



Surfside Colony Community
Services Tax District & Surfside
Colony Storm Water Protection Tax
District

**MUNICIPAL SERVICE REVIEW &
SPHERE OF INFLUENCE REVIEW**

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EXECUTIVE SUMMARY

The purpose of this report is to provide a review of the municipal services provided by the Surfside Colony Community Services Tax District and the Surfside Colony Storm Water Protection Tax District. In January 2004, the stakeholder-driven Municipal Service Review (MSR) for the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach focus area was launched. Although the Surfside Colony is geographically included in this focus area, the two agencies elected not to participate in the stakeholder MSR process. To comply with the requirements of the Cortese-Knox-Hertzberg Act of 2000, the following includes the MSR and sphere of influence (SOI) review/update for the Surfside Colony Community Services District and the Surfside Colony Storm Water Protection Tax District.

Municipal Service Review Summary

The Surfside Colony Community Services Tax District (CSTD) and the Surfside Colony Storm Water Protection Tax District (SPTD) serve the Surfside Colony, a private, coastal community located within the city limits of Seal Beach. Funding of the agencies is provided through property taxes, state subventions, penalty fees, interest income, and charges for services.

The City of Seal Beach and the Surfside Colony in particular are expecting very limited growth over the next 30 years; additional demand for services from these agencies as well as the services provided by the City for this area are not anticipated. Further, at this time, there are no significant issues regarding infrastructure needs and deficiencies, financing constraints, and opportunities for rate restructuring noted at this time.

During the Municipal Service Review staff did a preliminary assessment of two potential options to the current governance structure and efficient delivery of services currently provided by the Surfside districts to the Colony area – (a) merger of the districts with the City of Seal Beach and (b) potential consolidation of both districts into one.

The first option would require that all services currently provided to the Surfside Colony by the Community Services District and Storm Water Protection District be transferred to the City of Seal Beach. When the spheres of influence were first adopted by LAFCO in 1984, staff considered this option.



During the 1984 sphere review process for the districts, County Counsel issued an opinion that the two districts could not merge because the Community Services District was not authorized by law to provide the prevention of soil erosion for the area (a service currently provided by the Storm Water Protection District). As part of the Municipal Service Review, staff revisited this governmental structure option in light of the recent clean-up of the Community Services District Law (Government Code Sections 61000-61934) that is being considered by the California State Legislature. Staff did find that this alternative is still not viable as the current revisions to the law do not include the prevention of soil erosion as a permitted service of a Community Services District.

Although it does not appear that the merger of the two districts into one is a current alternative, it is suggested that the Surfside Colony CSTD and Surfside Colony SPTD look at future alternatives that may include consolidation of some or all of the services they provide with the City of Seal Beach. Consolidation of services may yield more efficient delivery of services to the Surfside community than currently provided.

Sphere of Influence Summary

The Spheres of Influence for the Surfside Colony CSTD and the Surfside Colony SPTD were adopted by the Commission on March 7, 1984. The agencies sphere boundaries are coterminous and solely include the Surfside residential area. As the community is mostly surrounded by areas that are currently within the city limits of Huntington Beach and Seal Beach, no potential annexations to either district are expected. It is recommended that LAFCO reaffirm the spheres of influence for the Surfside Colony CSTD and the Surfside Colony SPTD; however staff should facilitate future discussions with both districts regarding long-term alternatives for the Surfside area.



INTRODUCTION

In 2000, the State of California Legislature broadened LAFCOs authority by directing the agency to conduct comprehensive reviews of the delivery of municipal services provided in the County and any other area deemed appropriate by the Commission. Additionally, legislators directed LAFCOs to complete sphere of influence reviews and updates of agencies under LAFCO's jurisdiction not less than every five years.

Municipal Service Reviews (MSRs) -- Government Code §56430

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determination with respect to each of the following:

- 1) Infrastructure needs or deficiencies;
- 2) Growth and population projections for the affected area;
- 3) Financing constraints and opportunities;
- 4) Cost avoidance opportunities;
- 5) Opportunities for rate restructuring;
- 6) Opportunities for shared facilities;
- 7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- 8) Evaluation of management efficiencies; and
- 9) Local accountability and governance.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per Government Code Section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for *possible* future action that LAFCO has not approved (Cal. Pub. Res. Code § 21150). The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action on a change of organization or reorganization.

