

**Rolling Hills  
Community Services District  
Municipal Service Review and  
Sphere of Influence Update**

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**September 2018**

ROLLING HILLS  
COMMUNITY SERVICES DISTRICT  
MUNICIPAL SERVICE REVIEW  
SEPTEMBER 2018

Commissioners

*Shiva Frentzen, Chair*

*Mark Acuna*

*Ken Humphreys*

*Brooke Laine*

*Tim Palmer*

*Michael Powell*

*Brian Veerkamp*

Alternates

*Diana Anderly*

*John Clerici*

*Holly Morrison*

*Michael Ranalli*

Staff

*José C. Henríquez*

*Erica Sanchez*

*Riley Nork*

*Denise Tebaldi*

*Kara Ueda*

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

## NOTICE OF EXEMPTION

TO: OFFICE OF PLANNING AND RESEARCH  
P.O. Box 3044, Room 113  
Sacramento, CA 95812-3044

COUNTY CLERK

County of El Dorado  
330 Fair Lane  
Placerville, CA 95667

FROM:  
EL DORADO COUNTY LAFCO  
550 Main Street, Suite E  
Placerville, CA 95667  
José Henriquez  
(530) 295-2707

**FILED**  
SEP 27 2018

WILLIAM SCHULTZ, Recorder-Clerk  
By Jeffrey Norma

Project Title: Rolling Hills Community Services District Sphere of Influence Study; LAFCO Project No. 2017-03

Project Location – Specific: The District is located in the El Dorado Hills area, south of U.S. Highway 50, north of White Rock Road, adjacent to the Sacramento County line.

Project Location – City: N/A Project Location – County: El Dorado County

Description of Nature, Purpose and Beneficiaries of Project: Update the sphere of influence for the Rolling Hills Community Services District to affirm the current sphere of influence, which was last updated in February 2008.

Name of Public Agency Approving Project: El Dorado LAFCO

Name of Person or Agency Carrying Out Project: El Dorado LAFCO

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: \_\_\_\_\_
- Statutory Exemptions. State code number: 15061(b)(3)

Reasons why project is exempt: The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. 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. This sphere of influence update has no possibility for causing a significant effect on the environment.

Lead Agency Contact Person: José C. Henriquez Area Code/Telephone/Extension: (530) 295-2707

### If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project?  Yes  No

Signature \_\_\_\_\_

José C. Henriquez

Date: September 27, 2018 Title: Executive Officer

Signed by Lead Agency

Signed by Applicant

Date Received for filing at OPR: \_\_\_\_\_

Authority cited: Sections 21083 and 21110, Public Resources Code.  
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.



Revised 2011

0311

8105 1-432

EL DORADO CO. RECORDER/CLERK

DATE POSTED: 9/28/2018

DATE REMOVED: 10-31-18

DATE RETURNED: 11-1-18

**RESOLUTION NUMBER L-2018-09**

**Update to the Rolling Hills Community Services District  
Sphere of Influence**

**LAFCO Project No. 2017-03**

**WHEREAS**, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code §56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and

**WHEREAS**, §56425 et seq. provides that the local agency formation commission in each county shall develop and determine the sphere of influence of each local governmental agency within the county, and enact policies designed to promote the logical and orderly development of areas within the spheres of influence, as more fully specified in §56425 et seq.; and

**WHEREAS**, §56430 requires that local agency formation commissions conduct a municipal service review (MSR) prior to, or in conjunction with, consideration of actions to establish or update a sphere of influence (SOI) in accordance with §56076 and §56425; and

**WHEREAS**, pursuant to §56430, in order to prepare and update the sphere of influence, the Commission conducted a municipal service review of the Rolling Hills Community Services District and adopted a written statement of determinations in conjunction with this sphere of influence update on September 26, 2018; and

**WHEREAS**, the Executive Officer reviewed the sphere of influence update pursuant to the California Environmental Quality Act (CEQA), and recommended that the project is exempt from CEQA under §15061(b)(3) because it is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. 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, and, based thereon, the Executive Officer prepared a Notice of Exemption; and

**WHEREAS**, the Executive Officer set a public hearing for September 26, 2018 for consideration of the environmental review and the sphere of influence update for the Rolling Hills Community Services District and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

**WHEREAS**, on September 26, 2018 the sphere of influence update came on regularly for hearing before LAFCO, at the time and place specified in the Notice; and

**WHEREAS**, at said hearing, LAFCO reviewed and considered the sphere of influence, and the Executive Officer's Report and Recommendations; each of the policies, priorities and factors set forth in Government Code §56425 et seq.; LAFCO's Policies and Guidelines related to spheres of influence, starting with Policy 4.0; and all other matters presented as prescribed by law; and

**WHEREAS**, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and

**WHEREAS**, the Commission received, heard, discussed, and considered all oral and written testimony related to the sphere update, including but not limited to protests and objections, the Executive Officer's report and recommendation, the environmental document and determinations and the service review; and

**WHEREAS**, on February 27, 2008, at the time of its last review, the Commission established the functions and classes of services provided by the Rolling Hills Community Services District as follows: drainage, parks and recreation, road and road maintenance, street lighting and landscaping, and weed abatement services; and

**WHEREAS**, the Commission does hereby make the following determinations regarding the proposal pursuant to Government Code §56425(e):

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

Present land uses within the District include high and medium density residential and open space; there are no designated agricultural lands within the District. Planned land uses are anticipated to remain the same as current land uses. The District recently experienced an increase in population growth due to the development of the Sierramonte subdivision; few other vacant residential parcels are available to be developed in the near future.

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

Present needs for public roadway and recreational facilities and services are currently being met. Probable needs for future roadway services are not anticipated to vary significantly from present needs, as future demands are expected to remain the same. The Springfield Meadows, Stonebriar, and Shadow Hills Estates subdivisions are predominantly built-out to their maximum potential, and the gated Sierramonte roadways are privately owned and maintained. Probable needs for park facilities are expected to increase with the additional Sierramonte residents, but development fees and Quimby in-lieu parkland fees should mitigate the impact to the District's parks. Improvements are planned for Berkshire Park and, to a lesser extent, Stonebriar Park;

the District did not indicate the need for additional public facilities. No additional needs for public facilities would be created by affirming the District's current SOI.

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

The present capacity and condition of public facilities provided by the District appears to be sufficient to serve the existing community, based on the level of service expected by District residents.

**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.***

Nearby communities include the unincorporated El Dorado Hills community. RHCS D is partially surrounded by the El Dorado Hills Community Services District's boundaries and is wholly included within the El Dorado Hills Community Region.

**5. *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.***

While Rolling Hills CSD does not provide any municipal services as defined in Government Code 56425(e)(5), LAFCO has not identified any disadvantaged communities within or nearby the District's service area boundaries or its sphere of influence.

***NOW, THEREFORE BE IT HEREBY RESOLVED, DETERMINED, ORDERED AND FOUND:***

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The Notice of Exemption prepared by the Executive Officer is approved as the appropriate environmental document for this project.

Section 3. Pursuant to Government Code §56425(i)(2), the Commission does hereby establish the functions and classes of services provided by the Rolling Hills Community Services District as follows: drainage, parks and recreation, road and road maintenance, street lighting and landscaping, and weed abatement services.

Section 4. The update to the Rolling Hills Community Services District sphere of influence to affirm the current sphere is orderly, logical and justifiable.

Section 5. The Executive Officer is directed to file a Notice of Exemption under §15061(b)(3) in compliance with the California Environmental Quality Act and local ordinances implementing the same.

Section 6. The Rolling Hills Community Services District sphere of influence is updated to affirm its current sphere as shown on the attached map, marked Exhibit A, attached hereto and incorporated herein by this reference.

**PASSED AND ADOPTED** by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held September 26, 2018 by the following vote of said Commission.

	AYE	NO	ABSTAIN	ABSENT	NOT VOTING
Commissioner Acuna	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Frentzen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Humphreys	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Laine	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Palmer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Powell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Veerkamp	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Anderly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Clerici	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Morrison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Alt. Commissioner Ranalli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

ATTEST:

