda requirements. The district did not identify whether agendas are posted for the public at least 72 hours in advance of meetings. Copies of agendas and minutes are retained by the Board Secretary.

Table 3-8: Petrolia Cemetery District – Contact Information and Governing Body

Contact Information	
CONTACT	Deva Wheeler, Secretary/Treasurer
MAILING ADDRESS	PO Box 62, Petrolia, CA 95558
PHONE	(707) 629-3508
E-MAIL	devawheeler@hotmail.com
Board of Trustees	
GOVERNING BODY	Five-member Board of Trustees appointed for four-year terms
BOARD MEMBERS AND CURRENT TERMS	Kelton Chambers 08/14/12 - 06/30/17
	Teresa (Tody) Jordan 08/14/12 - 06/30/17
	Nick Mendes 08/14/12 - 06/30/17
	Patty Mendes, Chair 08/14/12 - 06/30/17
	Joe Zanone 08/14/12 - 06/30/17
BOARD MEETINGS	Meets quarterly

Management and Staffing

The District has two part-time employees – a secretary and a groundskeeper – that receive a small stipend twice annually. The board secretary is responsible for maintaining cemetery records and performing the District’s accounting/bookkeeping. Routine maintenance operations are performed on an informal, largely volunteer-basis by members of the Board of Trustees. One board member serves as the groundskeeper and is reimbursed for actual and necessary expenses incurred. Currently, the District is operating without legal counsel services.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor’s office. The Petrolia Cemetery District has submitted its budget for the most recent fiscal year.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.¹¹ The Petrolia Cemetery District has not completed its annual audit.

Population and Projected Growth

Land Uses

The Petrolia Cemetery District largely consists of agriculture (ranchland) and timber related uses, with residential properties clustered in and around the town of Petrolia. In addition, the District contains a portion of the King Range National Conservation Area, managed by the Bureau of Land Management (BLM).

Current Population

As of 2010, the District’s population was approximately 359 residents, based on GIS analysis of 2010 Census data. The District reported that the current population may be higher; the Census is known to have undercounted the population in rural areas of Humboldt County.

Disadvantaged Unincorporated Communities

LAFCo is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.¹²

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities’ median household income definition. DWR is not bound by the same law as LAFCo to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the

¹¹ California Government Code §26909.

¹² California Government Code §56033.5.

purposes of this report as an indicator of larger geographic areas that may meet the income definition of disadvantaged.¹³

Based on mapping information from DWR relative to the location of community centers within and surrounding the Petrolia Cemetery District, the town of Petrolia meets the disadvantaged unincorporated community definition.

Projected Growth

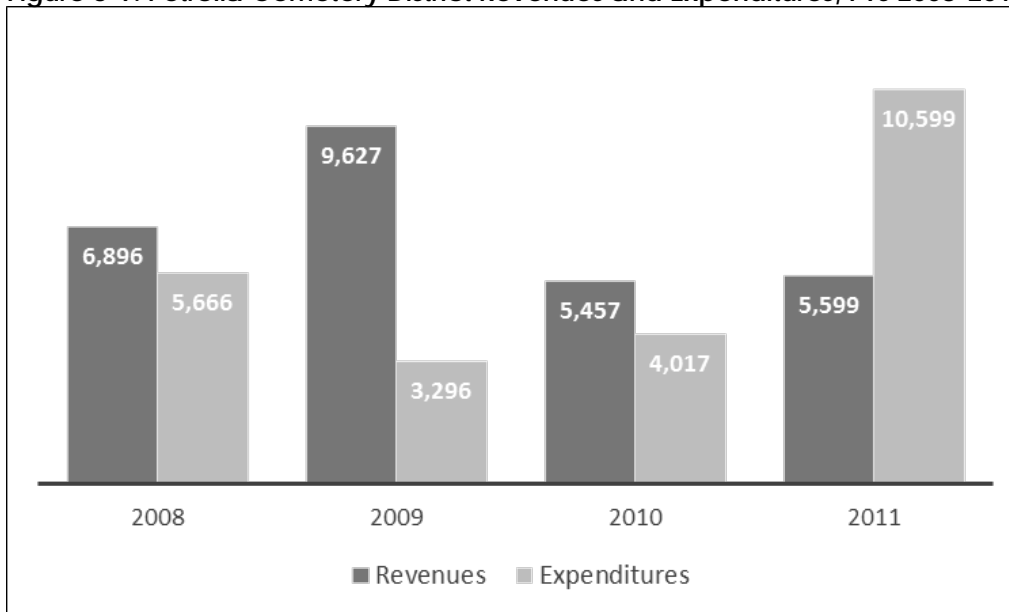
While population projections specific to the District are not available, future population may be estimated using population projections developed by the Department of Finance for California counties in January 2013.¹⁴ Using the average Humboldt County growth rate of approximately 0.4 percent between 2010 and 2035, the District is anticipated to have a 2035 population of 397, or an additional 38 residents. The District reported that population growth is anticipated to be lower than this estimate due to a current lack of housing options and limited opportunities for economic and job growth in the area.

