

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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I **EXECUTIVE SUMMARY**

Background

The District was formed in 1974 to maintain Lakeview Drive and secondary roadways to provide access to residential homes located on approximately 70 parcels within the District's boundaries. The District is located on the west side of South Shingle Springs Road, approximately one mile south of Mother Lode Drive in the Shingle Springs area.

Lakeview Drive, the District's primary roadway, connects to the County-maintained South Shingle Springs Road, and dead-ends near the western edge of the District's service boundaries. Lakeview Drive also connects to two other smaller public roadways, Pressley Lane and West Grannys Lane. There are two smaller roads that provide more direct access to residential homes, Newcomers Lane off Lakeview Drive and East Grannys Lane off Pressley Lane; however, these appear to be private driveways.

Services Provided

Roadway maintenance services are necessary to ensure that roadways remain usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in service demand are expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient. Services provided do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

In addition to road maintenance services, the District is empowered to provide drainage, law enforcement, lighting and landscaping and parks and recreation services, however; the District does not provide any of these other services. Lakeview Community Services District does not have the capacity, capability, finances, staff or infrastructure to provide these services. Additionally, the District does not plan to provide these other services in the near future.

In 2008, El Dorado LAFCO designated drainage, law enforcement, lighting and landscaping and parks and recreation powers as latent powers for Lakeview Community Services District. Latent powers will require a request to LAFCO to be reactivated. This report does not recommend the reactivation of any of the current latent powers.

The District will continue to have roads maintenance service as an active power.

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II AGENCY DESCRIPTION

Lakeview Community Services District

Contact Information

Address: 4025 Newcomers Lane
Shingle Springs, CA 95682

Phone: (530) 391-6702

Website: None

Management Information

Board of Directors:	John Larsen	2015-2019
	Scott Barry	2015-2019
	Vacant	2017-2021
	Adam Hooper	2015-2019
	Jeff Spieth	2017-2021

Board Meetings: Annually and As Needed

Staff: None

Service Information

Principal Act: Community Services District Law, Government Code 61000 et seq.

Empowered Services: Drainage, law enforcement, lighting and landscaping, parks and recreation, roadway maintenance
(at the time of formation)

Services Currently Provided: Roadway maintenance

Latent Powers: Drainage, law enforcement, lighting and landscaping, parks and recreation
(LAFCO approval required)

Area Served: 69 parcels, approximately 189 acres

Population Served: 123 registered voters, estimated population: 150

Major Infrastructure: Roadways

Fiscal Information

Budget: \$22,860 (expenditures, budgeted)

Sources of Funding: Special taxes and property taxes

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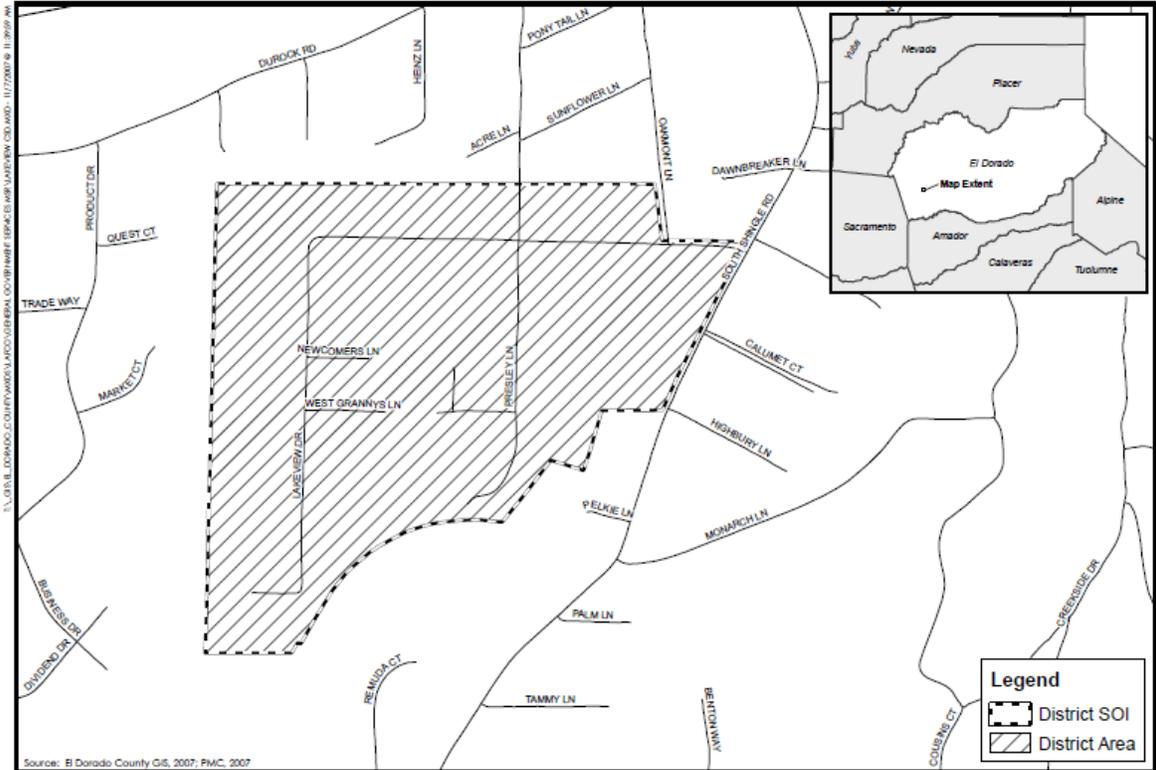


Figure 2.19-1
 Lakeview CSD
 PMC

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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.

<p>1. Growth and population projections for the affected area.</p> <p><i>Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.</i></p>
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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.

