



LAFCO

Meeting Date: 05/22/2025

Information

SUBJECT

Consider approval of Resolution 2025-04 adopting the Cemetery Services Municipal Service Review (MSR) and approving a Sphere of Influence (SOI) Update for the Capay Cemetery District, and determine that the MSR/SOI is exempt from the California Environmental Quality Act (CEQA)

RECOMMENDED ACTION

1. Open the Public Hearing to receive staff presentation and public comment on the MSR/SOI Update.
2. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any requested changes.
3. Approve Resolution 2025-04, adopting the Cemetery Services MSR and approving the SOI Update for the Capay Cemetery District.

FISCAL IMPACT

None.

REASONS FOR RECOMMENDED ACTION

The purpose of this Municipal Services Review (MSR) is to provide a comprehensive inventory and analysis of the services provided by these special districts and evaluate the governance structure and operation, and suggest ways to improve service delivery, financial controls, and accountability. The MSR also informs any recommended sphere of influence (SOI) updates based on the MSR's governance recommendations.

BACKGROUND

Yolo County's Public Cemetery Services

There are six public cemetery districts in Yolo County that are independent special districts and cover most of Yolo County. These districts are Capay, Cottonwood, Davis, Knights Landing, Mary's, and Winters. The region around the City of Woodland is not covered by a public cemetery district but is served by the Woodland City Cemetery and the private Monument Hills Cemetery.

District Municipal Service Reviews

Each individual MSR provides individual recommendations for each district, but the table below summarizes a high-level indication of how each district is performing. The X's mark areas of concern.

| Are there potential issues or deficiencies in the following areas of review? | Capacity, Adequacy & Infrastructure to Provide Services | Financial Ability | Accountability, Structure, and Efficiencies | Shared Services | Status of Previous MSR Recommendations |
|------------------------------------------------------------------------------|---------------------------------------------------------|-------------------|---------------------------------------------|-----------------|----------------------------------------|
| Capay | X | X | X | X | X |
| Cottonwood | X | X | X | X | X |
| Davis | | | | | |
| Knights Landing | X | X | X | X | X |
| Mary's | | X | X | | X |
| Winters | X | | | | |

Overarching Concerns for the Rural Districts

Although the Davis and Winters Cemetery Districts are operating well, the four rural districts (Capay, Cottonwood, Knights Landing, and Mary's) have a variety of challenges. Some of these result from a district's unique

circumstances, but all share several overarching concerns often related to difficulty meeting state requirements due to limited funds or understanding. All four rural districts are behind on their audits and expressed confusion about the auditing process and requirements. This is a continuation of the situation discussed in the 2017 Public Cemetery District MSR after the County stopped conducting audits for the districts.

California Government Code Section 26909 deals with the auditing requirements for special districts. The standard requirement is that a district conduct an audit every year, though the law allows the Yolo County Board of Supervisors to replace that requirement with audits covering a two-year or other specific interval no greater than five years. Districts which have a revenue of less than \$150,000, which currently includes all the rural districts, may either: 1) receive approval to replace the annual audit with an annual agreed upon procedures engagement or 2) receive approval to conduct no more than five annual financial compilations, after which an annual audit is required. Although Cottonwood Cemetery District has completed an agreed upon procedures engagement and Mary's has completed several compilations, these haven't been completed at the required frequency. Therefore, none of the four rural districts are currently in compliance with Section 26909.

It is worth noting that SB 780 (2019), which takes effect in 2027, will no longer allow compilations or agreed upon procedures engagements as an alternative to audits. Only a financial review may be allowed for districts with less than \$150,000 in annual revenue. That currently includes all four rural cemetery districts, although Capay Cemetery District will likely receive more than \$150,000 in annual revenue by 2027, which would require it to conduct audits.

The other overarching concern is that three of the four rural cemetery districts do not have websites to provide public transparency. California Government Code Section 53087.8 requires that every special district maintains an internet website starting in 2020, but allows districts to adopt an annual hardship resolution if they are unable to comply. Several districts have adopted hardship resolutions rather than providing a website, but the resolutions have not been consistently adopted each year or have not provided evidence of hardship as required by the law.

To ensure the highest level of public transparency, the MSR recommends that all districts provide a website and is assisting the three cemetery districts without websites in coordinating with the Davis Cemetery District and local internet providers to establish and maintain a website.

Finally, the rural cemetery districts do not have costly facilities such as office buildings, so district records are kept in private homes or stored in a shed at the cemetery. To ensure the security and preservation of records, this MSR recommends digitizing all records, and storing physical records at the Yolo County Archives or with another district such as the community service districts.

The MSR also recommends that all districts adopt capital improvement plans to better prepare and budget for infrastructure improvements, equipment needs, and maintenance.

Capay Cemetery District

Despite being financially sound, Capay Cemetery District has yet to complete and maintain a website or provide any third-party analysis of its finances. Additionally, it is considering a five-acre cemetery expansion, though concerns have been expressed about the maintenance of the existing developed areas. The challenge for Capay Cemetery District is that it is not effectively managed by its three-member board and a clerk contracted for only 20 hours per month. District representatives do not understand how to read the County's financial reports and responsibly spend its funds.

Beyond the overarching recommendations discussed above, this MSR recommends that the District increase its board of trustees to five members and hire a full to part-time manager or contract with the Esparto Community Service District for management services. It is essential that Capay has appropriate support to meet all its legal requirements while planning for a future expansion.