Financing

Financial Adequacy

The Petrolia Cemetery District reported that the current level of financing is adequate to provide services. As shown in the below figure, the District's revenues exceeded expenditures in each of the past four fiscal years (2008-2011) with the exception of FY 2011. Revenues peaked in FY 2009 but declined in subsequent years.

Figure 3-9: Petrolia Cemetery District Revenues and Expenditures, FYs 2008-2011



Source: FY 2008 through FY 2011 annual financial reports, State Controller

¹³ DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) using different census geographies (Place, Tract, and Block Group) and are compiled for the five-year period of 2006-2010.

¹⁴ Department of Finance, Population Projections for California and its Counties 2010-2060, or Table P-1.

Revenues and Expenditures

The Petrolia Cemetery District relies predominantly on property taxes to finance cemetery services. The District's primary expenses are salaries and wages, and services and supplies. The table below presents a breakdown of district revenues and expenditures in FY 2010 and 2011. It was difficult to compare the District's annual financial transaction reports submitted to the State Controller and the annual account statements prepared by the County Auditor. The District should ensure consistency between its various financial documents and report annual charges for services to enhance clarity and transparency.

Table 3-10: Petrolia Cemetery District – Revenues and Expenditures

Revenues	FY 2010	%	FY 2011	%
Property Taxes	4,380	80%	4,720	84%
Interest Income	943	17%	588	11%
Intergovernmental - State	134	3%	291	5%
Charges for Services	0	0%	0	0%
Total Revenue	\$ 5,457	100%	\$ 5,599	100%
Expenditures	FY 2010	%	FY 2011	%
Salaries, Wages and Benefits	3,658	91%	5,240	50%
Services and Supplies	359	9%	359	3%
Other Expenditures	0	0%	5,000	47%
Total Expenditures	\$ 4,017	100%	\$ 10,599	100%
Revenues Over (Under) Expenditures	\$ 1,440	-	\$ (5,000)	-

Source: FY 2010 and FY 2011 annual financial reports, State Controller

The Petrolia Cemetery District reviews its prices and adjusts its rates as needed. The rates were most recently updated in October 2012. Rates for half-sized and full-sized grave sites are \$620 and \$1,083, respectively. Each customer must pay an endowment fee, which ranges from \$100 for a half-sized site to \$225 for a full-sized grave. In addition to these rates and fees, the District also charge for opening and closing of the site, administration costs, and for other related items, such as liners.

Non-resident fees apply to anyone who is eligible for burial, but was not a District resident or taxpayer at the time of death. The non-resident fee is \$400 for both burial interments and cremation interments.

A 2013 price survey of local cemetery providers conducted by the Funeral Consumers Alliance of Humboldt shows that full-grave site costs range from \$500 to \$2,045. The Petrolia Cemetery District charges \$1,083 for its full-grave lot, which is slightly above the median rate of \$900 charged by respondents of the survey.

Reserves

Cemetery districts are required to establish an endowment care fund and may only use the interest earned on the principal to finance the care of the facilities.¹⁵ As of June 30, 2013, the Petrolia Cemetery District's endowment fund at the County totaled \$1,617.43.

The District's current endowment fee, which is charged on each burial, exceeds the endowment fee required by the District's principal act with the exception of the ash garden.¹⁶ However, the total Endowment Fund necessary for a cemetery to guarantee continued maintenance depends largely on the endowment fee collected, the number of years that the cemetery will continue burial operations, over which period the endowment fund may continue to grow, as well as the expected life span of large capital assets. It is recommended that the District conduct an analysis of its endowment fee, the anticipated growth of its Endowment Fund until the cemetery has reached capacity, and a long-term capital needs assessment, for the period after the cemetery is full, to ensure that the fees are sufficient to meet the future needs of the cemetery.