  
 \_\_\_\_\_  
 Interim Clerk to the Commission

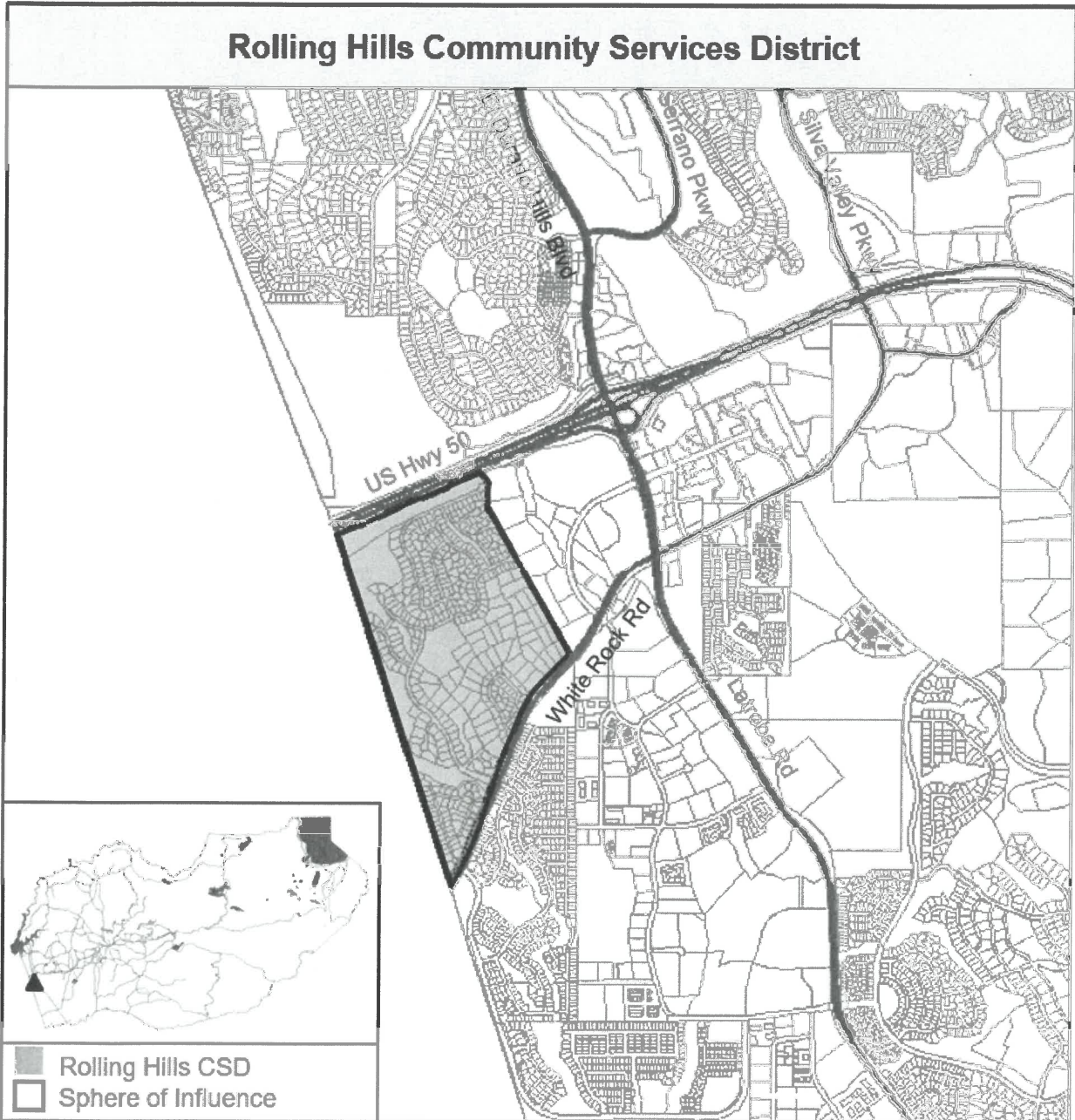
  
 \_\_\_\_\_  
 Chairperson



# APPROVED

Rolling Hills CSD Sphere of Influence Update  
LAFCO Project No. 2017-03  
Resolution L-2018-09

## EXHIBIT A



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## **I EXECUTIVE SUMMARY**

### **Background update**

The Rolling Hills Community Services District (RHCS D or the District) was originally formed in 1978 as the Springfield Meadows Community Services District to provide services to the Springfield Meadows subdivision. The District now also serves the Stonebriar and Shadow Hills Estates subdivisions, which were built after 2000, and the Sierramonte subdivision, which is just completing construction. In 2008, the District changed its name to Rolling Hills CSD in an effort to be representative of all of the communities located within the District.

RHCS D is located in the El Dorado Hills area adjacent to the Sacramento County line on the south side of U.S. Highway 50 and on the north side of White Rock Road. The District's service area encompasses 405 parcels, covering approximately 250 acres. RHCS D serves an estimated population of 800-1,000 residents.

### **Services Provided**

Special districts are limited-purpose governments which have only the powers that the Legislature has delegated to them. RHCS D is empowered to provide road maintenance services, drainage, street lighting and landscaping, weed abatement, and parks and recreation services by California Community Services District Law (Government Code §61100). RHCS D provides all of these services, and does not have any latent powers. RHCS D maintains a total of 30 paved roads totaling eight miles of roadway, two parks, and a series of culverts, gutters and storm drains.

RHCS D does not provide additional services outside of its enabling legislation nor does it provide service beyond designated service boundaries. The District is not contracted to provide service to other service providers.

## II **AGENCY DESCRIPTION**

### **Rolling Hills Community Services District**

(Formerly Springfield Meadows CSD – name changed in 2008)

#### Contact Information

**Address:** P.O. Box 5266  
El Dorado Hills, CA 95762

**Phone:** (916) 235-8671

**Website:** www.rollinghillscsd.org

**Email:** info@rollinghillscsd.org

#### Management Information

<b>Board of Directors:</b>	Matthew Stiles, President	12/2014 – 12/2018
	Tim Halverson, Vice-President	12/2014 – 12/2018
	Gordon Fawkes, Director	12/2016 – 12/2020
	Brenda Collette, Director	12/2016 – 12/2020
	Mark Magee, Director	12/2016 – 12/2020

**Board Meetings:** Third Tuesday of each month at 7:00 pm  
Meeting room at the Holiday Inn Express, 4360 Town Center Drive, El Dorado Hills

**Staff:** Two contract employees  
Chaney Hicks, General Manager (gm@rollinghillscsd.org)  
Linda Stone, Board Secretary/Clerk (clerk@rollinghillscsd.org)

#### Service Information

**Principal Act:** Community Services District Act  
Government Code §61000 et seq.

**Empowered Services:** Roads and road maintenance, parks and recreation, drainage, street lighting and landscaping services, and weed abatement  
(at the time of formation)

**Services Currently Provided:** Roads and road maintenance, parks and recreation, drainage, street lighting and landscaping services, and weed abatement

**Latent Powers:** None  
(LAFCO approval required)

**Area Served:** 405 parcels, 255 acres

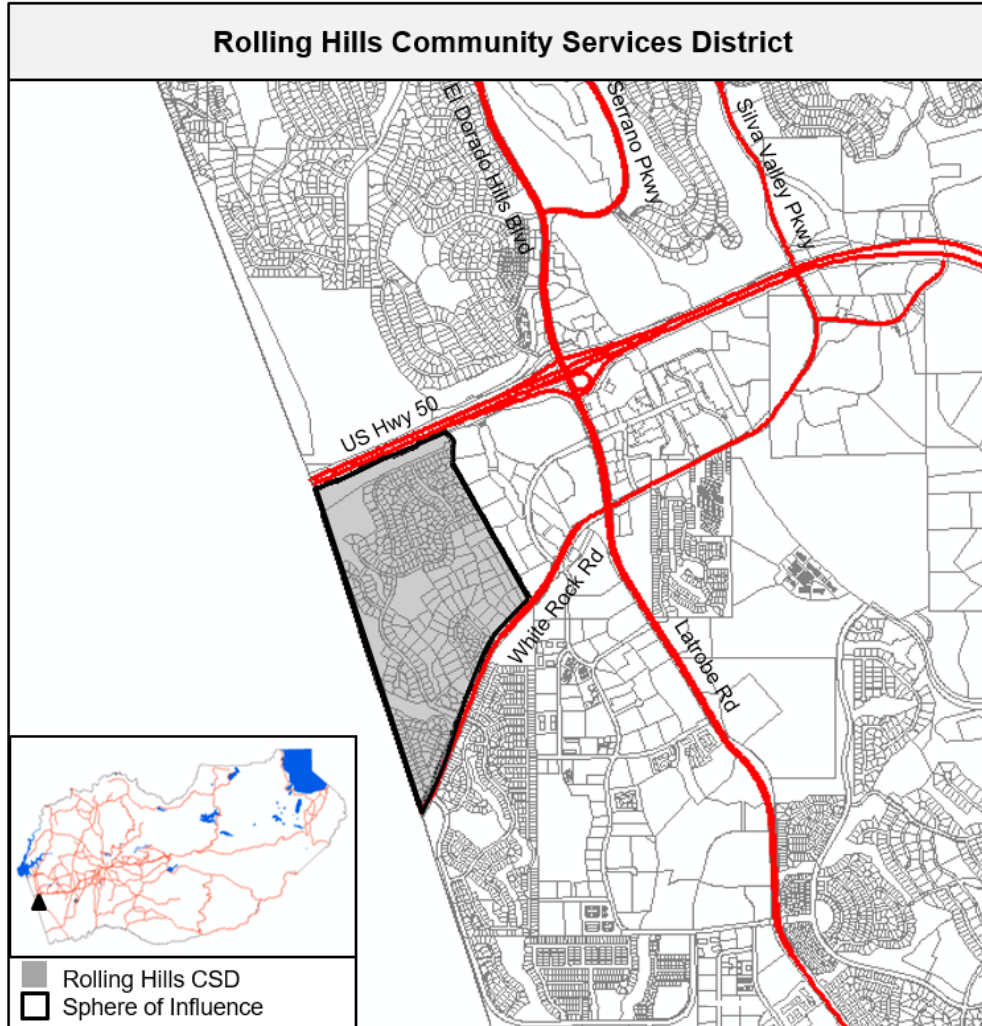
**Population Served:** Estimated Population: 1,000, Registered voters: 655

**Major Infrastructure:** Eight miles of road, two parks

#### Fiscal Information

**2017-2018 Budget:** \$489,975 – adopted by District Board

**Sources of Funding:** Property taxes, Assessments (\$200 per parcel)



**Boundaries**

The Rolling Hills CSD sphere of influence (SOI) is coterminous with the District's service boundaries.

RHCSD is bounded by Highway 50 on the north, Sacramento County to the west, White Rock Road to the south, and El Dorado Hills Town Center West to the east. The District is also surrounded on three sides by the El Dorado Hills CSD's service area and is included within the El Dorado Hills Community Region.

Parcels within RHCSD are also within County Service Areas 7 (ambulance services), 9 (road maintenance services) and 10 (library services), the El Dorado Hills County Water District (EDH Fire, fire protection services), the El Dorado Resource Conservation District, and the El Dorado Irrigation District (water and wastewater services).

### III **MSR DETERMINATIONS**

In preparing a municipal service review, Government Code §56430 requires the Commission to prepare a written statement of its determinations. Appendix A contains a summary of the current determinations.