Sphere of Influence Reviews and Updates – Government Code §56425

LAFCO is also charged with adopting a sphere of influence for each city and special district within the county. A sphere of influence is a planning boundary that designates



the agency's probable future boundary and service area. Spheres are planning tools used by LAFCO to provide guidance for individual proposals involving jurisdictional changes. Spheres ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine the sphere of influence of each local governmental agency within the county, and to review and update the SOI every five years. In determining the SOI, LAFCO must address the following:

- 1) Present and planned land uses in the area, including agricultural and open-space lands;
- 2) Present and probable need for public facilities and services in the area;
- 3) Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide; and
- 4) Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.

MSR Area

The MSR areas for the Surfside Colony CSTD and the Surfside Colony SPTD are coterminous and coincide with the gated community of Surfside Colony (See Exhibit 1). Surfside Colony is fully developed and includes approximately 21 acres located in the southern portion of the City of Seal Beach. The area is generally bound to the north by the City of Huntington Beach, to the east by the unincorporated community of Sunset Beach, to the south by the Pacific Ocean, and to the west by Anaheim Bay and includes approximately 280 single-family homes. (See Exhibits 1a, 1b, 2a & 2b)

Exhibit 1 – Surfside MSR Focus Area





Orange County Local Agency Formation Commission
Municipal Service Review and Sphere of Influence
Surfside Colony Community Services Tax District (MSR 05-53 & SOI 05-36)
Surfside Colony Storm Water Protection Tax District (MSR 05-54 & SOI 05-37)
September 14, 2005

Exhibit 2A – Pacific Cost Hgwy Gated Entrance



Exhibit 2B – Anderson Street Gated Entrance



Exhibit 3a – Surfside Colony Homes



Exhibit 3b – Surfside Colony Home



In 1967, the Surfside Colony residential community officially became a part of the City of Seal Beach, which consists of approximately 12.2 square miles and includes 24,157 residents.¹ Surfside is a gated community with two access points. The first entrance is located on Anderson Street, the southern tip of Surfside and adjacent to the

¹ Center for Demographic Research, CSUF



unincorporated community of Sunset Beach. The second entrance is a gated access located at the north end from Pacific Coast Highway.

The Surfside Colony SPTD was formed in July 1941 to prevent soil erosion along the beaches within the area and to repair storm damage due to high waters and flooding within the Surfside Colony. The Surfside Colony CSTD was formed in July 1960 in response to residents' quest for a higher level of services than was provided by the County (at that time Surfside Colony was unincorporated) and greater local control over the provision of municipal services. Spheres of influences for both agencies were not adopted by the Commission until 1984 in response to the legislative requirement chaptered in 1983.



MSR Determinations

This section of the report addresses the nine determinations in accordance with Government Code Section 56430. The determinations are statements that draw conclusions, based on data related to agency operations and services, infrastructure, population and growth projections, and fiscal data. The nine municipal service review determinations are interdependent and some of the issues related to each of the nine determinations may overlap.

Infrastructure Needs and Deficiencies

This determination addresses the adequacy of existing and planned infrastructure needed to accommodate future growth and the efficient delivery of public services. Municipal Services to the area are provided by the City of Seal Beach, Surfside Colony CSTD, Surfside Colony SPTD, and the Sunset Beach Sanitary District. The following table indicates the current municipal services provided to the Surfside Colony and the responsible agency.

Table 1.1 – Chart of Services

Chart of Services for Surfside Colony	
<i>Service</i>	<i>Current Provider</i>
General Government <ul style="list-style-type: none"> ■ Legislative/Executive ■ Police (excluding guarded patrol of gated entrances) ■ Community Development ■ Public Services ■ Parks & Recreational Services (excluding maintenance of small playground area) ■ Self Insurance ■ Beach Maintenance ■ Fire Protection (provided by City thru contract with Orange County Fire Authority) 	City of Seal Beach
Security and Safety (includes guarded patrol of gated entrances only; Police protection provided by City of Seal Beach) Parks and Recreation (maintenance of small playground area; other park & rec services provided by City of Seal Beach) Street Maintenance (includes street sweeping and repair)	Surfside Colony CTSD



Soil erosion prevention Repair of storm related damage (due to high water and flooding)	Surfside Colony SPTD
Sewer	Sunset Beach Sanitary District

The service territory for the Surfside Colony CSTD and Surfside Colony SPTD is built out and the community of Surfside is anticipating no growth in population. Since the formation of both districts, the Surfside Colony has experienced very limited growth and the demand for services provided by the agencies has remained relatively static. As well, it appears that the CSTD has rolled back some services. During the last LAFCO sphere review, the district reported that they were providing the following services: street lighting, road maintenance, controlled ingress and egress, irrigation water and refuse collection. In a recently adopted resolution dated August 10, 2005, the district indicated that they currently provide security and safety, park and recreation services, and street maintenance.