Lakeview CSD serves the community of Lakeview, a single subdivision located adjacent to South Shingle Road. Its only active power is road maintenance services. All other authorized services at the time of formation are designated as latent and will not be discussed further in this report. The map on the preceding page and Map 1 of Section VIII show the District's current boundaries and Sphere of Influence. This has not changed since the District was formed in 1974.

The District currently is providing roadway services to 69 parcels within the District's boundaries. It is difficult to determine, but LAFCO staff estimates that between one to three parcels are currently undeveloped with the possibility that two other large parcels can be further subdivided. The reason for the uncertainty is because it is unknown whether that is possible under the current General Plan and zoning. It may also be that those parcels cannot be further divided for environmental or habitat reasons. Any development on these parcels would have a negligible effect to the

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District's population. If they were all developed to the maximum allowed under the County's General Plan, at an average of 2.3 persons per dwelling unit, LVCS D's population would increase by no more than 21 people over an unknown future timeframe.

The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as all but one to three of the parcels have been developed according to the zoning for the area. Current and future land uses are anticipated to remain residential. No significant increase in demand for service is expected that will affect the District's ability to provide services, even if the currently undeveloped parcels were to be built.

The territory surrounding LVCS D currently has five separate designations. To the north and northwest, the designation is Commercial. To the east, it has the same zoning as LVCS D, R1A, medium density residential, one home per acre. To the south, the designation varies by parcel. One is RE-5, medium density residential, one home per five acres. The other is R3A, medium density residential, one home per three acres. To the east and southeast, the zoning is multifamily residential; however, these parcels are currently undeveloped.

In the mid-2000s, the District representatives discussed with LAFCO plans for minor alterations to the service area. The intent would be to change District boundaries to accurately reflect the parcels currently being served by the District's roadways. The District may experience future expansion of their service area or boundaries to include an adjacent subdivision, which is currently accessed by Oakmont Drive, the remainder of Presley Lane, Sunflower Lane, and Pony Tail Lane. There has been no subsequent contact with LAFCO staff beyond that initial meeting. The likelihood of this occurring is unknown.

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.

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, which was \$51,002 as of 2016 (United States Census Bureau, 2016¹).

The Department of Water Resources did not designate the area in or around the Lakeview CSD as belonging to a disadvantaged community. The 2016 Census data show that Lakeview CSD is in Block Group 1 of Census Tract 307.04, with a median household income of \$70,688. In addition, according to City-data.com, the median

¹ The 2017 family income data will be released in September of 2018

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household income for the Lakeview subdivision and surrounding neighborhoods is \$91,625. In either case, it is reasonable to assume that the MHI for the District is well above the median income level for a DUC.

Pursuant to Government Code Section 56430, disadvantaged unincorporated communities also lack water, waste water, and structural fire protection services. LVCSO does not provide any of these services; however, the Lakeview neighborhood is already within the service boundaries of the El Dorado County Fire Protection District and within the service boundaries of the El Dorado Irrigation District (which provides water and waste water services).

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.

Infrastructure

The District's current infrastructure consists entirely of roadways. Lakeview Drive serves as the primary roadway for the District's residents, with Presley Lane and West Grannys Lane serving as secondary roadways. The District does not own any roadway maintenance equipment and utilizes contract services for roadway maintenance services. The District has no plans for major infrastructure and facilities.

The previous MSR stated that the District "also maintains the other public roadways that branch off of Lakeview Drive;" however, it is difficult to determine what other roadways this refers to unless that statement includes Presley Lane. With the exception of Presley Lane, the other roadways that branch off Lakeview Drive are private roads and driveways. East Grannys Lane, Newcomers Lane and Oakmont Drive are specifically labeled as private on roadway signs. It is possible West Grannys Lane and Presley Lanes could also be private but are not labeled as such.

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There are no Countywide standards for roadway repair and maintenance applicable to special districts, thus it is left to each agency to determine the extent of maintenance programs. The adequacy of the District's roadways is generally based on the District's self-assessment, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, service demand and overall roadway operations.

Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction. The District does not have any fixed standards for roadway repair and maintenance. A driving tour by LAFCO staff through Lakeview Drive and Presley Lane showed that the roads are in a fair state, with the end of Lakeview Drive that runs east-west being in the best condition, followed by Presley Lane and the portion of Lakeview Drive that runs north-south being in the worst state of repair of these three segments of road. LAFCO staff did not encounter large potholes, sinkholes, significant road erosion or large portions of unevenly patched road. Large segments of the road were cracked, had no visible drainage culverts and, at times, the road was so narrow that two cars had to move on to the shoulder to pass.

The previous MSR noted that the current level of funding is not sufficient for repaving the roadways. Major roadway repairs are performed approximately every five to ten years on an as needed basis, depending on the current condition of the roadway. Improvements are based on the need for fire safety and the availability of funding. The District's board evaluates the current roadway to determine if repairs or overall maintenance are required. Community members may also provide input and comments. Major repairs and maintenance are typically handled by a private roadway maintenance contractor, while minor issues are handled by volunteers.

The only thing observed that was out of the ordinary was a sign along Lakeview Drive indicating that the roadway is "not County maintained" and that the right to pass is "by permission only." As a publicly dedicated road, the District cannot bar someone from driving on Lakeview. It can regulate movement and circulation through traffic-calming measures (speed bumps or tables, stop signs, posting speed limits), but LVCS D cannot prevent someone from using the road.

Operations

LVCS D operates similarly to other small CSDs in El Dorado County, with a volunteer Board of Directors, the use of contractors for large projects and relying on volunteers for minor maintenance. Currently, there is no designated general manager. Lakeview CSD does not have a public office, paid staff, regular publications, a website, or a public phone line.