In addition, the Commission's Policies and Guidelines Section 4.4 require that additional determinations be made in an MSR prior to establishing a sphere of influence. These additional determinations are included among the Government Code §56430 determinations below and in Appendix A.

To the extent that is feasible, both sets of determinations will be addressed in this section. In addition, the following sections will detail the meaning of each factor and explain how it applies to the services provided by this agency.

Please note that determination #7 below is not in Government Code. This is because the Government Code §56430(a)7 allows for the Commission to review "any other matter related to effective or efficient service delivery as required by commission policy." El Dorado LAFCO chose to study the potential effects of service delivery and/or extension on agricultural land as its seventh determination.

**1. Growth and population projections for the affected area.**  
*Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.*

Information in this section addresses the following factors in LAFCO Policy 4.4:

- Topographic factors and areas of social and economic interdependencies.
- Existing and planned land uses, land use plans and policies, consistency with county and city general plans, and projected growth in the affected area.

#### **Growth and Population**

RHCSD provides services to approximately 250 acres within the District's boundaries. There are 405 parcels and 655 registered voters within the District. All but a few of the parcels within RHCSD are designated High and Medium Density Residential and zoned Single-Unit Residential (R1) / One-Acre Residential (R1A).

Recent development of the Sierramonte Subdivision has resulted in a population increase for the District; the high-density residential subdivision is near completion and all 49 residential lots have sold out. However, Sierramonte is not likely to result in a significant increase in service demands for the District. Sierramonte is a gated subdivision, and the internal roadways are privately owned and will be maintained by a homeowners' association. RHCSD has no responsibility for maintenance or repair of these roads.

There are limited additional undeveloped parcels remaining within the District. RHCS D does not anticipate further significant growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. Current demands for service are not increasing significantly.

Growth may occur outside of district boundaries; however, no significant growth or population increases are expected which would affect the District's ability to provide services.

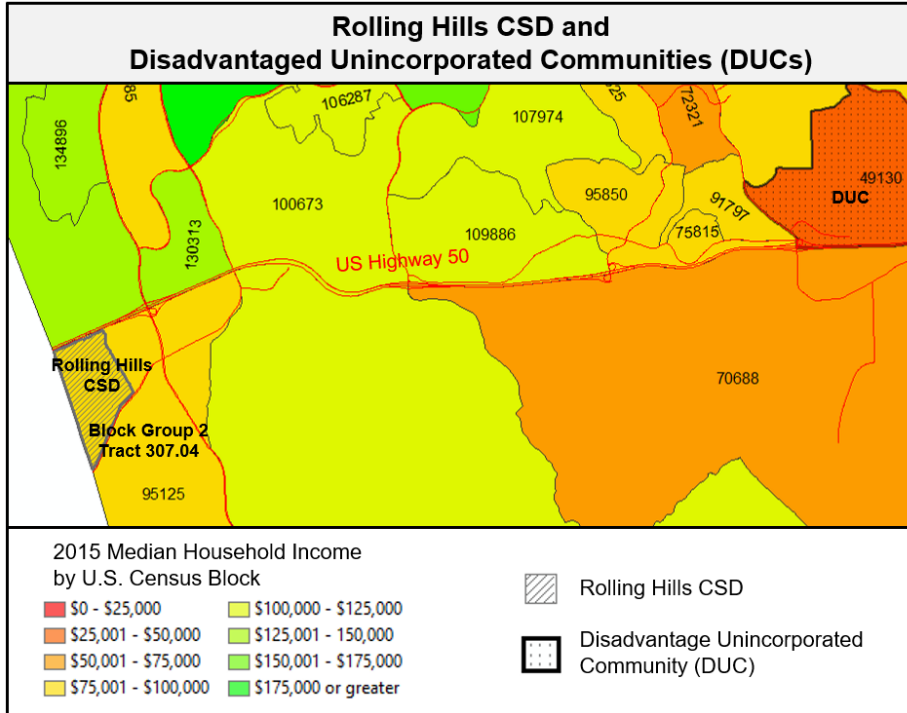
**2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

*Purpose: To identify the communities within the agency's service area or sphere of influence that have been traditionally unserved or underserved.*

According to 2015 income data from the U.S. Census Bureau, the Rolling Hills CSD service area is not part of an identified disadvantaged community, nor are there any disadvantaged communities in the general area surrounding the RHCS D or its sphere of influence.

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The 2015 statewide median household income was \$61,818 (United States Census Bureau 2015), making the median household income for a disadvantaged community as defined by the Water Code \$49,454.

RHCS D falls into Census Block Group 2 of Census Tract 307.04, which includes a portion of El Dorado Hills south of U.S. Highway 50, west of White Rock and Latrobe Roads to the Sacramento County line, down to approximately Wetsel Oviatt Road. According to U.S. Census data, the estimated 2015 medium household income in Census Block Group 2 of Census Tract 307.04 was \$95,125. Therefore, U.S. Census income data does not indicate the presence of a DUC in Census Block Group 2 of Census Tract 307.04. The nearest identified DUC is in the Cameron Park area, north of U.S. Highway 50, shown below and larger as **Map 2** in Section VIII Maps.



**3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

*Purpose: To evaluate the infrastructure needs and deficiencies of a district in terms of capacity, condition of facilities, service quality, and levels of service and its relationship to existing and planned service users, especially those in areas that have been traditionally unserved or underserved.*

Information in this section addresses the following factors in LAFCO Policy 4.4:

- Service capacity, level and types of services currently provided by the agency, and areas where these services are provided.
- A description of the services that will be provided to any areas which may be added to the sphere and the timing and method for funding expansion of facilities or services.

This section addresses the adequacy of infrastructure and facilities within the District. There are no Countywide standards for roadway, park, or other infrastructure repair and maintenance applicable to special districts, thus it is left to each agency to determine the extent of maintenance programs. The adequacy of RHCSD’s facilities is generally based on the District’s self-assessment and resident expectations for overall quality, repair frequency, and availability of District facilities.



**Infrastructure and Facilities**

RHCSD’s infrastructure consists of 30 roads, totaling approximately eight miles of roadway, two parks, and a number of culverts and drainages. The District is currently awaiting an updated Reserve Study and is working on preparing a draft Master Plan to provide a planning schedule for facilities and identify financing options.

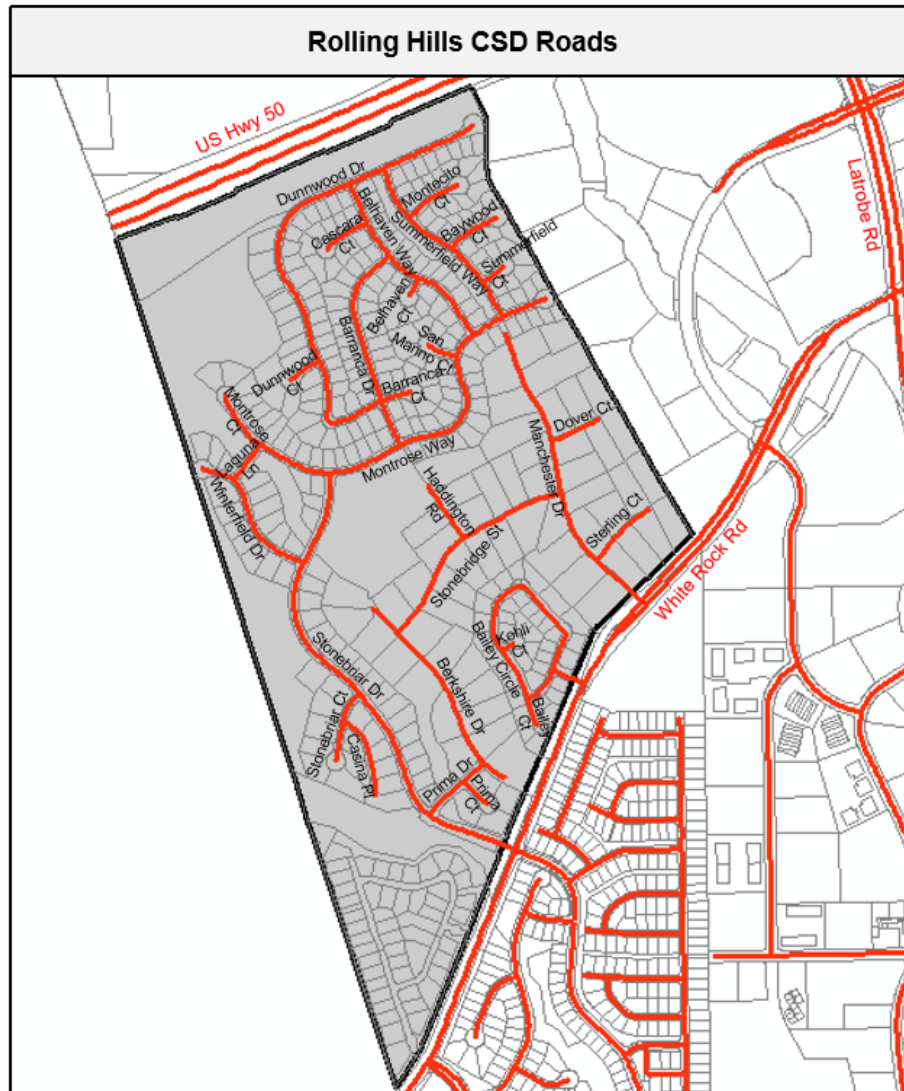
**Roads**

RHCSD is responsible for the maintenance and repair of all District roadways within the Springfield Meadows, Shadow Hills Estates, and Stonebriar subdivisions. RHCSD is not responsible for providing road services within the Sierramonte subdivision. Sierramonte is a gated subdivision, and the internal roadways are privately maintained and owned by a homeowner’s association.