No significant issues related to infrastructure needs and deficiencies have been identified at this time; however, it is recommended that the Surfside districts look more into long-term alternatives regarding the efficient delivery of services to Surfside Colony.

Growth and Population Projections

The boundaries of the Surfside Colony CSTD and Surfside Colony SPTD coincide with the Surfside Colony residential area. Surfside Colony is fully developed and both districts anticipate no annexation to their service area. No significant issues related to growth and population were noted.

Additionally, the City of Seal Beach (the city in which Surfside Colony is located) is expecting limited overall growth. The city addresses and plans for growth through its General Plan and other planning mechanisms.

Financing Constraints and Opportunities

The budgets for the Surfside Colony CSTD and Surfside Colony SPTD are independently reviewed and presented to the Board in July of each year. During the MSR process, budgets were not available to LAFCO staff, so financial data compiled by the California State Controller's office was used in this report.



Revenues for the 2002-2003 Fiscal Year (FY) for the Surfside Colony CSTD and Surfside Colony SPTD were funded through an allocation of the 1% property tax levy, state subventions, charges for services, interest income, and penalties.²

In 1984 when the spheres of influence were formally adopted for the Surfside districts by LAFCO, the Orange County Grand Jury published a report (1981-1982 Grand Jury Report) that addressed the tax inequity that existed, and is still present, with the post-Proposition 13 funding of special districts. It was recognized by LAFCO that residents of Surfside Colony were and continue to receive services from the Surfside CSTD and Surfside Colony SPTD that are mostly funded through property tax revenue paid by all Seal Beach property owners; yet, only the Surfside Colony residents receive the benefits from the services provided by these two districts.

It should be noted that prior to Proposition 13, the residents of Surfside were paying a separate tax to fund the services of the Surfside Colony CSTD and Surfside Colony SPTD. As they were seeking a higher level of services than was currently being provided, the residents were willing to pay to have their service level enhanced as well as fund services that were not available through other public agencies.

During FY 2002-2003, the expenditures for both Surfside districts exceeded the reported revenue. The CSTD received \$100,534 in total revenues and experienced \$101,969 in expenditures. The SPTD, during FY 2002-2003 received \$27,883 from revenue sources that were exceeded in expenditures totaling \$30,673. During the same fiscal year, services and supplies represented one-hundred percent of both districts' expenditures. During FY 2001-2002, services and supplies were the districts' sole expense, and those expenses exceeded the revenue.³

The financial shortfall of both districts could represent a potential funding constraint; however without access to current budgets, LAFCO was unable to definitively determine if a significant funding constraint exists.

² California State Controller, Special Districts 2002-2003 Annual Financial Report;
www.sco.ca.gov/ard/local/locrep/districts/02-03/0203specialdistricts.pdf

³ California State Controller, Special Districts 2001-2002 Annual Financial Report;
www.sco.ca.gov/ard/local/locrep/districts/01-02/0102specialdistricts.pdf