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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

Revenue Sources

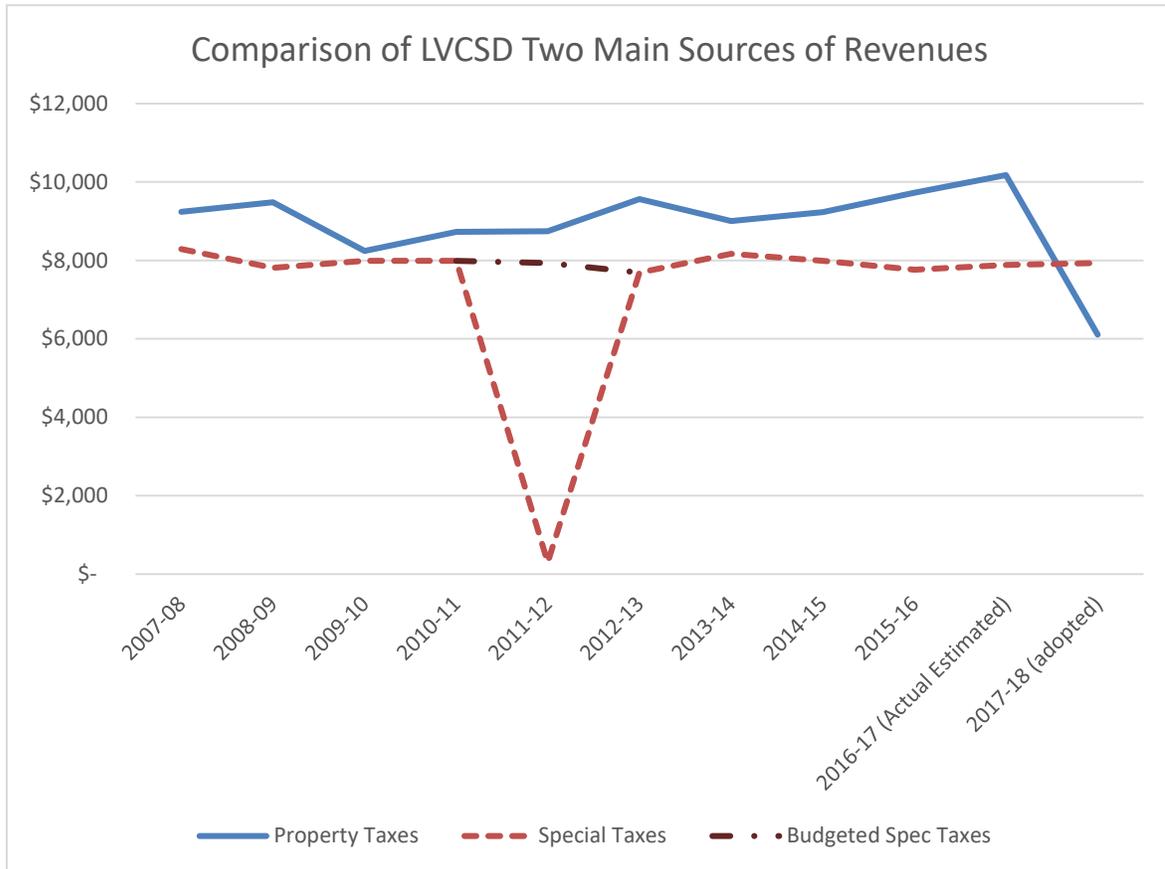
LVCS D's revenue streams include receiving a portion of property taxes and a special tax, the latter approved in 2001. The District is split between two tax rate areas with different allocation percentages for property taxes; therefore, the average percentage of property taxes that go to the District is 10.14595%. District voters approved a special tax of \$120 per parcel in November 2001. According to data from the Auditor-Controller's Office, approximately 67 parcels are assessed the special tax.

In terms of size and importance, it appears that these two revenue sources are roughly equal. In any given year, the collected property tax amounts are somewhere between a few hundred dollars higher to about \$1,000 higher; nevertheless, as it can be seen in the chart below, both revenue streams are relatively stable and the amounts collected by the District do not fluctuate much from year to year.

There is a significant dip in special tax revenue in FY2011-12 as the actual financial data from the Auditor-Controller's Office appear to be incomplete. LAFCO staff is unable to retrieve it or account for it. According to the Auditor's website, just \$300 was collected in "Direct Assessments" for that year. That number cannot be correct since the direct assessment revenues should not be so low. The chart below tries to compensate for the missing data by including the budgeted amount (\$7,930) for that year. While it is a rough substitute, it reinforces the flatness of these revenues.

In addition, please recall that the numbers used for FY2017-18 are budgeted amounts and not actual. The corresponding dip in property tax revenues may simply be a reflection of a conservative budgeting approach taken by the District.

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

Financing Constraints and Opportunities

As indicated above, Lakeview CSD is funded through property and special taxes. No rates are charged and no user fees are collected. The District maintains one primary and two secondary roadways with those funds. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed.

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Table 1: District Revenues, Expenditures and Net Assets in Detail (FY 2013-14 to 2017-18)

	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual Estimated)	2017-18 (Adopted by District)
Revenues – Property Taxes	\$9,005	\$9,234	\$9,728	\$10,177	\$6,108
Revenues – Direct Special taxes	\$8,170	\$7,990	\$7,764	\$7,884	\$7,930
Revenues – Other	\$507	\$574	\$843	\$1,145	\$580
Total Revenues	\$17,682	\$17,798	\$18,335	\$19,206	\$14,618
Expenditures – Road Maintenance	\$0	\$4,200	\$28,050	\$0	\$20,610
Expenditures – Insurance	\$887	\$887	\$887	\$887	\$2,000
Expenditures – Administrative	\$29	\$611	\$100	\$15	\$250
Expenditures – Professional Servs	\$0	\$0	\$5,000	\$0	\$0
Expenditures – Appropriations for Contingencies	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$916	\$5,698	\$34,037	\$902	\$22,860
Net Revenue (Deficit)	\$16,765	\$12,100	(\$15,702)	\$18,305	(\$8,242)
Fund Balance: \$16,741* June 30, June 30, 2013	\$16,764* June 30, 2014	\$12,101* June 30, 2015	(\$15,701)* June 30, 2016	\$18,305* June 30, 2017	(\$8,242)* June 30, 2018