District-maintained roads include three primary roads which provide access in and out of the District from White Rock Road, 11 secondary roads, and 16 tertiary roads. The three primary roads are Stonebriar Drive, Bailey Circle, and Manchester Drive. Stonebriar Drive provides access to the Stonebriar Subdivision, Manchester Drive provides access to Springfield Meadows, and Bailey Circle provides access to Shadow Hills Estates.

Access to Sierramonte is through two primary roads connecting to White Rock Road, but RHCSD is not be responsible for maintenance. The internal roadways serving the new subdivision are under private ownership and maintenance through a homeowners association.

Primary Roads	Secondary Roads	Tertiary Roads
<ul style="list-style-type: none"> <li>▪ Bailey Circle</li> <li>▪ Manchester Drive</li> <li>▪ Stonebriar Drive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Barranca Drive</li> <li>▪ Bellhaven Way</li> <li>▪ Berskshire Drive</li> <li>▪ Dunnwood Drive</li> <li>▪ Laguna Lane</li> <li>▪ Montrose Way</li> <li>▪ Prima Drive</li> <li>▪ Stonebriar Court</li> <li>▪ Stonebridge Street</li> <li>▪ Summerfield Way</li> <li>▪ Winterfield Drive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bailey Court</li> <li>▪ Barranca Court</li> <li>▪ Baywood Court</li> <li>▪ Bellhaven Court</li> <li>▪ Cascara Court</li> <li>▪ Casina Place</li> <li>▪ Dover Court</li> <li>▪ Dunnwood court</li> <li>▪ Haddington Road</li> <li>▪ Kohli Court</li> <li>▪ Montecito Court</li> <li>▪ Montrose Court</li> <li>▪ Prima Court</li> <li>▪ San Marino Court</li> <li>▪ Sterling Court</li> <li>▪ Summerfield Court</li> </ul>



RHCSD provides road maintenance services by contracting out for road construction, repairs, and maintenance services. The District does not own any major roadway maintenance equipment. Typical roadway maintenance services include paving, resurfacing, chip sealing, patching, pothole repair, sign maintenance, crack sealing, and drainage and culvert maintenance.

All of the District's roadways are paved with slurry seal and a two-inch overlay. The roads are repaired approximately every few years, depending on the current condition of the roadway and available funding. The roadway repair cycle is estimated in the District's 2003 Financing Plan, which estimates a slurry seal application is required every seven years, crack seal and patching every ten years, and two-inch overlay every 30 years.

Roadways appear in good condition and adequate for the current demand, as determined by local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in

demand are to be expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient. The District is restricted by the current funding available for needed upgrades to, and maintenance of, existing roadways.

#### Parks and Open Space

RHCSD owns and maintains approximately 13 acres of parkland, including Stonebriar and Berkshire Parks, and 46 acres of open space. The District does not provide any recreation programs. The District has an adopted Master Fee Schedule which outlines, among other fees, fees for park and facility uses. Non-residents are charged a higher fee for park and facility reservations.

Stonebriar Park is ten-acres of developed parkland. Facilities at Stonebriar Park include a children's playground, non-regulation baseball and soccer fields, and picnic area. The ball fields do not meet the regulation standards for league play and are not used for organized league sports. The ball fields are primarily used by residents and the District has no plans to upgrade them.

Berkshire Park is three-acres of currently undeveloped grassy area that does not have any recreational facilities. The RHCSD Board recently approved new park facilities and improvements to be added at Berkshire Park. The final draft of the proposed park development plan includes a covered barbecue and picnic area, new bus stop shelter, play structure and swings, paved sports court, new CSD storage shed, accessible parking space, and accessible path of travel. RHCSD engaged residents for input throughout the process development plan.

Construction of the District's newest neighborhood, Sierramonte, added 49 new homes worth of new residents who will also enjoy the District's parks and open space. The District has received development fees and in-lieu Quimby fees from the development, some of which are earmarked specifically for the purpose of providing park and recreational facilities and improvements to serve residents.

Some of the District's other park facilities were donated and constructed as part of development impact dedications. Under the agreement, the builder maintained the parks and open space areas for one year, and then transferred title and responsibility of them to the District.

#### Street Lighting and Landscaping

RHCSD is responsible for maintenance of nine street lights within the Springfield Meadows neighborhood, eight spotlights at subdivision entrances and monuments, 15,866 linear feet of curbs and gutters, 42,960 square feet of sidewalks, and 59,534 square feet of landscaped corridors. Street lighting and landscaping services are contracted out by the District. All other street lights within the District are the responsibility of PG&E.

#### Drainage

RHCSD is responsible for maintaining and clearing debris from a series of culverts, gutters and storm drains on CSD property. During periods of heavy rain, the District has experienced clogged storm drains and flooding of roadways in past years and

hopes to avoid the need for emergency services to unclog affected drains during this winter season. Homeowners are responsible to keep culverts on their property clean and clear of overgrowth or debris. Leaves that are not properly disposed of in the Green Waste bin can clog gutters and storm drains which can cause localized flooding.

**4. Financial ability of agencies to provide services.**

*Purpose: To evaluate factors that affect the financing of needed improvements.*

Information in this section addresses the following factors in LAFCO Policy 4.4:

- Financial capabilities and costs of service.

**Funding and Budget**

This section analyzes the financial operations of the District, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District. Annual financial statements, audits, and budget actuals from fiscal years (FY) 2013-14 through 2016-17 were reviewed to determine the fiscal status of the District.

Some of the information was obtained from the County Auditor-Controller's website, some was obtained from the RHCS D website. For consistency, actual budget numbers included in the table below were taken directly from the Auditor-Controller's published special district budget reports, and RHCS D financial audits, unless otherwise noted.

The County handles the District's fiscal administration. All of the District's funds are deposited into the County Treasury. The County Auditor's office manages the District's receivables and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors. Currently, the District does not have any outstanding debt.

<b>District Revenues, Expenditures and Net Assets – FY 2013-14 to 2017-18</b>					
	<b>2013-14 (Actual)</b>	<b>2014-15 (Actual)</b>	<b>2015-16 (Actual)</b>	<b>2016-17 (Actual)</b>	<b>2017-18 (Adopted by District)</b>
<b>REVENUES</b>					
Property Taxes (plus fines and penalties)	\$68,825	\$74,362	\$76,938	\$79,573	\$80,000
Direct Assessments	\$70,795	\$69,695	\$69,738	\$69,238	\$75,000
Development Fees	-	-	-	\$215,000	\$0
Quimby Fees	-	-	-	-	\$45,521
Other (Interest, SHPTR, Misc.)	\$1,551	\$1,525	\$3,577	\$2,809	\$2,500
<b>Total Revenues</b>	<b>\$141,171</b>	<b>\$145,583</b>	<b>\$150,253</b>	<b>\$366,619</b>	<b>\$203,021</b>
<b>EXPENSES</b>					
Payroll Expense	\$80	\$39	\$39	\$0	\$150
Insurance	\$3,295	\$3,125	\$3,050	\$3,150	\$3,300
Maintenance: Roads	\$12,225	\$3,563	\$66,136	\$0	\$10,500
Maintenance: Parks	\$39,065	\$45,315	\$43,444	\$43,851	\$41,400
Maintenance: Grounds	\$8,478	\$7,966	\$4,068	\$15,141	\$8,000
Maintenance: Water System	\$8,331	\$2,354	\$3,645	\$4,040	\$2,000
Maintenance: Drainage	\$2,925	\$1,500	\$7,400	\$0	\$15,000
Maintenance: Lighting	\$345	\$0	\$150	\$85	\$250
Maintenance: Improv. Projects & Bldg. Supplies	\$3,498	\$8,915	\$5,280	\$6,362	\$2,300
<b>Maintenance Total</b>	<b>\$74,867</b>	<b>\$69,613</b>	<b>\$130,123</b>	<b>\$69,479</b>	<b>\$79,450</b>
Operational / Administrative	\$2,376	\$2,281	\$2,686	\$2,874	\$3,525
Professional / Specialized Services*	\$21,900	\$23,696	\$30,467	\$30,268	\$26,000
Accounting Services	-	\$5,000	-	\$8,000	-
Legal Services	\$10,143	\$3,189	\$5,391	\$10,212	\$8,000
Rent: Bldgs. & Equipment	\$2,440	\$3,198	\$2,232	\$4,608	\$4,300
Director Services	\$3,300	\$3,375	\$3,825	\$4,950	\$5,250
Utilities	\$30,077	\$30,544	\$28,209	\$27,982	\$26,000
Special Projects:	\$385	\$1,097	\$471	\$928	\$11,500
Buildings & Improvements			-	-	\$251,500**
<b>Total Expenditures</b>	<b>\$148,863</b>	<b>\$145,157</b>	<b>\$206,492</b>	<b>\$162,450</b>	<b>\$418,975</b>
<b>Net Revenue (Deficit)</b>	<b>\$(7,691)</b>	<b>\$426</b>	<b>\$(56,239)</b>	<b>\$204,169</b>	<b>\$(215,954)</b>

<b>Fund Balance:</b> <i>(Excludes Capital Assets)</i> <b>\$278,998</b> <b>June 30, 2013</b>	<b>\$271,307</b> <b>June 30,</b> <b>2014</b>	<b>\$271,732</b> <b>June 30,</b> <b>2015</b>	<b>\$215,493</b> <b>June 30,</b> <b>2016</b>	<b>\$419,662</b> <b>June 30,</b> <b>2017</b>	<b>\$203,708</b> <b>June 30,</b> <b>2018</b> <i>(Estimated)</i>
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\* Includes all staff, which are contract employees

\*\* Includes improvements to Berkshire and Stonebriar Parks which have not yet been completed.

**Revenues**

Community services districts in El Dorado County typically rely upon property taxes, special assessments and/or special taxes, and volunteers to provide roadway maintenance services. RHCS D is financed primarily through property taxes and a voter-approved special assessment, which are relatively stable sources of income. District-wide, properties are currently assessed \$200 per parcel, annually.