The following charts show the sources of revenues for each district:⁴

Table 1.2 Revenues for Surfside Colony CSTD

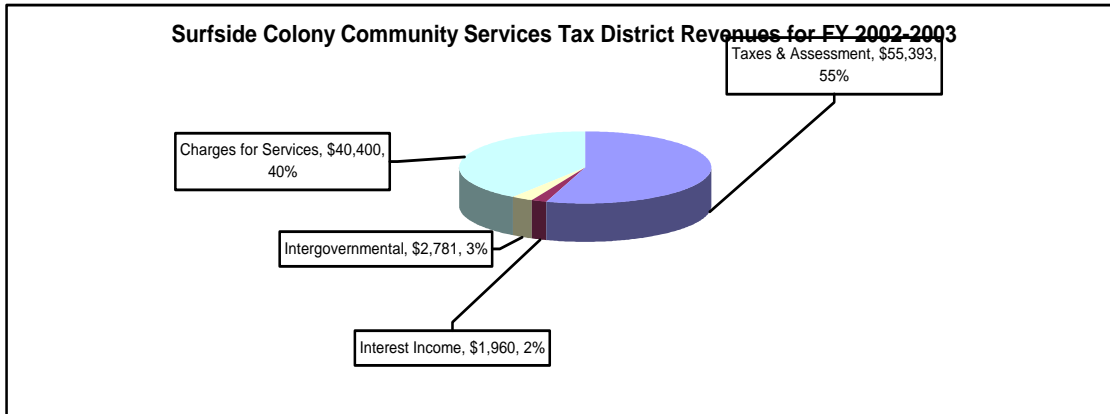
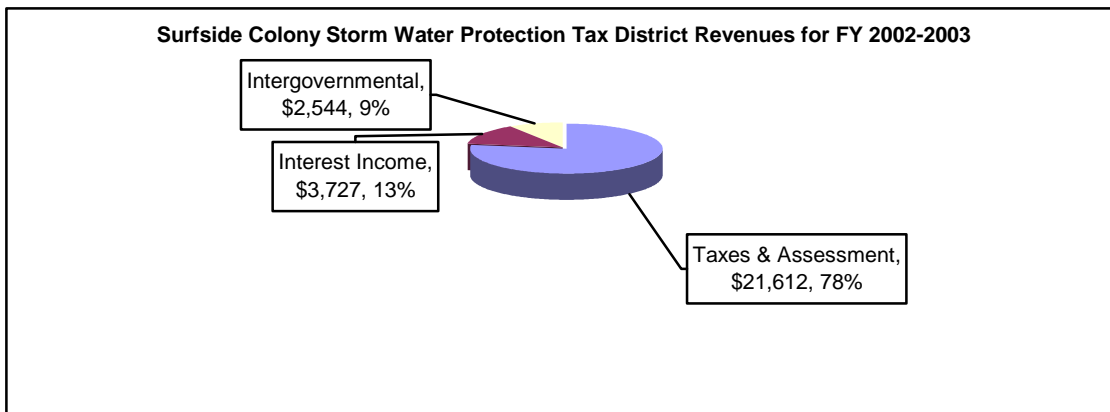


Table 1.3 Revenues for Surfside Colony SPTD



More than half (55%) of the revenue received by the Surfside Colony Community Services Tax District comes from the 1% property levy collected by the County of Orange. With the passage of Proposition 13, the County distributes the collected taxes pursuant to California statutes to cities and special districts based on an established formula. A portion of the revenue generated by the tax rate area within the Surfside Colony is allocated to the Surfside Colony CSTD and Surfside SPTD to fund services they currently provide.

⁴ California State Controller, Special Districts 2002-2003 Annual Financial Report;
www.sco.ca.gov/ard/local/locrep/districts/02-03/0203specialdistricts.pdf



Approximately 78% of the revenue received by the Surfside Colony SPTD comes from the 1% property tax levy. The district expends this revenue solely on the prevention of sole erosion and repair of storm related damage within the Surfside Colony. Both districts are currently staffed by volunteers and no funds are expended for salaries, stipends and benefits.

As noted in the previous tables, the Surfside Colony CSTD and Surfside Colony SPTD both have experienced net financial losses during the past fiscal years. It is recommended that the Surfside districts look at future alternatives to address current financial constraints if the trend continues.

Cost Avoidance Opportunities/Opportunities for Shared Facilities

In 1941 and 1960, the Surfside Colony CSTD and Surfside Colony SPTD were respectively established to provide services that met the specific needs and wishes of Colony residents that were not available by other government agencies at that time. Both districts were established prior to the passage of Proposition 13, and, initially, the services were funded through a separate tax rate above that levied by the County, City of Seal Beach, and other districts. However, since the passage of Proposition 13, the districts share in the 1% property tax levy with these agencies. It is recommended that the Surfside districts look at future alternatives of cost avoidance opportunities and sharing of services, such as consolidation of some or all of services provided to the Colony.

Opportunities for Rate Restructuring

The respective Boards for the Surfside Colony CSTD and Surfside Colony SPTD review the budgets annually to plan for the revenue received and expected expenses. They receive their revenue through an allocation from the 1% property levy. The CSTD also receives revenue from the charges for services to residents. The SPTD receives additional revenue from federal relief monies when disaster needs meet federal requirements. The residents are not levied any other fees or direct charges for the district's services. Because the district budgets were not available to LAFCO staff during the MSR process, specific information regarding charges for services is not noted in this report.

In the long-term, the districts may look at future alternatives, such as consolidation with the City of Seal Beach or other local providers, to address the financial shortfall that both districts have experienced in past fiscal years, if still present



Evaluation of Management Inefficiencies

The Surfside Colony CSTD and Surfside Colony SPTD may benefit from exploring options for implementing shared services. Services currently provided by the districts are provided by the City of Seal Beach to other parts of the city. The feasibility of the consolidation of any or all of services currently provided by the Surfside districts would need to be studied in depth.