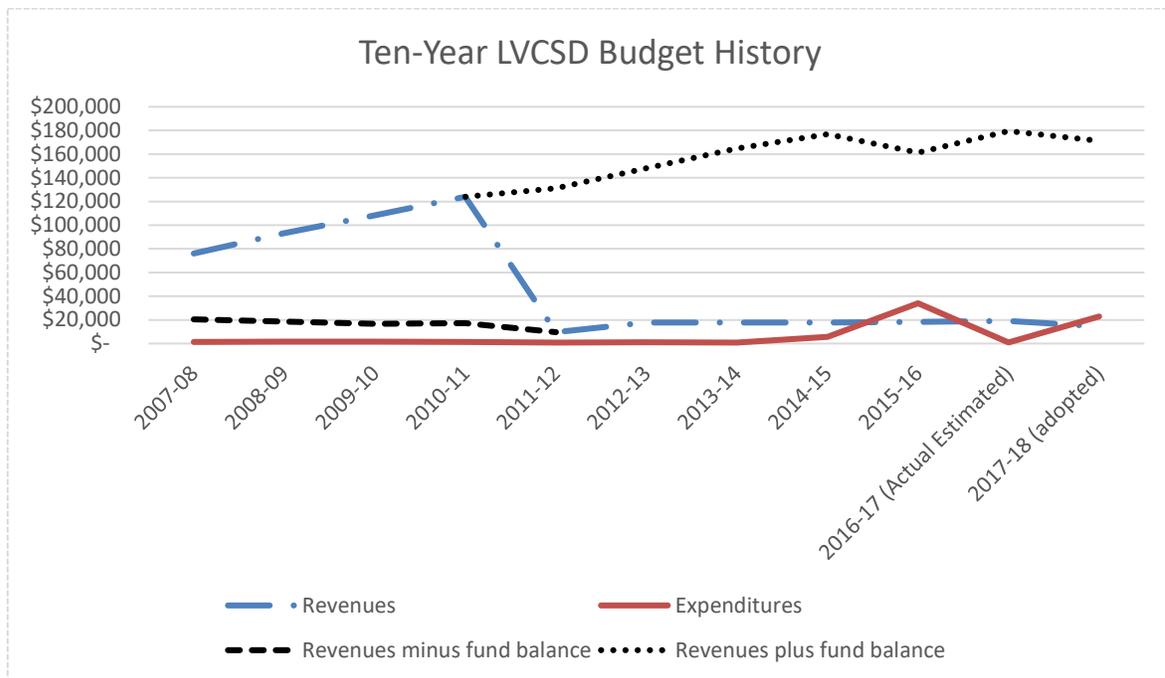
* Approximate amount estimated by LAFCO staff; County Auditor Special District Final Budget Reports no longer include Fund Balance information beyond FY 2010-11.

It should also be noted that the data used to compile the table above come from the Auditor-Controller’s Office. Actual numbers were used in order to reflect the true expenditures used by the District with the exception where actual data has not been compiled yet, such as the 2017-18 Fiscal Year (and to some extent the financial data from FY2016-17).

As it can be seen in the table above, the data suggests that the District’s revenues are not keeping up with its expenditures. The District survives by spending as minimal as possible on a given number of fiscal years and saving up the carryover. This accumulation of funds are then used up periodically. The chart below shows LVCS D’s revenues and expenditures for the last ten years, thereby giving a longer view perspective of this dynamic and illustrating that the revenue streams are no longer adequate for LVCS D’s expenditures.

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Before making this determination, an explanation is needed. Prior to fiscal year 2010-11, the District’s budgets counted the fund balance as a revenue source. This is why the “Revenue” (dash-dot) line is really high between 2007 and 2010. However, the Auditor-Controller’s Office changed how it counted revenues in FY2010-11. The LVCS D budgets after that date no longer contained the fund balance. Revenues meant strictly incoming “new” revenues for that year. That change caused the Revenue line’s “collapse” in that year. However, the depiction of a revenue “collapse” is not really accurate in that fund balances still exist; they’re just not shown in the budgets after FY2010-11. In order to normalize the District’s revenue stream to make an apples-to-apples comparison, LAFCO staff calculated the fund balance (dotted line post-2011) and also removed it from pre-2011 revenues so that the revenue stream was primarily property tax and special tax revenues only (dashed line). These resulted in the following chart. The pattern is clear: the District has accumulated reserves every year to be expended for roadway maintenance periodically when needed.



Strictly looking at a revenue stream composed only of property and special taxes, the revenue stream is essentially flat for the past ten years. The reason why the revenue stream is larger than expenditures is that the District has limited spending to bare essentials (insurance, some administrative expenses) during much of the history depicted here. When the District spends any significant amount on road maintenance, the expenses come in at double the amount of revenue. These costs would be prohibitive if the fund balance was not there. In addition, expenses would be unsustainable if they occurred on a more regular basis.

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Cost Avoidance Opportunities

The only cost avoidance opportunities for Lakeview CSD are the use of a competitive bid process for the maintenance and upgrades of the existing roadway and the use of volunteers. The competitive bid process appears to be effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide continued long-term services. Indirect road maintenance costs have been reduced by the use of volunteers who complete minor road maintenance functions, such as weed abatement along the roadways. No additional significant cost avoidance opportunities were identified that would have resulted in a significant reduction in costs associated with service provision.