Property Taxes

RHCS D receives an increment of 6.3051% of the property taxes collected from each parcel within the District. Ad-valorem property taxes are calculated and collected by the County and transferred to the District. Property tax revenue can fluctuate slightly from year to year as the result of normal changes in property taxes. The number of assessed parcels within RHCS D increased in FY 2017-18, as a result of the newly constructed Sierramonte Subdivision. There were 349 assessed parcels within RHCS D in FY 2016-17; the Sierramonte development brought the number of assessed parcels within the District up to 405.

Special Assessments

Special districts have the option to levy additional assessments or special taxes upon the parcels within their boundaries, subject to voter approval. Properties within RHCS D are assessed \$200 annually for the purposes of maintaining and improving community infrastructure and for other lawful purposes of the District. This assessment rate has been in place since it was approved by voters in 1987.

In 2003, an engineering report recommended that the District raise its annual assessments to \$350 with an annual escalation clause. There was concern the current assessment would not keep pace with the maintenance required for upkeep of the infrastructure, the most crucial and costly item being the roads. The Board has made previous attempts to raise assessments in the past; however, those attempts were rejected by voters. The District intends to put another measure for raising assessments on the ballot again in the future. RHCS D plans to conduct a fee study in the near future for an updated cost analysis for services. Similar to property tax revenue, the increase to 405 assessed parcels recently increased the amount RHCS D can expect to receive from assessment revenue.

Sierramonte Quimby Act and Development Impact Fees

In addition to receiving the annual \$200 assessment from each of the newly created parcels, beginning in FY 2017-18, RHCS D also received additional revenue from the newly developed Sierramonte neighborhood, in the form of Quimby Act fees and development impact fees in FY 2016-17 and 2017-18.

Quimby Act fees are calculated by a statutory formula which allows developers to pay equivalent in-lieu fees rather than providing additional parkland. It is assumed that the Sierramonte residents would utilize the existing parks within RHCS D; the Quimby Act fees are designed to require developers to help mitigate the impacts of new development.

RHCS D negotiated a \$215,000 impact fee to be paid to the District by the developer, based on the estimated cost to construct a small neighborhood park in the Sierramonte neighborhood. This fee is intended to mitigate the impact to park facilities in the RHCS D by improving and maintaining the existing park and recreational facilities.

### **Expenditures**

District expenses are largely service-related, accounting for 40-60% of the annual budget. Other large expenses include utilities and part-time staffing costs. Facility maintenance expenditures are also the least fixed of all District expenses. While employee costs, operational costs, and professional costs are all relatively stable from year to year, annual expenditures can vary significantly due to changes in the amounts spent on road, park and other facility maintenance.

RHCS D's end of year fund balance fluctuates, due to the fact that some years the District has higher maintenance expenses, particularly for parks and roads. Typically, the District accumulates funds annually and expends accumulated funds for infrastructure maintenance and improvements in varying amounts every few years, as needed.

The District appears to be financially stable and is able to recover from periodic large infrastructure and facilities expenditures. RHCS D does not have outstanding debts. The District's budget is balanced and audited financial statements generally concur with the budget.

### **Cost Avoidance Opportunities**

RHCS D appears to be utilizing a sufficient range of cost avoidance opportunities; including bidding of contracted services and utilizing contract services to reduce costs, utilizing volunteers for some minor maintenance, and pooling of insurance funds.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are circulated, depending on the need and the availability of funds, approximately every few years. The competitive bid process allows the District to select the lowest cost qualified contractor to provide services; however, the potential savings are often directly related to the number of responses; a shortage of responses reduces the pool of qualified contractors to choose from.

RHCS D is a member of the California Special Districts Association, which provides insurance services through the Special District Risk Management Authority, a joint powers agreement among 200 special districts and other agencies. This form of pooled insurance allows the District to reduce insurance costs for the District.

The District has also expressed an interest in pursuing grant funding to finance various improvements to park facilities, and created a committee to look into potential sources of grant funding that the District may be eligible to apply for. If the District is successful in receiving grant funding, this will help further in avoiding costs.

No additional cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

**Financing Constraints and Opportunities**

The District has been able to achieve a balanced budget by limiting some maintenance and repair work to high priority areas. Property taxes and the District-wide special assessment appear to be currently adequate for high priority maintenance and repairs; however, additional funding is necessary for lower priority deferred roadway maintenance and repairs on all roadways.

Additional financing opportunities include increasing the property assessments under Proposition 218, which requires a two-thirds voter approval in order to increase assessments. RHCS D has attempted several times to increase the special assessment amount from the current \$200, but the increase was not approved by voters. No additional financing opportunities have been identified.

**5. 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.*

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations.

RHCS D contracts out roadway maintenance services. The District does not own any equipment and does not share any facilities with other service providers. RHCS D is not within close proximity to any other local entity that provides similar (road maintenance) services; therefore, no significant opportunities for shared road maintenance facilities have been identified.

The District is surrounded on three sides by the El Dorado Hills Community Services District, which also provides park and recreation services, but it does not provide road and road maintenance services. While there may be opportunities for sharing facilities with this District, none have been specifically identified as part of this MSR.



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

*Purpose: To consider Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers; an evaluation of management efficiencies; and local accountability and governance.*

Information in this section addresses the following factors in LAFCO Policy 4.4:

- An analysis of the effects of a proposed sphere of influence on other agencies and their service capabilities.

**Administration and Management**

**Board of Directors**

RHCSD is an independent special district, governed by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board of Directors is composed of five members, required to live within District boundaries, elected by the registered voters within the District to four-year staggered terms. Board elections are held every two years, with two or three terms expiring at the same time. Board members are paid \$75 per regular meeting. The District has stated in the past that there is a low level of interest among residents to serve on the board, which may affect the District's ability to operate if the board is unable to meet a quorum.

District board meetings are regularly held on the third Tuesday of each month at 7:00 pm in the meeting room at the Holiday Inn Express, located at 4360 Town Center Drive, in El Dorado Hills. Meeting notices and agendas are posted on the District website and on District bulletin boards in the Stonebriar and Berkshire Parks, at least 72 hours prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies, allowing adequate opportunities for public involvement and input at meetings. The board creates policy by adopting resolutions or ordinances through duly noticed public hearings.

**Personnel and Staffing**

Per District policy, the Board has determined not to hire "employees" of the District, but rather utilizes contracted services to perform the services of General Manager and Board Secretary to foster an efficient and cost-effective means of conducting its operations. As independent contractors to the District, the General Manager and Secretary submit monthly invoices to the Board President and Vice President for approval for payment of their services.

The General Manager is responsible for implementing the policies established by the board and is directly responsible to the board. The General Manager administers the District and has exclusive management and control of the operations and works of the District, subject to approval by the Board of Directors, and provides day-to-day leadership for the District. The Secretary serves under the supervision of the General Manager and handles administrative details of the District, such as correspondence, preparation of agendas and meeting minutes.

The District contracts for roadway maintenance, street lighting and landscaping, weed abatement, and drainage services when necessary directly through the board of directors. Current staffing levels appear to be adequate for the services provided.

### **Volunteers / District Outreach**

One of the District's board members and other volunteers privately maintain an email listserv and the District's website at [www.rollinghillscsd.org](http://www.rollinghillscsd.org), as a benefit to residents within the District. The website and listserv are not controlled by the District or the board, and are not funded by the District. These both help to inform the District's residents about the District and services provided.

The District also has a volunteer sign-up page on their website, for residents who are interested in volunteering their time for various projects and work parties.

RHCSD organizes a Community Volunteer Day, partnering with a local church to work together on community projects using volunteer labor. Typical projects have included maintenance and improvements to park facilities, planting trees and garbage cleanup. The District notices the event on its website and handles the registration and distribution of jobs on the day of the event. The District also utilizes volunteers occasionally for irregular road maintenance, but typically contracts for services when necessary.

### **Committees of the Board**

District policies allow for the Board to appoint members to a Park Committee and a Communications Committee, both of which are standing committees of the Board. The Park Committee is concerned with the development of parks and public landscaping and open space. The Board's Communication Committee is concerned with assuring that information regarding the affairs of the District is adequately and appropriately communicated to its constituents and the public at large.

### **Governmental Structure**

RHCSD appears to operate sufficiently under its existing structure; the current governmental structure is appropriate to provide adequate services, and the management structure of the District is suitable to perform necessary services and maintain operation in an efficient and effective manner.

RHCSD is the only agency providing roadway maintenance services within its jurisdictional boundary and, other than the County, no other public entity providing similar services is in close proximity. The El Dorado Hills CSD, which partially surrounds RHCSD, provides parks and recreation services, but it does not provide roadway maintenance services. Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

**7. The potential effect of agency services on agricultural and open space lands.**

*Purpose: To determine the extent in which the provision of services by the agency, or its potential expansion of services, impact agriculture and open space, both on lands within the agency or surrounding it.*

Information in this section addresses the following factors in LAFCO Policy 4.4:

- Potential effects on agricultural and open space lands.

Rolling Hills CSD is surrounded by existing residential development or areas designated for residential development. Additionally, the District is located within the El Dorado Hills Community Region. It is unlikely that RHCS D's services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand, so there should be no additional impacts to the economic viability of surrounding agricultural operations.

## **IV SOI DETERMINATIONS**

In determining the sphere of influence for each local agency, Government Code §56425(e) requires the Commission to consider and prepare a written statement of determinations with respect to four factors, which are listed in Appendix A. Staff recommends the following determinations for amending the sphere for the Rolling Hills Community Services District:

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

Present land uses within the District include high and medium density residential and open space; there are no designated agricultural lands within the District. Planned land uses are anticipated to remain the same as current land uses. The District recently experienced an increase in population growth due to the development of the Sierramonte Subdivision; few other vacant residential parcels are available to be developed in the near future.