Government Structure Options

The Surfside Colony CSTD and Surfside Colony SPTD were established well over 40 years ago to provide a higher level of limited services designed specifically for the Surfside gated community. Both districts employ private agencies to assist in their service provision. The broader scope of services to the area is provided by the City of Seal Beach through direct staffing or by contract with other agencies. Sewer service to the Colony is provided by the Sunset Beach Sanitary District.

In 1967, Surfside Colony was annexed to the City of Seal Beach in 1967 but at the request of the residents, the services provided by the districts did not transfer to Seal Beach. During the most recent sphere review of both districts (March 7, 1984), staff noted the potential of two options in regards to the services that were currently being provided by the Surfside districts – (a) merger of the districts with the City of Seal Beach and (b) potential consolidation of both districts into one.

During the 1984 review, staff stated that if the district was merged with the City, the City would likely require public access to the beaches within the Surfside Colony. As the Surfside Colony is a gated community, it was stated that the residents would oppose public access to the community. Staff has not had any recent discussions with the City of Seal Beach or the districts regarding this option.

Secondly, during the last sphere review of the districts, staff assessed the potential merger of the Surfside Colony Community Services Tax District and Surfside Colony Storm Water Protection Tax District into one district. At that time, County Counsel issued an opinion that although the Community Services Tax District (CSTD) was authorized by current law to provide for the disposal of storm water from the area (a service currently provided by the Storm Water Protection District), the CSTD was not authorized to provide the prevention of soil erosion for the area; hence the consolidation of the districts into one was not a viable alternative at that time.



As a part of this MSR, staff revisited this option as a clean-up of the Community Services District Law (Government Code Sections 61000-61934) is making its way through the California State Legislature. However, this alternative is still not viable as the current revisions to the law do not include the prevention of soil erosion as a function of a Community Services District.

In the long-term, it is recommended that both Surfside districts look for future alternatives that may include consolidation of some or all of the services currently provided with the City of Seal Beach or other public agencies.

Local Accountability and Governance

The general governance structures for the Surfside Colony CSTD and the Surfside Colony SPTD were reviewed as part of this MSR. As part of this assessment, LAFCO addressed some of the following factors to measure local accountability and governance including:

- ❖ Compliance with state disclosure laws and the Brown Act
- ❖ Level of public participation, outreach to the public, accessibility of meetings
- ❖ Election process
- ❖ Public access to budgets and/or audited financial statements

SURFSIDE COLONY COMMUNITY SERVICES TAX DISTRICT

General Agency Information

Agency Address:	P.O. Box 235, Surfside, CA 90743
Website:	N/A
Formation:	1960

Governance Processes

Governance Structure:	3-member Board of Directors
Term:	2 years & 4 years
Election Cycle:	Member elections are staggered
Meeting Schedule:	Quarterly
Postings:	Facility



Enabling Act: District Principal Act (Code Section 61000 et seq.)

Local Representation

Board of Directors	Date Term Expires	Stipend
Donald Karich	December 2006	Volunteer; no stipend received
Victor Kriss	December 2006	Volunteer; no stipend received
Eugene Salegui	December 2008	Volunteer; no stipend received

Administrative Manager: Judith Norton

The Surfside Colony CSTD consists of three (3) directors that are elected by Surfside Colony residents. Board members serve 2-year terms and 4-year terms and meet quarterly.

SURFSIDE COLONY STORM WATER PROTECTION TAX DISTRICT

General Agency Information

Agency Address: P.O. Box 235, Surfside, CA 90743
 Website: N/A
 Formation: 1941

Governance Processes

Governance Structure: 3-member Board of Trustees
 Term: 2 years & 4 years
 Election Cycle: Member elections are staggered
 Meeting Schedule: Quarterly
 Postings: Facility
 Enabling Act: Storm Water District Act of 1909 (Code Secs 13-1 et seq.)

Local Representation

Board of Directors	Date Term Expires	Stipend
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Orange County Local Agency Formation Commission
Municipal Service Review and Sphere of Influence
Surfside Colony Community Services Tax District (MSR 05-53 & SOI 05-36)
Surfside Colony Storm Water Protection Tax District (MSR 05-54 & SOI 05-37)
September 14, 2005

Donald Karich	December 2006	Volunteer; no stipend received
Stephen Rowe	December 2006	Volunteer; no stipend received
Eugene Salegui	December 2008	Volunteer; no stipend received

Administrative Manager: Judith Norton

The Surfside Colony SPTD consists of three (3) directors that are elected by Surfside Colony residents. Board members serve 2-year terms and 4-year terms and meet quarterly.