Debt

The Petrolia Cemetery District did not have any long-term debt at the end of FY 2012.

Infrastructure, Facilities and Services

The Petrolia Cemetery District maintains two cemeteries – the Petrolia Pioneer Cemetery and the Petrolia Table Cemetery – totaling approximately 1.1 acres. Cemetery descriptions are provided below.

Petrolia Pioneer Cemetery

The Petrolia Pioneer Cemetery is located on the end of Sherman Road in the town of Petrolia. The cemetery has been designated a historic community landmark with headstones dating from the late 1800s. For many years, this cemetery was the only facility managed by the Petrolia Cemetery District. The first burial there was of infant Alonzo Conklin, in November of 1857. The last known available plot was used in 1978 (there was a memorial dating as late as 2003, however).

Though the Petrolia Pioneer Cemetery is full, only a small fraction of the graves that it contains are marked. Limited records were kept throughout the years, so much is left to conjecture on the whereabouts of specific graves, while obituaries and death records continue to surface that indicate who some of the graves may contain. Since its formation, the Petrolia Cemetery District has actively pursued the restoration and improvement of this facility. The restoration of the cemetery including such projects as restoring headstones has been substantially completed. The district does not contemplate the need for further major restoration projects, but will continue routine maintenance operations.

Petrolia Table Cemetery

The Petrolia Table Cemetery is located at 27600 Mattole Road in Petrolia. Established in 2004, the Petrolia Table Cemetery has had only three burials completed to date. The District has plans to develop physical infrastructure such as an ash garden, niche wall for cremains, and pavement for access roads. It is recommended that the District conduct long-term facility planning that will support and enhance utilization of this cemetery.

¹⁵ California Health and Safety Code §9065.

¹⁶ California Health and Safety Code §8738.

Table 3-11: Petrolia Cemetery District – Cemetery Facilities

Cemetery Facilities		
CEMETERY NAME	Petrolia Pioneer Cemetery	Petrolia Table Cemetery
LOCATION	End of Sherman Road, Petrolia	27600 Mattole Road, Petrolia
SIZE (ACRES)	Approximately 0.5 acres	Approximately 0.6 acres
TOTAL BURIAL PLOTS	Approximately 306	Approximately 354
OCCUPIED BURIAL PLOTS	Approximately 306	3
YEAR ESTABLISHED	Late 1800s	2004
YEAR OF FIRST BURIAL	1857	2008
YEAR OF LATEST BURIAL	1978	2012
STATUS (ACTIVE/INACTIVE)	Inactive (full)	Active

Demand for Services

Demand for cemetery services is indicated by the number of interments performed annually. The table below shows the total number of cremation interments and regular interments (burials) from FY 2008 to FY 2012 for the Petrolia Cemetery District. As shown, the district performed two regular burials within a five-year period.

Table 3-12: Petrolia Cemetery District – Interment Demand

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total number of cremations	0	0	0	0	0
Total number of burials	1	0	0	0	1
Total	1	0	0	0	1

The District anticipates cemetery demand to increase over time as more residents learn about the new Petrolia Table Cemetery. The District reported that due to low population and many of the older community members having made arrangements for outside burial when learning the Pioneer Cemetery was full, the amount of use is currently lower than it will be in years to come. Therefore, a recommendation of this municipal service review is for the district to conduct additional outreach to inform residents of the public of services and facilities offered by the District. Outreach could include, but is not limited to such activities as: establishing a website, making pamphlets available at public locations and community events, and advertising board positions when member terms are nearing expiration. Increasing the visibility and understanding of district operations could provide for broader community involvement in district activities and use of district facilities in the future.

Governance Structure Options

No governance structure options were identified with regard to the Petrolia Cemetery District.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

This chapter addresses the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56430). As part of the municipal service review process, LAFCo is required to make written statements of determinations in each of the categories listed below.

- **Growth and population projections for the affected area**

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

- **The location and characteristics of any disadvantaged unincorporated communities¹⁷ within or contiguous to the sphere**

Purpose: To identify communities that lack basic services and may benefit being included within the District's service area in the future.

- **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**

Purpose: To evaluate the adequacy of public facilities and services in terms of available resources, capacity to deliver services, and the condition of facilities.