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

Present needs for public roadway and recreational facilities and services are currently being met. Probable needs for future roadway services are not anticipated to vary significantly from present needs, as future demands are expected to remain the same. The Springfield Meadows, Stonebriar, and Shadow Hills Estates subdivisions are predominantly built-out to their maximum potential, and the gated Sierramonte roadways are privately owned and maintained. Probable needs for park facilities are expected to increase with the additional Sierramonte residents, but development fees and Quimby in-lieu parkland fees should mitigate the impact to the District's parks. Improvements are planned for Berkshire Park and, to a lesser extent, Stonebriar Park; the District did not indicate the need for additional public facilities. No additional needs for public facilities would be created by affirming the District's current SOI.

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

The present capacity and condition of public facilities provided by the District appears to be sufficient to serve the existing community, based on the level of service expected by District residents.

**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.**

Nearby communities include the unincorporated El Dorado Hills community. RHCSD is partially surrounded by the El Dorado Hills Community Services District's boundaries and is wholly included within the El Dorado Hills Community Region.

5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

While Rolling Hills CSD does not provide any municipal services as defined in Government Code 56425(e)(5), LAFCO has not identified any disadvantaged communities within or nearby the District's service area boundaries or its sphere of influence.

### **Sphere of Influence Conclusions and Recommendations**

The District's service area has not changed since its creation, nor has its sphere of influence, which is concurrent with the District's boundaries. The RHCSO SOI was last updated in 2008.

Rolling Hills CSD has been previously reviewed by El Dorado LAFCO three times since 2000, as Springfield Meadows CSD: The *2004 West County Parks and Recreation Services MSR*, the *2007 Streets and Highway Services MSR*, and the *2008 General Government Services I MSR* are available for review on El Dorado LAFCO's website ([www.edlafco.us](http://www.edlafco.us)). These MSRs found that while the District was providing adequate service within its existing boundaries, District resources, infrastructure and financing would not support further expansion. The CSD Board has not expressed any interest in altering the sphere of influence to expand the service area.

Based upon the information contained in this report, it is recommended that no changes be made to the Rolling Hills Community Services District sphere of influence at this time and that the Commission reaffirm the current SOI, which is concurrent with its service area boundaries, as depicted in **Map 1**.

## **V ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA, Public Resources Code §21000 et seq.) requires public agencies to evaluate the potential environmental effects of their actions. OPR's Service Review Guidelines Chapter 7, *Integrating Municipal Service Reviews with the California Environmental Quality Act*, advises that "no two municipal service reviews will be exactly alike and each needs to be evaluated on its specific merits and characteristics." The environmental review for El Dorado LAFCO's service review of Rolling Hills Community Services District is specific to this study and may differ from the environmental review of other service reviews and other LAFCOs.

Service reviews are intended to support sphere of influence updates, including the creation and amendment of SOI boundaries, as well as other government reorganization proposals. Such activities could influence future growth patterns, and as such are considered discretionary projects under CEQA. LAFCO has the principal responsibility for carrying out and approving this service review and therefore the principal responsibility for preparing CEQA documents as lead agency.

### **Exemption**

This service review and accompanying sphere of influence determinations qualify for a statutory exemption as outlined in Public Resources Code §15061(b)(3). These activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. 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. The MSR and sphere of influence update have no possibility for causing a significant effect on the environment. Any future projects that make use of this service review and the information contained herein will be subject to separate environmental review under CEQA.

## **VI REFERENCES AND SOURCES**

### **General Background Information:**

2004 El Dorado County General Plan: A Plan for Managed Growth and Open Roads; a Plan for Quality Neighborhoods and Traffic Relief, adopted July 2004

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, prepared by Assembly Committee on Local Government, last updated November 2008

Local Agency Formation Commission Municipal Service Review Guidelines, Governor's Office of Planning and Research, August 2003

LAFCO Procedures Guide, 2006 Edition, San Diego County LAFCO

### **Governing and Defining Legislation:**

Government Code, Division 3 (Community Services District Act)

### **Rolling Hills Community Services District:**

2004 West County Parks, Recreation, and Open Space Municipal Services Review, adopted July 2004

2007 General Government Services I Municipal Services Review, prepared by Pacific Municipal Consultants (PMC) for the El Dorado Local Agency Formation Commission, adopted February 2008

2007 Streets and Highways Municipal Services Review, prepared by Pacific Municipal Consultants (PMC) for the El Dorado Local Agency Formation Commission, adopted December 2007

Correspondence and personal communication with Chaney Hicks, RHCS D General Manager, June-August 2018

County of El Dorado, Independent Special Districts Fiscal Budgets, Rolling Hills Community Services District Budget Actuals, Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and Estimated 2017-18

RHCS D Policies and Procedures, last updated February 28, 2018

Rolling Hills Community Services District Annual Adopted Budgets, Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, 2017-18

Rolling Hills Community Services District website, [rollinghillscsd.org](http://rollinghillscsd.org)

Vaughn Johnson, Independent Auditor's Report – Fiscal Years 2013-14, 2014-15, and 2015-16, July 27, 2017

William Lyon Homes Report, Springfield Meadows CSD Facilities Maintenance Programs, May 28, 2003

## VII **APPENDICES**

### **A. Appendix I: Background on MSR/SOI**

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of the Rolling Hills Community Services District, along with a subsequent update to its sphere of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing services provided by the District and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

As part of the inaugural cycle of municipal service reviews (2001-2008), the Rolling Hills Community Services District was included in three reports: the *2004 West County Parks and Recreation Services MSR*; the *2007 Streets and Highway Services MSR*; and the *2008 General Government Services I MSR*. For the second and third cycles, LAFCO is utilizing a different approach: Each public agency under LAFCO jurisdiction which provides public services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which provide similar services, please refer to the previous reports.

#### **Background**

##### *Legislative Framework*

In 1997, the State Legislature established the Commission on Local Governance for the 21<sup>st</sup> Century (CLG). The CLG was tasked with assessing governance issues and making recommendations, directing special attention to the Cortese-Knox Local Government Reorganization Act of 1985, the then-57 Local Agency Formation Commissions governed by the Act and citizen participation in local government. CLG members included a broad spectrum of constituent groups and perspectives including counties, cities, special districts, educators, industry and elected officials.

The CLG determined that LAFCOs needed more specific information in order to make informed decisions on projects that came before them. It was recommended that LAFCOs be required to collect and review the information necessary to guide decisions before specific proposals were made. The CLG concluded that this information was necessary for LAFCOs to encourage orderly growth and to provide planned, well-ordered, efficient urban development patterns and to advantageously provide for the present and future needs of each



county and its communities. Specifically, the CLG recommended that information on public service capacity and issues be gathered through periodic service reviews. These service reviews would ultimately constitute a statewide body of knowledge that could be used to resolve California's growth-related public service issues. Based on these recommendations, the State Legislature enacted Government Code §56430 as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), which became effective on January 1, 2001.

Section 56430 of the CKH Act, in part, and as amended effective January 1, 2012, states as follows:

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
  - (1) Growth and population projections for the affected area.
  - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
  - (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
  - (4) Financial ability of agencies to provide services.
  - (5) Status of, and opportunities for, shared facilities.
  - (6) Accountability for community service needs, including governmental structure and operational efficiencies.
  - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.
- (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe

Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.

- (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
- (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

In addition, several sections of CKH empower LAFCOs to obtain information for service reviews:

- Section 56378 authorizes LAFCOs to initiate and make studies of existing governmental agencies. “In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments. (Those agencies) shall comply with the request of the commission for that information...”
- Section 56846 states, “Every officer of any affected county, affected city, or affected district shall make available to a reorganization committee any records, reports, maps, data, or other documents which in any way affect or pertain to the committee’s study, report, and recommendation and shall confer with the committee concerning the problems and affairs of the county, city, or district.”
- Section 56844 authorizes the Commission to undertake a study or report in place of a reorganization committee, thereby transferring those access rights.

### Relationship Between Spheres of Influence and Service Reviews

The CKH Act requires LAFCOs to develop and determine the sphere of influence (SOI) for each applicable local governmental agency that provides services or facilities related to development. Government Code §56076 defines a SOI as “a plan for the probable physical boundaries and service area of a local agency.” Service reviews must be completed prior to the establishment or update of SOIs (§56430(a)). Spheres of influence must be reviewed and updated, as necessary,

not less than once every five years (§56425). El Dorado LAFCO's policies already contain the update requirement (Policy 4.2).

The information and determinations contained in a municipal service review are intended to guide and inform SOI decisions. Service reviews enable LAFCO to determine SOI boundaries and to establish the most efficient service provider for areas needing new service. They also function as the basis for other government reorganizations. Section 56430, as noted above, states that LAFCO can conduct these reviews "before, in conjunction with, but no later than the time it is considering an action to establish a SOI."

In addition to the factors in Government Code §§56425 and 56430, the Commission's Policies and Guidelines Section 4.4 require that it make the following determinations prior to establishing a sphere of influence:

- (1) The service capacity, level and types of services currently provided by the agency and the areas where these services are provided.
- (2) Financial capabilities and costs of service.
- (3) Topographic factors and social and economic interdependencies.
- (4) Existing and planned land uses, land use plans and policies; consistency with county and city general plans and projected growth in the affected area.
- (5) Potential effects on agricultural and open space lands.
- (6) A description of the services that will be provided to any areas which may be added to the sphere and the timing and method for funding expansion of facilities or services.
- (7) An analysis of the effects a proposed sphere of influence on other agencies and their service capabilities.