Neither agency has a website, making public access to Board members, meeting agendas, minutes, and agency budget more challenging than agencies that provide Internet access to their customers; however the Administrative Manager of the district has indicated that because their agency is focused only on the Surfside Colony residents, the structure that is often used within larger districts (which may include agency internet access), is not needed within their service population. Further, the district does maintain an electronic mail address through which it can receive communication from residents and others.



SERVICE REVIEW DETERMINATIONS

1) Infrastructure Needs and Deficiencies

The Surfside Colony CSTD and Surfside Colony SPTD jurisdictional boundaries coincide with the Surfside Colony residential community, which has experienced very limited growth over the last 30 years. There has been no additional demand of need for services provided by the agencies and no issues related to infrastructure needs and deficiencies were noted.

2) Growth and Population Projections

The area, Surfside Colony, currently served by the Surfside Colony CSTD and Surfside Colony SWTD is expecting no significant growth and increase in population. No issues regarding growth and population were noted.

3) Financing Constraints and Opportunities

The Surfside Colony CSTD and Surfside Colony SPTD both have experienced net financial losses during the past fiscal years based on available information. It is recommended that the Surfside districts look at future alternatives to address current financial constraints that may include consolidation of services with the City of Seal Beach or other local public agencies.

Additionally, it was noted that the funding mechanism of the services provided by both Surfside districts continues to represent a tax inequity amongst Seal Beach residents. The Surfside Colony residents continue to receive services funded through property tax revenue that are not available to other Seal Beach residents.

4) Cost Avoidance Opportunities/Opportunities for Shared Facilities

The Surfside districts may benefit from exploring long-term alternative service options for the Surfside Colony that may result in the sharing of services and facilities and more efficient delivery of services to the area.

5) Opportunities for Rate Restructuring

No issues specific to rate restructuring were noted; however, the Surfside districts may benefit from exploring long-term alternative service options for the Surfside Colony.



6) Evaluation of Management Efficiencies

In the long-term, the Surfside Colony CSTD and Surfside Colony SPTD may benefit from exploring other options for implementing shared services that may result in more efficient delivery of public services to the area.

7) Governance Structure Options

It is recommended that both Surfside districts look for future alternatives that may include consolidation of some or all of the services currently provided with the City of Seal Beach or other public agencies.

8) Local Accountability and Governance

No significant issues were noted; however, public access to agency documents such as the annual budget and audited financial statements were a challenge to LAFCO staff during the MSR process. It is recommended that both districts develop avenues for making these documents as well as other agency literature more accessible by the public.



SURFSIDE COLONY COMMUNITY SERVICES TAX DISTRICT SOI UPDATE

Government Code Section 56425 identifies the following factors that should be considered by LAFCO when determining an agency's sphere of influence:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- 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 present and planned land uses in the area, including agricultural and open-space lands

The Surfside Colony Community Services Tax District coincides with the Surfside Colony that encompasses approximately 21 acres located within the city limits of Seal Beach. To the north of the area is the city limits of Huntington Beach, to the south is the Pacific Ocean, to the west is Anaheim Bay and to the east is the unincorporated community of Sunset Beach. The City of Seal Beach zoning of the Surfside Colony is Single-Family Residential.

Located in the southern portion of Seal Beach, Surfside Colony was annexed to the city in 1967. As the area is fully developed and open-space lands consist of beach land, the present and planned land uses within the area remain the same.

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

The Surfside Colony Community Services Tax District currently provides the following services to the Colony:



- Security and Safety (controlled access to and from the community)
- Parks and Recreation (maintenance of small playground area)
- Street Maintenance (street sweeping and repairs)

The Surfside Colony Storm Water Protection District boundary overlaps the Community Services District and provides storm water protection to Surfside Colony. The City of Seal Beach provides general government services to the Colony that include: legislative and executive services, police protection, community development, public services, park and recreational services, self insurance, beach maintenance, and fire protection (thru contract with Orange County Fire Authority). Sewer service is provided by the Sunset Beach Sanitary District.