Please see Section 5 for a discussion on the possibilities of sharing facilities with nearby districts.

Opportunities for Rate Restructuring

Lakeview CSD does not offer any other services, programs or special events besides maintaining the roadway. The district has no plans for expansion of its existing facilities or the future annexation of new territory.

There has also been no inclination to modify the special tax currently in place. Prior to 2001, the District tried at least once to increase its special tax. Since the voters' adoption of the \$120 per parcel special tax, LAFCO staff was unable to find any recent actions to increase or decrease the amount.

Audit

There is usually a review of an agency's last audit included in this type of report. Unfortunately, the last audit performed for Lakeview Community Services District is the same reviewed in 2007's Streets and Highways MSR. According to the Auditor's Office, the last financial statement review performed for the District is the audit from FY 1993-94 to FY 2001-02. Since there is no new information to review, the analysis conducted by PMC from the previous MSR will be reiterated:

"The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1993-94 to FY 2001-02.... The District's supplementary information shows that the variations in annual expenditures in FY 1999-00 and FY 2001-02 were due to greater amounts spent on road maintenance. This is consistent with the District's stated roadway maintenance on an as-needed basis..... [T]he District's annual revenues are relatively stable over time. There is an increase from year to year which seems to be due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

"The District's net assets include cash and cash equivalents. The District's net assets change from year to year, in part because some years the District

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has higher expenses for roadway maintenance. The District seems able to recover from these periodic large increases in roadway maintenance expenditures, as the District accumulates funds annually. The District expended the accumulated funds for roadway maintenance every few years as needed.

“Of particular note, the audit shows the tax revenues prior to the increase in property assessments from \$60 per parcel to \$120 per parcel. This increased the amount of funding available for the District.

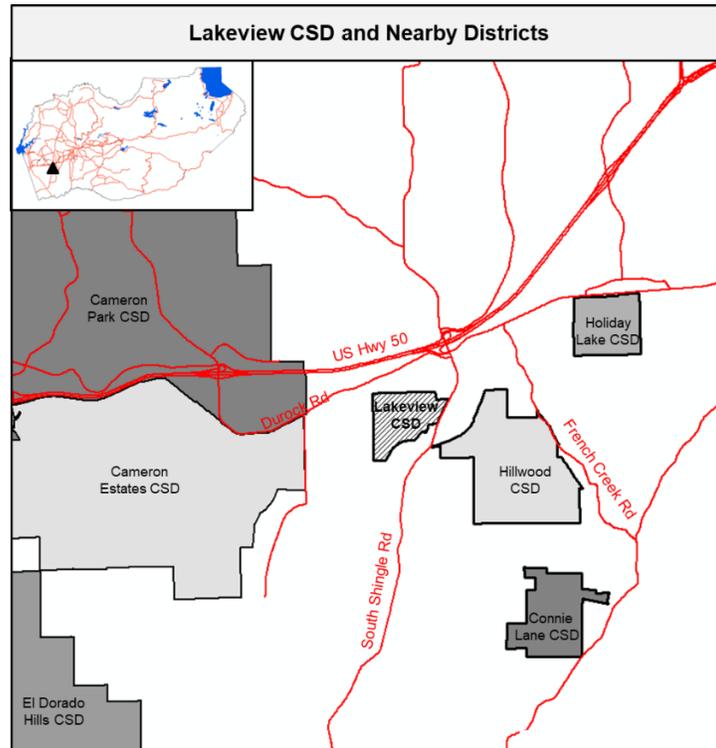
5. Status of, and opportunities for, shared facilities.

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

Lakeview CSD contracts out roadway maintenance and related services to private contractors. The District does not own any facilities and, therefore, does not have an opportunity to share any facilities with another service provider.

LVCSO is in close proximity to at least four other local entities which provide similar services: Hillwood CSD, the Holly Drive Road Maintenance Zone of Benefit (County Service Area 9, Zone 11 - directly south of Hillwood CSD), and Cameron Estates CSD. Connie Lane CSD is approximately two miles southeast of the District. These four entities provide a potential opportunity for shared facilities for the District if it chose to enter into a joint contract with any or all of them. Differences in their respective maintenance schedules, road standards and revenues may pose as obstacles to joint contracting and may require a substantial investment in time to get them synchronized.

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Lakeview CSD is also in close proximity to Cameron Park and Holiday Lake CSD. Since neither of these entities provide road maintenance services, there will be no further discussion on joint services with them.

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.

Board of Directors

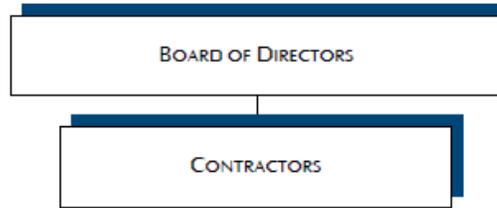
The Lakeview Community Services District is an independent special district with its own independent governing board elected by voters within the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. The District's Board of Directors is composed of five officials who serve for four years, unpaid, in staggered terms. Board members are comprised of registered voters within the District.

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Personnel and Staffing

As stated earlier, the District does not have a general manager appointed, salaried or volunteer, and relies on licensed contractors to perform large and complex projects but relies on volunteers to conduct simple maintenance.

LAKEVIEW CSD ORGANIZATIONAL CHART



Local Accountability

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held annually and on an as-needed basis. Since the meetings are infrequent and the District has no website, it is unknown the level of public involvement and input into the District's operations. However, the District asserts it communicates with residents via mailings and an open forum during board meetings.

The 2007 MSR indicated that the District was unable to provide meeting minutes or board resolutions during their 2002 financial audit. Indeed, the District's financial audit similarly noted that the District did not provide board minutes or board resolutions to support the District's spending.