#### Service Review Guidelines

The Governor's Office of Planning and Research (OPR) was directed by statute (§56430) to prepare guidelines to assist LAFCOs in complying with the new service review requirements. In that regard, the final *Local Agency Formation Commission Municipal Service Review Guidelines* was released in August 2003. OPR's intent in developing these guidelines was "to provide a structure to assist LAFCOs to carry out their statutory responsibility of promoting orderly growth and development, preserving the state's finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all California residents in the most cost effective and efficient manner." These guidelines were utilized in the preparation of this service review document.

The guidelines identify several possible goals and objectives for municipal service reviews to be achieved through written determinations in the seven required areas. These goals and objectives are as follows:

- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing

affordability and preservation of open space, important agricultural land and finite natural resources.

- Encourage infill development and direct growth to areas planned for growth in general plans.
- Learn about service issues and needs.
- Plan for provision of high quality infrastructure needed to support healthy growth.
- Provide tools to support regional perspectives or planning that address regional, cross-county or statewide issues and processes.
- Develop a structure for dialogue among agencies that provide services.
- Develop a support network for smaller or ill-funded districts that provide valuable services.
- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them.
- Develop strategies to avoid unnecessary costs, eliminate waste and improve public service provision.
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs.
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

The guidelines emphasize that “LAFCOs may need to modify these recommendations to reflect local conditions, circumstances and types of services that are being reviewed.” To that end, El Dorado LAFCO also utilized its own set of policies for service reviews (Policy 5 et seq.), which incorporate the goals and objectives listed above.

Determinations for Amending the Sphere for an Agency per Government Code §56425:

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

## **B. Appendix II: Background on Disadvantaged Unincorporated Communities**

Senate Bill 244, which became effective on July 1, 2012, is the State Legislature's attempt to address the issue of poor fringe communities lacking in basic municipal services, despite their proximity to cities and other local agencies providing those services. Among other things, SB 244 was written to assist disadvantaged communities that have been traditionally unserved or underserved. The statute now requires an MSR to 1) identify said communities, and 2) document deficiencies in service related to basic public services, such as domestic water, sanitary sewers, paved streets, storm drains, and street lights. Beyond the MSR process, the bill also encourages local agencies to bring services to the disadvantaged communities up to the same standard as surrounding communities.

SB 244 focuses on "disadvantaged *unincorporated* communities" (DUCs) and its overall intent is to bring services up to the same standards as other communities by incorporating them (annexing them into a city). That approach is faulty as it applies to El Dorado County for two reasons. First, there are only two cities in El Dorado County and neither is in a financial or geographical position to extend services to all DUCs in the county. Second, in this county it is special districts that provide a significant amount of municipal services, not cities. For these reasons, this MSR will focus on "disadvantaged communities" (DACs), regardless of their location inside or outside a city.

"Disadvantaged communities" are defined as inhabited territory with 12 or more registered voters that constitutes all or a portion of a "disadvantaged community," which is defined in the Water Code to be "a community with an annual median household income that is less than 80 percent of the statewide annual median household income."

A census tract is a geographic area defined by the United States Census Bureau and used for the census. The geographic size of census tracts varies widely depending on the density of population; a census tract typically has around 4,000 residents, but can range from 1,200 to 8,000. Census tracts are further divided into census block groups, generally defined to contain between 600 and 3,000 people, and then finally census blocks for understanding locations in at a community level. Data for this report was collected from the 2012-2016 American Community Survey 5-Year Estimates, at the census block group level.

### **C. Appendix III: Environmental Justice**

State law defines environmental justice as “the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies” (Government Code §65040.12(e)). OPR explains that “as the primary agency with responsibility for approving changes in boundaries, LAFCOs play an important role in coordinating growth and ensuring that proposed changes are consistent with environmental justice obligations.” Changes of organization must be consistent with spheres of influence, and the information contained in this service review will guide future updates to agency spheres of influence.

OPR identifies several uses for data obtained in the service review process:

1. Improving the community participation process.
2. Identifying low-income/minority neighborhoods under-served by public facilities and services that enhance the quality of life.
3. Considering the equitable distribution of public facilities and services.
4. Considering infrastructure and housing needs.
5. Identifying low-income/minority neighborhoods where facilities and uses that pose a significant hazard to human health and safety may be over-concentrated.
6. Screening of issues for potential environmental justice implications.

Consideration of the issues listed above will assist LAFCO and other public agencies in identifying, preventing, and reversing historical problems of procedural and geographic inequity. In undertaking this service review and making the seven determinations, LAFCO used an open public participation process to screen for and identify environmental justice issues.

Demographic data for the study area is limited and generally does not clearly distinguish between population groups of different races, cultures, and incomes. Demographic data for the study area is limited and generally does not clearly distinguish between population groups of different races, cultures, and incomes. U.S. Census area boundaries do not correspond directly to the Rolling Hills CSD boundaries, but the data provides a demographic framework for the evaluation of environmental justice issues. The most recent data available, from the 2012-2016 American Community Survey 5-Year Estimates shows the following racial populations in the census communities:

**Census Block Group 2 of Tract 307.04 Population by Race**

Area	Total	RACE							Hispanic or Latino (Of Any Race)
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	
Census Block Group 2 of Tract 307.04, El Dorado County	2,968	1,909 (64.3%)	291 (9.8%)	0 (0.0%)	261 (8.8%)	0 (0.0%)	98 (3.3%)	137 (4.6%)	272 (9.2%)

Source: 2012-2016 American Community Survey 5-Year Estimates

Percentages may not add due to rounding

The demographic data from the census suggests that the unincorporated county is relatively homogenous with low numbers of racial or ethnic minorities counted. Income data available from the census does not suggest that there are low income population concentrations in the countywide study area. While service levels vary greatly within the county, no specific ethnic or economic neighborhoods could be identified by LAFCO staff that are underserved by public facilities. Infrastructure and housing distribution is relatively even throughout the developed areas of the county with much lower levels of infrastructure and housing in the more outlying communities. No low income/minority neighborhoods were identified where facilities and uses pose a significant hazard to human health and safety.

Data is also available from the California Department of Education regarding ethnicity of student populations within school districts and individual schools. These statistics are based on school attendance areas and school districts. The community of Rolling Hills CSD is within the William Brooks Elementary School attendance zone of the Buckeye Union School District. For the William Brooks Elementary School in the (2017-18) academic year, whites comprise the largest racial group with approximately 66% of the student population; the largest ethnic minority populations are Hispanic/Latino with just below 15% of the student population, followed by Asian with just under 10% of the student population. This demographic data somewhat matches the data from the Census, which suggests that this unincorporated portion of county is relatively homogenous with low numbers of racial or ethnic minorities counted.

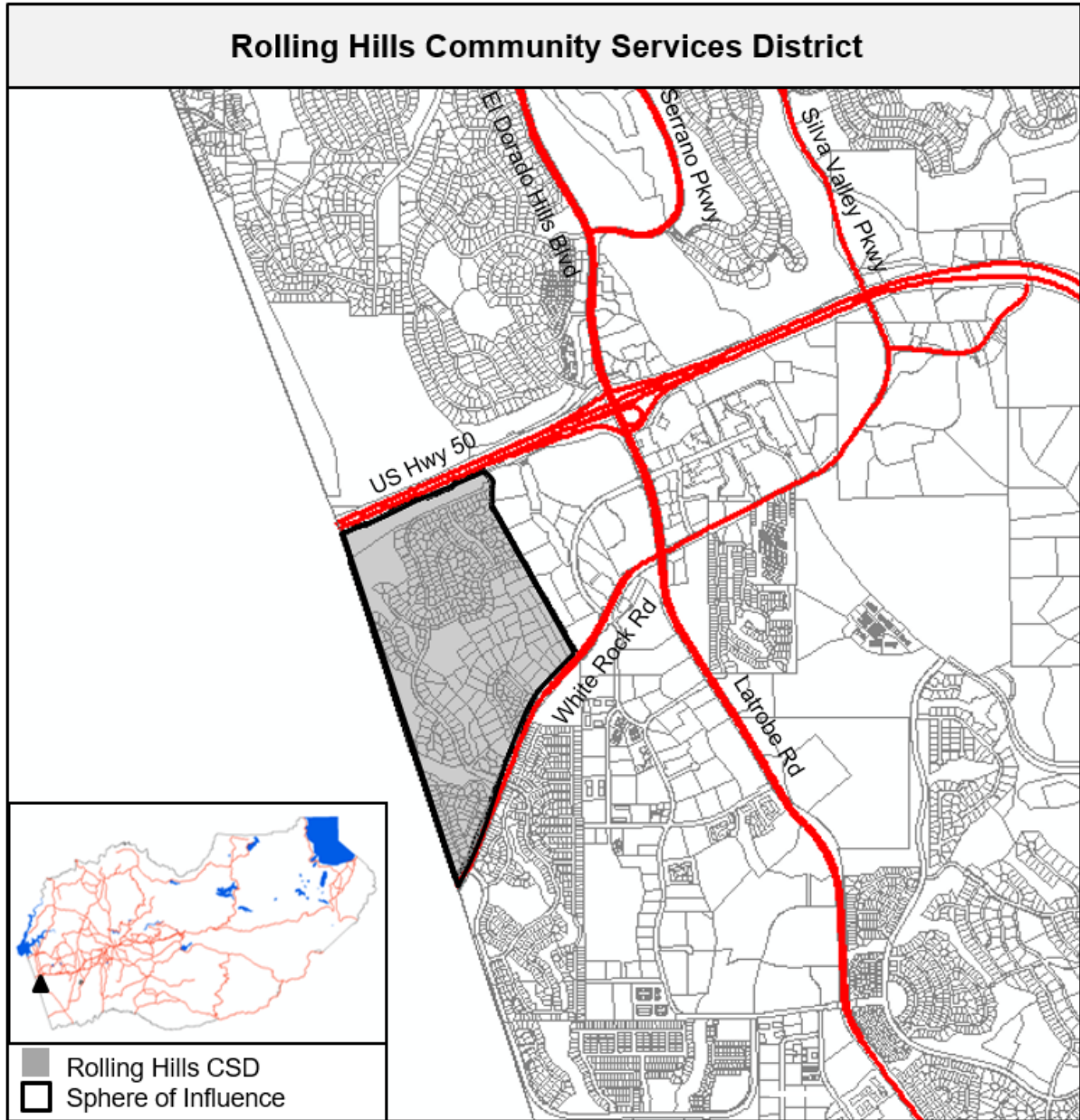
Income data available from the 2012-2016 American Community Survey 5-Year Estimates indicates the median household income in Block Group 2 of Tract 307.04 is \$95,125, which is higher than the statewide median household income of \$63,783. Income data available from the census does not suggest that there are low income population concentrations in the countywide study area. While service levels vary greatly within the county, no specific ethnic or economic neighborhoods could be identified by LAFCO staff that are underserved by public facilities. Infrastructure and housing distribution is relatively even throughout the developed areas of the county with much lower levels of infrastructure and housing in the more outlying communities. LAFCO has not found any specific ethnic or economic neighborhoods that are underserved by Rolling Hills CSD.