Since the agency's inception in 1960, the boundary of the Community Services District has remained the same and population growth has been very modest. Staff does note that since then, the agency has experienced a rollback in services. In the 1984 LAFCO sphere review, the district reported that they were providing the following services: street lighting, road maintenance, controlled ingress and egress, irrigation water and refuse collection. In a recently adopted resolution dated August 10, 2005, the district indicated that they currently provide security and safety, park and recreation services, and street maintenance.

Since there have been no change in the service boundary for the district and slight growth within Surfside Colony, there is no need for additional services and facilities noted at this time.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide Although under Community Services District Law (Government Sections 61000-61934) the district may provide a large range of services, the Surfside Colony Community Services Tax District provides a small menu of services designed to fit the private, gated community of Surfside. The Surfside Colony Storm Water Protection Tax District provides storm water protection and prevention of soil erosion for the Colony. Other public services are provided by the City of Seal Beach, with the exception of sewer service, which is provided by the Sunset Beach Sanitary District. Both the City of Seal Beach and Sunset Beach Sanitary District sphere boundaries are currently being reviewed under a separate report.

During completion of the Municipal Service Review for the Surfside Districts, staff noted that there were financial constraints experienced by the Surfside Community



Services Tax District that could potentially affect the current services delivered by the agency. As noted in the MSR report, during the most recent fiscal years (FY 2002-2003 & FY 2003-2004) published by the California State Controller's Office, the district's revenues were not sufficient in covering the expenditures the district experienced during those fiscal periods.

With that, staff notes that it would be to the benefit of the Surfside Colony Community Services Tax District to address, in the long-term, its capability of adequately providing services to the Colony or seek additional funding.

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

Surfside Colony became a part of the City of Seal Beach in 1967 through the desires of the community to receive a higher level of services, in particular for police and fire services. The Surfside Colony Community Services Tax District, which was formed prior to the annexation of the Colony to the city, currently provides a limited range of services to the area, none of which include police and fire protection. The majority of municipal services are provided by the City of Seal Beach with the exception of sewer service currently provided by the Sunset Beach Sanitary District. Storm water protection and prevention of soil erosion are provided by the Surfside Colony SPTD which service boundary overlaps with the CSTD.

Although Surfside Colony shares in the majority of services provided by the City with other Seal Beach residents, Surfside is a private, gated community that has its own identity and is geographically disconnected from the rest of Seal Beach by the Anaheim Bay.

Recommendation

Staff recommends that the Commission re-affirm the sphere of influence for the Surfside Colony CSTD. The district's boundary overlaps the Surfside Colony SPTD, coincides with the Surfside Colony, and was originally determined and last reviewed on March 7, 1984. Additionally, staff notes that it may benefit the district and Surfside Colony residents for the district to look at long-range alternatives for delivery of services to the area. Alternatives may or may not result in sphere adjustments for the agency in the future.



SURFSIDE COLONY STORM WATER PROTECTION TAX DISTRICT SOI UPDATE

Government Code Section 56425 identifies the following factors that should be considered by LAFCO when determining an agency's sphere of influence:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- 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 present and planned land uses in the area, including agricultural and open-space lands

The Surfside Colony SPTD overlaps the Surfside Colony CSTD and coincides with Surfside Colony. The Colony includes approximately 21 acres located within the city limits of Seal Beach. To the north of the district's service area is the city limits of Huntington Beach, to the south is the Pacific Ocean, to the west is Anaheim Bay and to the east is the unincorporated community of Sunset Beach. The City of Seal Beach zoning of the Surfside Colony is Single-Family Residential.

Located in the southern portion of Seal Beach, Surfside Colony was annexed to the city in 1967. As the area is fully developed and open-space lands consist of beach land, the present and planned land uses within the area remain the same.

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

The Surfside Colony SPTD currently provides storm water protection due to high tides and flooding within the Colony and prevents soil erosion by replenishing beach sand along the coastal section of the area. The district's boundaries overlap with the Surfside Colony Community Services Tax District which provides security and safety



protection, parks and recreation services, and street maintenance to Colony residents. The City of Seal Beach provides general government services to the Colony that include: legislative/executive services, police protection, community development, public services, park and recreational services, self insurance, beach maintenance, and fire protection (thru contract with Orange County Fire Authority). Sewer service is provided by the Sunset Beach Sanitary District.