- **Financial ability of agencies to provide services**

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

- **Status of, and opportunities for, shared facilities**

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

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

Purpose: To evaluate the internal organizational structure of the jurisdiction and to consider the advantages and disadvantages of various government structures to provide public services.

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

Purpose: To analyze Humboldt LAFCo policies related to service delivery.

¹⁷ A disadvantaged unincorporated community is defined as any area with 12 or more registered voters where the annual median household income is less than 80 percent of the statewide annual median household income (pursuant to Government Code Section 56033.5 and Water Code Section 79505.5).

5.1 Fortuna Cemetery District

Growth and population projections for the affected area

The Fortuna Cemetery District's population is approximately 15,324 residents, based on 2010 Census data. If existing countywide growth rates continue, the District is anticipated to have a population of approximately 16,932 residents in 2035.

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

Based on mapping information from the California Department of Water Resources (DWR), the majority of the unincorporated area within the Fortuna Cemetery District is designated as disadvantaged. In addition, the Loleta, Scotia and Carlotta areas, which are located outside of the District to the northwest, south and southeast, respectively, are also designated as disadvantaged unincorporated communities by the DWR.

Present and planned capacity of public facilities

The Fortuna Cemetery District has sufficient cemetery capacity to continue current levels of service. The cemeteries and associated buildings are adequately maintained. The District has identified improvement projects to be completed, as funding permits.

Financial ability of agencies to provide services

The Fortuna Cemetery District reported that the current level of financing limits the district's ability to sustain current staffing levels, long-term maintenance, and facility needs. The District has made significant efforts to reduce operational expenses and has been proactive in developing strategic goals and forming subcommittees to guide matters such as budget, fundraising and public outreach. There are certain improvements that should be made to operations, including completing regular financial audits, adopting an annual budget prior to the start of the fiscal year, conducting long-term financial planning in the form of a rate study, and adoption of endowment care/reserve policy.

Status of, and opportunities for, shared facilities

The Fortuna Cemetery District does not share any facilities or equipment with any other agencies or organizations. No opportunities for facility sharing with other public agencies were identified.

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

The Fortuna Cemetery District generally demonstrated accountability and transparency in its various aspects of operations. The governing body abides by the Brown Act, solicits community involvement and input, and discloses its finances. The District fully cooperated with LAFCo requests for information. No government structure options were identified for the District.

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

~~The Fortuna Cemetery District boundaries include the Fortuna, Rohnerville and Hydesville areas. The District occasionally serves non residents and assists with services upon request of the Loleta Church. The District expressed interest in evaluating whether boundary expansion could be a source of additional revenue for the district. Based on communications with the County Auditor's Office, LAFCo staff determined that annexation poses a potential challenge due to property tax considerations. In order for the District to receive property tax from the annexed areas, a property tax transfer agreement would have to be reached between the District and the County. If a property tax transfer agreement could not be reached, which is likely the case, the cemetery district would not receive property tax revenue from the annexed areas. Considering~~

the District has the ability to serve non residents and recoup non resident fees, LAFCo staff recommends that the Fortuna Cemetery District's sphere of influence be made coterminous with the current District boundary.

As noted previously, the Fortuna Cemetery District is funded by a combination of property taxes and service charges, although both sources have been reduced over time due to limits on property taxes and changes in demand from casket to cremation services.

The District noted that they have been working to increase community involvement and fundraising to support district operations and maintenance needs. In an effort to explore other revenue generating options, the District expressed interest in evaluating whether annexation of adjacent territory could generate additional property taxes to support district services. The District noted that there is a lack of cemetery services in the Rio Dell, Scotia and Carlotta areas and, as a result, residents in these areas often request District services.

LAFCo staff contacted the both the County Administrative Office and the County Auditor and confirmed that it is unlikely that district would receive any additional property tax revenue as a result of annexing additional lands. The primary consideration by the County when adjusting tax allocations is whether the annexation would result in reduced costs to the County. For example, would the district be taking over some service that the County currently provides?

Section 99 of the Revenue and Taxation Code requires local agencies affected by a jurisdictional change to negotiate the exchange of property taxes between and among themselves. Section 99.01 of the Revenue and Taxation Code provides that a jurisdictional change resulting from a special district providing one or more services to an area where such services have not been previously provided shall not become effective if one or more affected special districts involved in the property tax negotiation fails to adopt a resolution agreeing to a transfer.