Finally, the 2004 County General Plan does not address environmental justice directly. Although the Environmentally Constrained Alternative did contain related land use and housing policies, the 1996 Alternative and the 2004 General Plan do not contain those sections. The 2004 General Plan Housing Element includes Goal HO: "To provide housing that meets the needs of existing and future residents in all income categories." The housing element also discusses the following special needs groups: people with disabilities, seniors, agricultural employees, female heads of households, homeless persons, and large families and households. Consequently, the extent that the County's planning documents address environmental justice is in its discussion of these special needs groups.

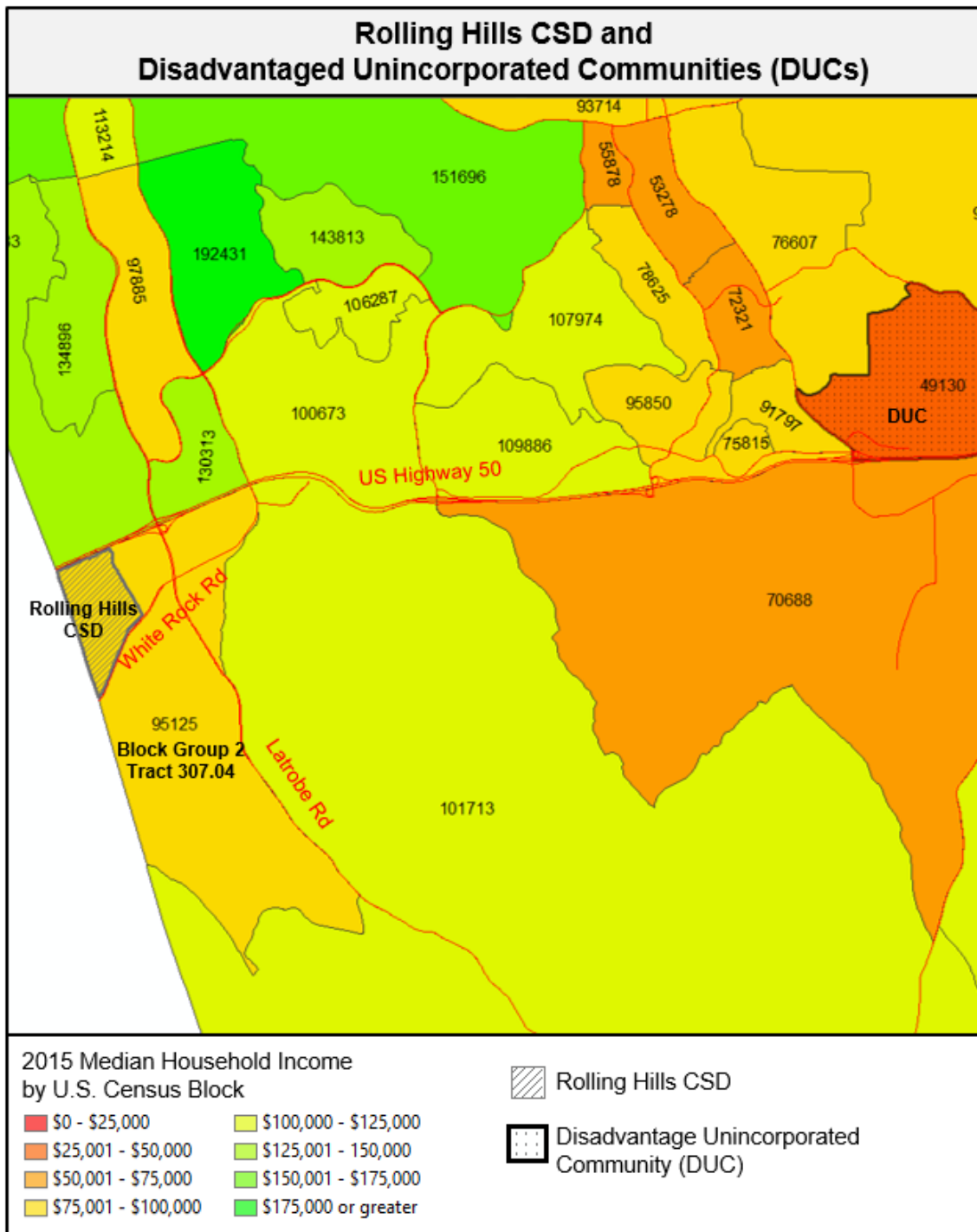


VIII **MAPS**

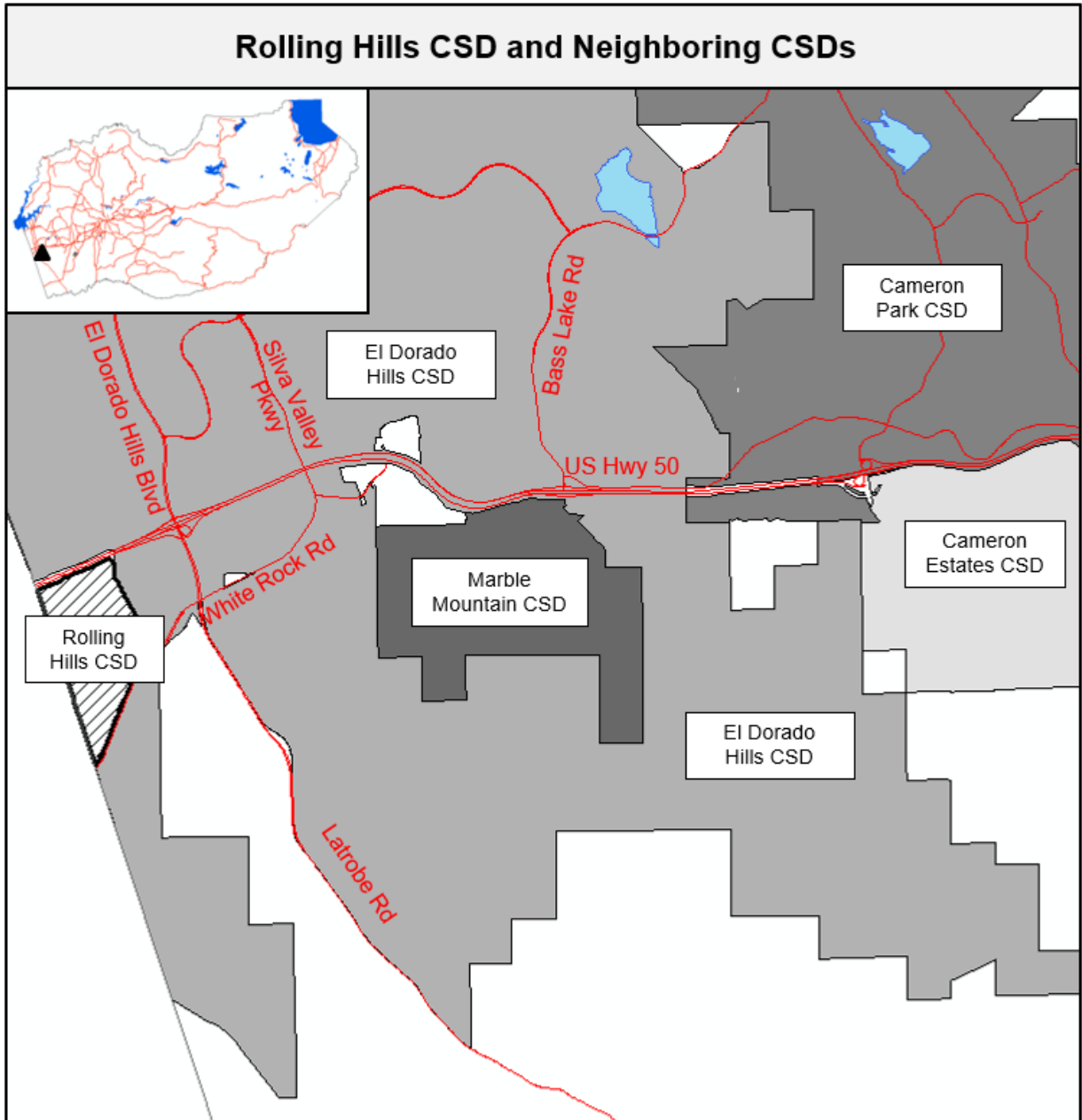
Map 1: **Rolling Hills Community Services District Current and Recommended Sphere of Influence**



Map 2: Rolling Hills Community Services District and Census Tract 307.04



**Map 3: Rolling Hills Community Services District and Surrounding CSDs**



**Map 4: Rolling Hills Community Services District and Buckeye Union School District**