Should those practices continue, it will be problematic since the District has no office, dedicated staff, website or other visible means by which it can interact with constituents. In the last few years, and in the wake of several local government scandals, the Legislature, the Little Hoover Commission, the Governor's Office of Planning and Research and a host of other public and private entities have been studying local governments. Specifically, the scrutiny on locals' practices has led to more mandates and requirements for greater governmental, operational and financial transparency. In 2017, the Little Hoover Commission recommended more transparency measures to the Legislature, including the requirement that every special district have a website. Also in 2017, Senate Bill 448 (Wieckowski) requires all special districts to file their audits with LAFCO, in addition to the State Controller's Office.

Future Changes in Boundaries?

Over a decade ago, the District has expressed interest in changing the current District boundaries. Most residents within the District appear to be the primary users of the District's roadways, with a few exceptions. The District stated its intention to remove two parcels not served by the District's roadways, and to annex three other parcels which are utilizing the District's roadways. This situation arose after a

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landowner subdivided his property and created two parcels with alternate access into those new properties. Unfortunately, there was inadequate notification during the planning process that would have alerted the District of the situation. However, despite meeting with LAFCO staff about it, no actions have been filed by the District.

Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are generally appropriate for the current services provided and demanded, with the exception of those five parcels.

In addition, the District's future boundaries may include an adjacent subdivision, which is currently served by Oakmont Drive, Paisley Lane, Sunflower Lane, and Pony Tail Lane. Likewise, the District has not followed up with LAFCO on this.

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.

Lakeview CSD is surrounded by existing rural and low-density residential development to the northeast, east and south, multi-family residential to the west and by commercial properties to the north and northwest. Additionally, the District is located in the Shingle Springs Community Region. While the installation of roads can be growth inducing, it is unlikely that LVCSD's services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand and topography and lack of easements prevents Lakeview Drive and Presley Lane from being lengthened any further. There should be no additional impacts to the economic viability of surrounding agricultural operations as a result of LVCSD's activities or actions.

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 Lakeview CSD:

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

Present land uses within the District are all residential, despite the presence of potentially undeveloped parcels within LVCS D's boundaries. Planned land uses are anticipated to remain the same as current land uses. The District is not looking to expand despite prior inquiries approximately ten years ago.

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

Present needs for public facilities and services are currently being met. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain the same.

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

All things being equal, the District appears to have adequate capacity to provide services and facilities.

Based on a conversation had with LAFCO staff over a decade ago, the District may have a "free rider" problem with out-of-district landowners who utilize District roads to access their property. This causes wear and tear on the roads that is not appropriately offset by revenues. In addition, while there are two parcels currently within the District that do not utilize District infrastructure, they will remain in the District since LVCS D has taken no action in the past ten years to correct the situation.

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.

There are no social or economic communities of interest in the area. Nearby communities include the Shingle Springs area.

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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.**

Not applicable to LVCSO since this district does not provide water, wastewater or fire services. While LVCSO does not provide any municipal services as defined in Government Code 56425(e)5, LAFCO has not identified any disadvantaged communities within the District's boundaries or on its sphere of influence.

Service Area and Sphere of Influence

This SOI was last updated on January 30, 2008. Based upon the information contained in this report, it is recommended that the Lakeview CSD sphere of influence be reaffirmed to be concurrent with its service area boundaries as depicted in Map 1 of Section VIII.

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 Lakeview CSD 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 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 Lakeview CSD, 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 road maintenance-related 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.

This review is part of El Dorado LAFCO's Third Cycle of municipal service reviews (2013-2021). For a past review of LVCSO, please refer to the *2007 Streets and Highways Municipal Services Review* and the *General Government Services / Municipal Services Review*, adopted by the Commission in February 2008. Combined, both reports reviewed all of the services Lakeview CSD provides (in addition to other agencies) in the county.

Background

Legislative Framework

In 1997, the State Legislature established the Commission on Local Governance for the 21st 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

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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.

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- (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.

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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

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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.

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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.

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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.

For this report LAFCO relied on data from the following sources:

- GIS layers from the State Department of Water Resources (DWR), based on income data at the Census Block level; and
- Census information compiled by QK (fdba Quad Knopf) and purchased by El Dorado LAFCO. The information is contained in GIS layers that LAFCO can then use to generate maps

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GIS Layers from the State Department of Water Resources

DWR uses American Community Survey data, presumably at the “Census block” level, which is collected at the individual parcel level and is not openly published. A Census block is two levels lower than a Census Tract, the lowest level to have data available to the public. With assistance from the County Surveyor’s Office, LAFCO staff was able to integrate the DWR’s GIS layers with the County GIS system, resulting in a map of DACs identified by DWR. According to DWR, Lakeview CSD service area is not part of an identified DAC, nor are there any DACs in the general area surrounding Lakeview CSD.

QK Compilation

Data compiled by QK is at the block group level. It contains information from the 2010 Census and from the 2015 American Community Survey, which contains a more comprehensive demographic look at some communities, but is limited in that not all households are interviewed by the US Census Bureau. Nevertheless, the information in the ACS is supposed to be statistically representative.

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 County as a whole is limited. Typically analysts rely on Census data, specifically information gleaned from the Census’ American Community Survey since that data tends to be more recent even if the pool or respondents is not as large as the pool for the decennial Census. It must be acknowledged, however, that information from the ACS is at the tract level, which is the smallest level in which ACS information can be aggregated. In a rural county, with a dispersed population and few concentrated communities, this means that tracts cover large geographic areas.