Cottonwood Cemetery District

Cottonwood Cemetery District has a functional board of trustees but suffers from severely limited revenue. Although it appears larger than Knights Landing Cemetery District in both area and population, Cottonwood receives less revenue from property tax and other sources. The District annexed an area including the Wild Wings subdivision in 2005 to provide that community access to a public cemetery, but the annexation does not appear to have significantly improved Cottonwood's financial circumstances.

Beyond the overarching recommendations discussed above, this MSR recommends that the District consider raising fees, although with the limited number of burials conducted this would not have much impact on revenue. It is also recommended that the District apply for grants to assist with its bathroom repair and coordinate with Capay Cemetery District in order to meet website and financial review requirements. The recommended SOI Update is intended to lay the

groundwork for a potential merger with Capay.

Davis Cemetery District

The Davis Cemetery District is structurally and financially sound. The only recommendation provided is that it considers reducing its fees if that does not impact services, since its fees are higher than the other county cemetery districts. The District has offered to assist the rural cemetery districts with website development.

Knights Landing Cemetery District

The Knights Landing Cemetery District appears to have achieved financial stability by supplementing its revenue with contracts for County indigent burials and other sources. Although it currently has a full three-member board, the stability of its board and staff has historically been a concern. In addition to the overarching recommendations for the rural districts discussed above, the MSR recommends that the Cemetery District share board members and services with the Knights Landing Community Service District to ensure continued stability.

Mary's Cemetery District

Of the four rural cemetery districts, Mary's is the most financially and structurally stable. It has five board members and an engaged community that provides additional financial support through fundraising. It is the only rural district that has a website. As with the other rural cemetery districts, however, Mary's is struggling to balance expenses needed for cemetery maintenance, including an expensive new well, and funding its required audit.

Winters Cemetery District

Winters Cemetery District is structurally and financially sound. However, there is concern that it will not have room to expand when it becomes necessary due to the increasing development of nearby property. The MSR recommends that the District engage the City of Winters in planning for the future expansion of the cemetery.

City of Woodland Cemetery

Although it is not a part of this review, a brief discussion regarding some concerns about the accounting for the City of Woodland's cemetery services is included in the MSR along with a related recommendation originally included in the 2019 City of Woodland MSR/SOI.

Capay Cemetery District's Sphere of Influence Update

The Cottonwood Cemetery District is severely restricted in funds due to it receiving the least amount of property tax and plot sales revenue of all the districts in Yolo County. There is no evidence that its financial situation will change and, despite the Board of Trustees' best efforts, it may not be possible for the District to meet increasing state requirements and ensure Cottonwood's responsibility to maintain its cemetery in perpetuity.

Although this MSR has recommended a number of structural changes for the Capay Cemetery District, including that the District increase its Board of Trustees to five members and hire or contract out a manager for better oversight of its finances, Capay has a relatively strong financial position. Therefore, the MSR is recommending that the Cottonwood Cemetery District be included within the Capay Cemetery District's Sphere of Influence to facilitate future annexation whenever it becomes desired or necessary, thus allowing both districts to increase efficiency and financial sustainability.

Agency/Public Outreach

Staff began this MSR/SOI at the end of January 2025 by emailing an introductory letter to each agency, a list of questions, and a request for an in-person meeting. In-person meetings occurred in February and early-March and follow-up questions and discussion continued with the districts throughout those months. An administrative draft of the MSR/SOI was emailed to each agency for review and comment on April 2, 2025. Comments were received from all the districts.

Based on the responses and comments received from the districts, staff worked with various agencies, businesses, and other contacts to ensure that the MSR/SOI has the most accurate and helpful information and recommendations. LAFCo staff met with the staff of the Yolo County Archives regarding digitization of records and physical record storage, and contacted Streamline, a company that focuses on website compliance for special districts, and local internet companies to identify affordable options for producing district websites. Due to confusion about the auditing process and requirements, staff worked with the Yolo County Department of Financial Services, California State Controller, and

LAFCo's financial consultant and counsel to explain the auditing process and requirements to districts.

A public hearing notice was published in the Davis Enterprise on April 30, 2025. A Public Draft MSR/SOI incorporating district comments was posted on the LAFCo website on May 7, 2025, along with a public announcement inviting public comment on the draft MSR that was emailed to all the cemetery district board members, the Citizen Advisory Committees for the Capay Valley, Esparto, and Knights Landing, the Yolo County Supervisor Districts, and other interested parties. No public comments have been received since the announcement was sent.

Feedback from the cemetery districts has been that the MSR is fair in its analysis and potentially helpful. Cottonwood Cemetery District provided a formal response letter to the administrative draft on May 4, 2025, that sought clarification on some of the findings. The letter is included as an addendum to the MSR. Corrections or clarifications based on the letter were made to the MSR where appropriate. Staff continue to work with the cemetery districts on the recommended actions which are intended to improve their services, accountability, and financial sustainability.

CEQA

LAFCo staff have reviewed the MSR pursuant to the California Environmental Quality Act (CEQA) and determined that the proposed MSR and SOI Update are exempt from CEQA pursuant to Section 15061 (b)(3) and Section 15320 of the State CEQA Guidelines. CEQA Guidelines section 15061(b)(3) sets forth the general rule exemption, which provides that CEQA only applies to projects which "have the potential for causing a significant effect on the environment." Section 15320 is a Categorical Exemption for reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Attachments

ATT A-Reso 25-04 Public Cemetery Districts MSR-SOI

ATT B-Draft MSR-SOI Public Cemetery Districts LAF#25-01

Form Review

Inbox

Christine Crawford

Form Started By: JD Trebec

Final Approval Date: 05/15/2025

Reviewed By

Date

05/14/2025 11:14 AM

Started On: 05/12/2025 10:03 AM