With the exception of the annexing district, the Board of Supervisors has the final authority to determine the property tax exchange for each affected special district that fails to adopt a resolution agreeing to a property tax transfer. It is likely that affected special districts and/or the County would agree to a zero property tax transfer to the Fortuna Cemetery District as a result of annexation. This would result in no change to the property tax revenue accruing to other agencies serving an area affected by a jurisdictional change.

Considering a sustainable revenue source would be needed for the District to pursue annexation, and considering the District has the ability to recoup non-resident fees in adjacent served areas, LAFCo staff recommends that the Fortuna Cemetery District's sphere of influence be made coterminous with the current District boundary.

5.2 Petrolia Cemetery District

Growth and population projections for the affected area

The Petrolia Cemetery District's population is approximately 359 residents, based on GIS analysis of 2010 Census data. Based on existing countywide growth rates, the District is anticipated to have a population of approximately 397 residents in 2035.

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

The town of Petrolia, located within the District boundaries, is considered a disadvantaged unincorporated community, based on mapping information from the California Department of Water Resources. In addition to cemetery services, the town of Petrolia receives fire protection services from the Petrolia Fire Protection District. No public water or wastewater services are provided by other agencies.

Present and planned capacity of public facilities

The Petrolia Cemetery District has sufficient cemetery capacity to continue current levels of service into the foreseeable future. The District has a relatively new cemetery and is working to develop physical infrastructure such as an ash garden, niche wall for cremains, and pavement for access roads. There is an opportunity for the District to conduct long-term facility planning to support and enhance the utilization of this cemetery.

Financial ability of agencies to provide services

The Petrolia Cemetery District reported that the current level of financing is adequate to provide services and to sustain long-term maintenance and facility needs. There are certain improvements that could be made to operations, including completing regular financial audits and conducting long-term financial planning. This would ensure that the endowment fund is adequate for the perpetual maintenance of the cemetery facilities.

Status of, and opportunities for, shared facilities

The Petrolia Cemetery District does not share any facilities or equipment with any other agencies or organizations. No opportunities for facility sharing with other public agencies were identified.

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

The Petrolia Cemetery District generally demonstrated accountability and transparency in its various aspects of operations. The District could enhance District accountability and compliance with legal requirements through Brown Act training to ensure Board members are aware of legal requirements. The District fully cooperated with LAFCo requests for information. No government structure options were identified for the District.

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

The District's sphere of influence, which was first established by LAFCo on May 23, 1979, is coterminous with the existing district boundary. It is recommended that LAFCo reaffirm the District's coterminous sphere of influence.

RESOLUTION NO. 14-02**MAKING DETERMINATIONS
AND UPDATING THE SPHERES OF INFLUENCE
FOR THE FORTUNA AND PETROLIA CEMETERY DISTRICTS**

WHEREAS, the Humboldt Local Agency Formation Commission, hereinafter referred to as the "Commission", conducts studies of the provision of municipal services in conjunction with reviewing the spheres of influence of local governmental agencies whose jurisdictions are within Humboldt County; and

WHEREAS, the Commission conducted a Countywide Cemetery Services Municipal Service Review to evaluate the availability and performance of governmental services provided by the Fortuna and Petrolia Cemetery Districts, hereinafter referred to as the "Districts", pursuant to California Government Code Section 56430; and

WHEREAS, the Commission received a report and recommendations from its staff regarding the update of the Districts' spheres of influence pursuant to California Government Code Section 56425; and

WHEREAS, a public hearing notice was published in the form and manner prescribed by law; and

WHEREAS, the Commission held a public hearing concerning the municipal service review and sphere of influence updates on November 20, 2013 and January 15, 2014, and heard and fully considered all oral and written protests, objections, and evidence that were presented; and

WHEREAS, the Commission considered all the factors required under California Government Code Section 56425.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. This sphere of influence updates have been appropriately informed by the Commission's municipal service review; a study that included an independent evaluation of the level and range of governmental services provided by the Districts and formally accepted by the Commission on November 20, 2013.
2. The District's spheres of influence are hereby updated, as depicted in the figures included in Exhibit A.
3. The Commission, as lead agency, finds the approved update to the District's spheres of influence is exempt from further review under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations, Chapter 3 CEQA Guidelines, 15061(b)(3). This finding is based on the Commission determining with certainty the update will have no possibility of significantly affecting the environment given no new land use or municipal service authority is granted.
4. The Districts provided confirmation during the review that its services are currently limited to cemetery services pursuant to the Cemetery District Law (Division 8, Part 4 of the Health and Safety Code, Section 9000 et seq.). Accordingly, the Commission waives the

requirement for a written statement of services prescribed under Government Code Section 56425(i).