Since the agency's inception in 1941, the service boundary of the SPTD and growth within the Colony have remained constant. Therefore, it is determined that there is no present or future need for additional services and facilities noted at this time.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide. The Surfside Colony SPTD only provides storm water protection and prevention of soil erosion. The Surfside Colony Community Services Tax District provides security and safety, street maintenance, and park and recreation services to the Colony. With the exception of sewer service provided by the Sunset Beach Sanitary District, all other services to the area are provided by the City of Seal Beach. Both the City of Seal Beach and Sunset Beach Sanitary District sphere boundaries are currently being reviewed under a separate report.

Although the district serves a relatively small area in size and population, during the completion of the Municipal Service Review for the Surfside Districts, staff noted that there were financial constraints experienced by the Storm Water Protection Tax District that could potentially affect service delivery by the agency. As noted in the MSR report, during the most recent fiscal years (FY 2002-2003 & FY 2003-2004) published by the California State Controller's Office, the district's revenues were not sufficient in covering the expenditures the district experienced during those fiscal periods.

With that, staff notes that it may be beneficial to Surfside residents for the district to assess the district's capability, long-term, of providing adequate services to Surfside Colony.

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

Surfside Colony became a part of the City of Seal Beach in 1967 through the desires of the community to receive a higher level of services, in particular for police and fire



services. The Surfside Storm Water Protection Tax District, which was formed prior to the annexation of the Colony to the city, currently provides a limited range of services to the area. The majority of municipal services are provided by the City of Seal Beach with the exception of sewer service currently provided by the Sunset Beach Sanitary District. The Surfside Colony Community Services Tax District overlaps with the Surfside Colony Storm Water Protection Tax District. The Community Services Tax District is responsible for providing a short range of services that include security and protection, street maintenance, and parks and recreation services.

Although Surfside Colony shares in the majority of services provided by the City with other Seal Beach residents, Surfside is a private, gated community that has its own identity and is geographically disconnected from the rest of Seal Beach by the Anaheim Bay.

Recommendation

Staff recommends that the Commission re-affirm the sphere of influence for the Surfside Colony SPTD. The district's boundary overlaps the Surfside CSTD, coincides with the Surfside Colony, and was originally determined and last reviewed on March 7, 1984. Additionally, staff notes that it may benefit the district and Surfside Colony residents for the district to look at long-range alternatives for delivery of services to the area. Alternatives may or may not result in sphere adjustments for the agency in the future



STATEMENT OF DETERMINATIONS – SURFSIDE COLONY COMMUNITY SERVICES TAX DISTRICT

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

The Surfside Colony CSTD coincides with the Surfside Colony. Surfside Colony is a private coastal community that includes approximately 280 single-family residences. The area consists of a fully developed gated community in which no growth and changes of land uses are anticipated.

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

Because the Surfside Colony is fully developed, the present and probable need for services currently provided by the Surfside Colony CSTD is expected to remain static. As well, other services provided by the Surfside Colony SPTD, City of Seal Beach, and Sunset Beach Sanitary District are expected to remain unchanged at this time.

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

Presently, the Surfside Colony CSTD is capable of providing adequate authorized services to the Colony. However, in past years, the district has experienced financial shortfall and is encouraged to look at long-range alternatives for efficient delivery of services in this trend continues.

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 Surfside Colony is located in the City of Seal Beach; yet receives limited services from the Surfside Colony CSTD – security and safety, park and recreation services, and street maintenance. With the exception of sewer service provided by the Sunset Beach Sanitary District, the City of Seal Beach provides all other services to the Colony as it provides to other city residents.



STATEMENT OF DETERMINATIONS – SURFSIDE COLONY STORM WATER PROTECTION TAX DISTRICT

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

The Surfside SPTD coincides with the Surfside Colony. Surfside Colony is a private coastal community that includes approximately 280 single-family residences. The area consists of a fully developed gated community in which no growth and changes of land uses are anticipated.

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

Because the Surfside Colony is fully developed, the present and probable need for services currently provided by the Surfside Colony SPTD to the Colony is expected to remain static. As well, other services provided by the Surfside Colony CSTD, City of Seal Beach, and Sunset Beach Sanitary District are expected to remain unchanged at this time.

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

Presently, the Surfside Colony SPTD is capable of providing adequate authorized services to the Colony. However, in past years, the district has experienced financial shortfall and is encouraged to look at long-range alternatives for efficient delivery of services if this trend continues.

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 Surfside Colony is located in the City of Seal Beach; yet receives limited services from the Surfside Colony SPTD – storm water protection due to high tides and flooding and prevention of soil erosion. With the exception of sewer service provided by the Sunset Beach Sanitary District, the City of Seal Beach provides all other services to the Colony as provided to all other city residents.