Specific to Lakeview CSD, we can only approximate, as the District boundaries do not conform to any demographic area in the Census. As it can be seen on Map 2 in Section VIII, while LVCSO lies on only one census tract, it is but a portion of a large tract. As a result, Block 1 of Census Tract 308.04 will contain

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demographic data from other neighborhoods and areas outside of Lakeview CSD.

The information summarized in the below from the 2012-16 ACS should not be interpreted as solely representing Lakeview CSD. For comparative purposes, information from the 2012-16 ACS on El Dorado County is also included:

Table 1: Study Area 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	
Block 1 of Census Tract 308.04	2,729	2,505 (92%)	35 (1.3%)	10 (0.3%)	88 (3.2%)	0 (0%)	0 (0%)	91 (3.3%)	203 (7.4%)
Census Tract 308.04	6,255	5,910	73	25	88	0	0	159	476
El Dorado County	183,000	159,165 (86%)	1,784 (1%)	1,494 (1%)	7,596 (4%)	343 (0.2%)	6,204 (3%)	6,414 (4%)	22,868 (13%)

Sources: 2012-2016 American Community Survey by the U.S. Census
 Percentages may not add due to rounding

It can be seen that Whites comprise the largest racial group. Latinos are the second largest ethnic group in Block 1 of Census Tract 308.04. Because “Hispanic/Latino” is considered an ethnic group and not a racial group, it adds an additional wrinkle on the demographics for Block 1/Census Tract 308.04. As it is, Hispanic/Latinos comprise less than 10% of the population of Block 1/Census Tract 308.04. But please note that Hispanics/Latinos can be comprised of other races. According to the Census, there are 2,330 Whites within Block 1/Census Tract 308.04 who are not Hispanic or Latino, dwarfing all racial or ethnic group by a substantial margin.

Unfortunately, in order to drill down further into poverty demographics, the Census data forces us to look at Census Tract 308.04 as a whole since it does not contain poverty statistics at the Block Group level. Leveling up means that the data will be more generalized and even less specific to the Lakeview CSD community. As it can be seen above, the population numbers are nearly double for all categories save for Asian and Two or more races. The only thing that becomes clearer is that two-thirds all of the people who identify with “Two or more races” are located within Block 1 of Census Tract 308.04.

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At the Census Tract level, Whites and Latinos are still the two most statistically relevant groups. It should be noted that people who identified as White alone and not Hispanic/Latino number in at 5,497. With such small numbers on the population that is non-White, it is doubtful any statistically useful information can be gleaned. Nevertheless, Table 2 will still pull information for “Whites” and Hispanic/Latinos.

Table 2: Poverty Status in the Past 12 Months by Ethnicity, by Sex and by Census Tract

		Total Population	Total Under Poverty	Total Male	Total Male Under Poverty	Total Female	Total Female Under Poverty
Census Tract 308.04	White not Hispanic or Latino	5,467	402 (9%)	2,639	127 (7%)	2,828	275 (2%)
	Hispanic or Latino (of any race)	476	118 (0.5%)	344	118 (0%)	132	0 (0%)
El Dorado County		181,369	17,839 (10.4%)	90,390	8,477 (9.4%)	90,979	9,362 (10.2%)