5. This sphere of influence updates are assigned the following distinctive short-term designation:

FORTUNA AND PETROLIA CEMETERY DISTRICTS SPHERE OF INFLUENCE UPDATES 2014

6. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the attached Exhibit B.
7. The Executive Officer shall revise the official records of the Commission to reflect this update of the District's spheres of influence.

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 15th day of January, 2014, by the following roll call vote:

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

Virginia Bass, Vice Chair
Humboldt LAFCo

Attest:

George Williamson, Executive Officer
Humboldt LAFCo

**EXHIBIT B
STATEMENT OF DETERMINATIONS
FORTUNA CEMETERY DISTRICT
SPHERE OF INFLUENCE UPDATE 2014**

The following statement of determinations is prepared pursuant to Government Code Section 56425 and fulfills LAFCo requirements to review and update the Fortuna Cemetery District's sphere of influence. The existing larger-than-district sphere is reduced to be coterminous with the jurisdictional boundaries of the Fortuna Cemetery District.

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

The Fortuna Cemetery District contains incorporated and unincorporated land comprised of a mixture of residential, commercial, agriculture, and timber related uses. The City of Fortuna has jurisdiction over land use and planning matters in the incorporated area, and the County of Humboldt has jurisdiction in the unincorporated areas within and surrounding the District. A reduction in the District's sphere of influence would not affect agricultural and open space land uses.

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

The Fortuna Cemetery District covers approximately 50 square miles and has a 2010 population of approximately 15,324 residents that reside in the Fortuna, Rohnerville and Hydesville areas. The District performs an average of 68 interments per year, including an average of 26 cremation interments and 41 regular burials. As population increases, the demand for cemetery services is also anticipated to increase.

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

The Fortuna Cemetery District owns, operates and maintains seven (7) cemeteries, including two in Fortuna (Sunrise and Kenmar); three on Rohnerville Road (Masons, Odd Fellows, and Catholic); and two in Hydesville (Pioneer and Odd Fellows). Cemetery facilities and equipment are adequate to continue current levels of service; however, additional funding is needed to support facility maintenance and improvements. The District's cemeteries have adequate burial and cremation plots remaining for the foreseeable future.

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 Fortuna Cemetery District encompasses the entire City of Fortuna and surrounding unincorporated communities of Palmer Creek, Rohnerville, Alton, and Hydesville. The District occasionally assists with services upon request of the Loleta Church. On average, the District serves twelve out-of-county and out-of-state interments each year.

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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The Fortuna Cemetery District does not provide water, sewer or fire protection services.

**STATEMENT OF DETERMINATIONS
PETROLIA CEMETERY DISTRICT
SPHERE OF INFLUENCE UPDATE 2014**

The following statement of determinations is prepared pursuant to Government Code Section 56425 and fulfills LAFCo requirements to review and update the Petrolia Cemetery District's sphere of influence. The existing sphere that is coterminous with the jurisdictional boundaries of the Petrolia Cemetery District is reaffirmed.

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

The Petrolia Cemetery District largely consists of agriculture (ranchland) and timber related uses, with residential properties clustered in and around the town of Petrolia. In addition, the District contains a portion of the King Range National Conservation Area, managed by the Bureau of Land Management.

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

The Petrolia Cemetery District covers approximately 150 square miles and has a 2010 population of approximately 359 residents. The District has established a new cemetery and began performing interments in 2008. The District anticipates an increased demand for cemetery services as more community members learn about the availability of the new cemetery.

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

The Petrolia Cemetery District was formed for the purpose of restoring and maintaining the historic Petrolia Pioneer Cemetery, which was established in the late 1800s and since then has been fully developed. More recently, the District has acquired a second property, the Petrolia Table Cemetery, which is at the beginning stages of development.

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 Petrolia Cemetery District encompasses the town of Petrolia and surrounding rural residential and resource areas. No other social or economic communities of interest are located in the immediate area.

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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The Petrolia Cemetery District does not provide water, sewer or fire protection services.