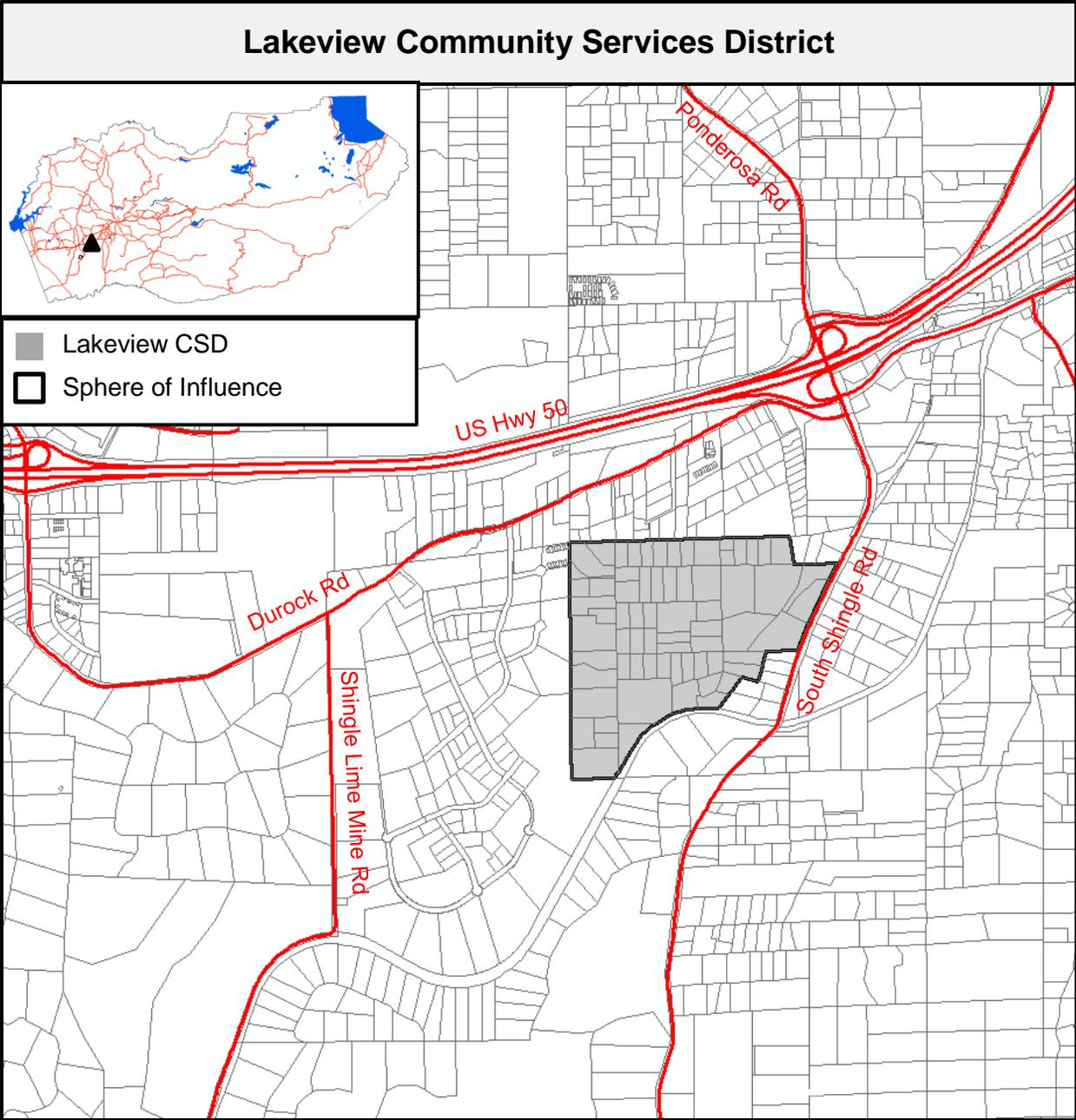
Percentages may not add due to rounding

Table 2 tells us that the poverty rate within this block group is below countywide levels. The rate for women in particular is much lower than the countywide rate. Again, while the entire block group is much larger than the Lakeview CSD community and it is unknown how well these numbers represent the target neighborhood, it may be safe to say that poverty is more prevalent in other areas. According to the Census, poverty is more prevalent for middle-aged Whites (55+ for men, 45+ for women) and between 18-34 years for Latino men.

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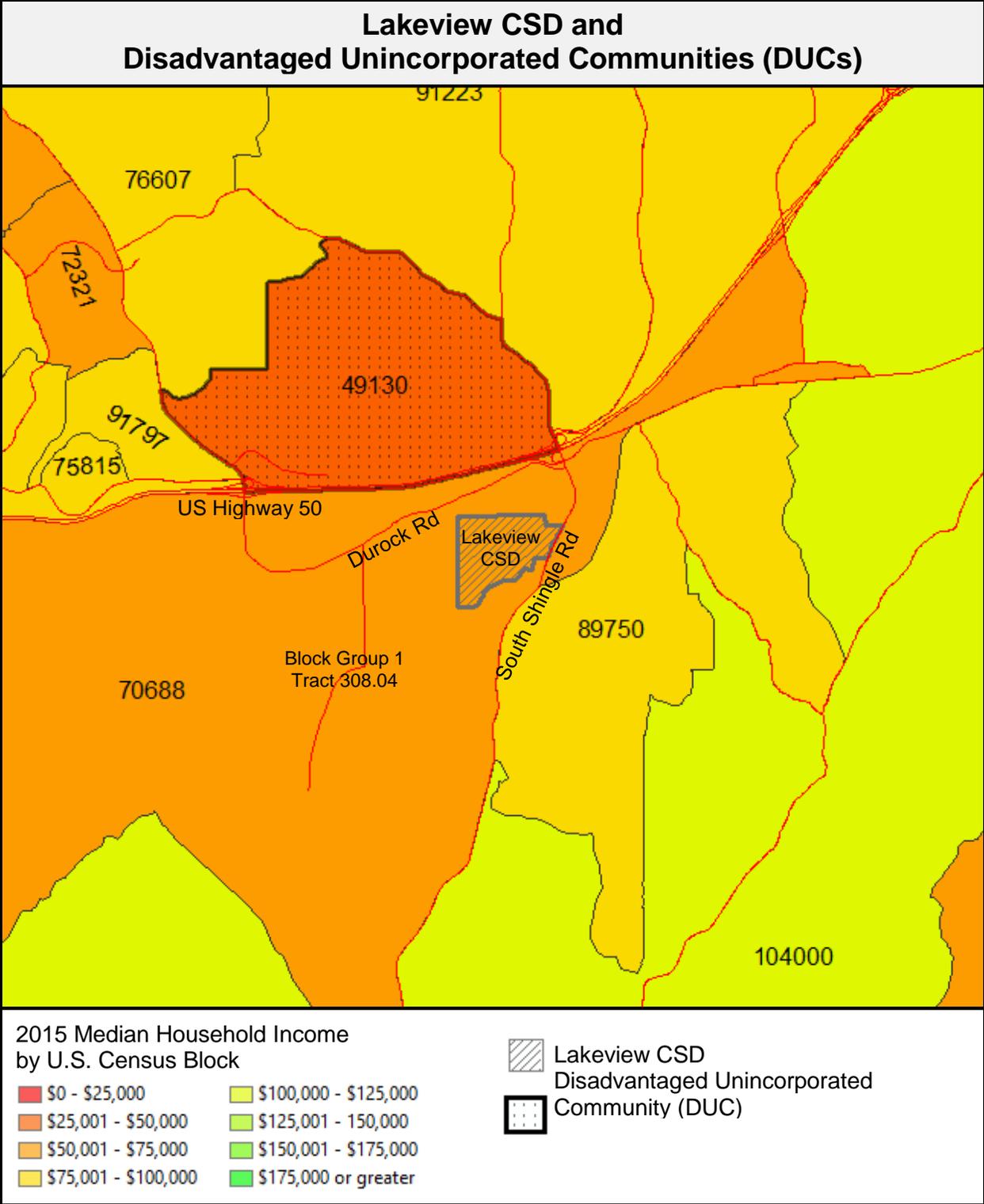
VII **MAPS**

MAP 1 – Lakeview Community Services District Boundaries and Sphere of Influence



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MAP 2 – Census Tracts Around Lakeview CSD



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MAP 3 – Nearby CSDs

