

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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I EXECUTIVE SUMMARY

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 MSR serves as the basis for the accompanying sphere of influence determinations and the background information that will be utilized when considering future government reorganizations through the establishment of El Dorado Hills CSD’s sphere of influence (SOI).

This MSR is part of the Commission’s adopted schedule for the second cycle of MSR/SOI updates. It is also part of the Fiscal Year 2010-11 Work Plan. Some of this report’s key findings are summarized in the table below:

Agency	Agency Population (2010 estimated)	Average Property Tax Increment	Total Revenues FY2010 (all services, not including reserves)	Reserve Revenues FY2010	Total Agency Expenditures FY2010 (all services and capital expenditures)	Total District Owned Acres (total developed park acreage)
El Dorado Hills CSD	36,910	10.2%	\$7,927,223	\$3,833,316	\$8,676,030	294 acres (138 ac)

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 MSR 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 services provided by the CSD are cable TV franchise administration, contracts, covenants and restrictions administration, lighting and landscape, parks and recreation and solid waste collection. It outsources solid waste collection and cable TV franchising, but uses its own employees to provide all other services. The CSD’s boundaries were the basis for a proposed City of El Dorado Hills in 2005; consequently proposals that would expand its SOI outwardly become highly contentious. While the District has functioned very well in the past, it is now entering a new uncertain era, with LLD fees insufficient to cover costs, questions about its ability to meet its long term park standards and managerial instability since it has replaced two general managers since 2010.

For each of the six categories of required determinations, LAFCO staff has prepared recommendations recognizing unique land use and planning conditions, government organization and fiscal circumstances, effects of rapid demographic changes and growth, communities with different and similar service needs, and efforts to enhance service and impediments to doing so.

The service review and LAFCO’s adoption of a resolution making determinations are categorically exempt from the California Environmental Quality Act (Class 6,

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§15306). In undertaking this service review and making determinations, LAFCO also considered its responsibilities under federal and state civil rights and environmental justice laws.

II **BACKGROUND**

A. **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 concluded that LAFCOs needed more specific background information, before decisions on specific applications were considered, 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, 2009, 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) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
 - (3) Financial ability of agencies to provide services.
 - (4) Status of, and opportunities for, shared facilities.
 - (5) Accountability for community service needs, including governmental structure and operational efficiencies.

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- (6) 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.
- (c) 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.

B. 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

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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.

C. 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. These guidelines were utilized in the preparation of this MSR.

The guidelines identify several possible goals and objectives for municipal service reviews to be achieved through written determinations in the nine 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.

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- 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.

D. The 2004, 2007 and 2008 MSR's and Their Immediate Results

In the inaugural cycle of municipal service reviews (2001-2008), studies were conducted based on the type of services provided by an agency, not on the agency itself. Consequently, as part of this initial cycle, El Dorado Hills CSD appeared in three MSR's. The first was the 2004 *West County Parks and Recreation Municipal Services Review*, whose end result was the expansion of the sphere of influence to include Euer Ranch, Carson Creek and the lands comprising the Rolling Hills (previously Springfield Meadows) and Marble Mountain Homeowners CSD's. The 2007 *General Government Services II Municipal Services Review* and the 2008 *General Government Services I Municipal Services Review* completed the study of the CSD's non-park and recreation services and led to the expansion of the CSD's sphere of influence to include the El Dorado Hills Business Park.

All of these reports found that El Dorado Hills CSD was providing excellent services across the board and that enough revenues were being generated to offset service. Since those reports, the general decline in property tax

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values due to the economic recession has impacted the agency's main revenue stream. In addition, the CSD has also encountered other challenges, such as a determination by agency staff that the revenues collected by some LLDs are insufficient to cover rising costs; a homeowners group successfully fought for refunds due to the District's inability to prove it provided service to those residents; and instability in the general manager's position.

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III AGENCY DESCRIPTION

El Dorado Hills Community Services District

Contact Information

Address: 1021 Harvard Way, El Dorado Hills, CA 95762
Phone: (916) 933-6624
Website: www.edhcsd.org

Management Information

Manager: Richard J. Ramirez (Interim)
Governing Body: Board of Directors
Board Members: Guy Gertsch, Director Term: 12/2008-12/2012
Wayne Lowery, Director Term: 12/2010-12/2014
Noelle Mattock, Director Term: 12/2008-12/2012
Tony Rogozinski, President Term: 12/2010-12/2014
William Vandegrift, Vice-President Term: 12/2010-12/2014
Board Meetings: Monthly—2nd Thursday, 7:00 pm
Staffing: Robert Thurbon, Legal Counsel
Refer to District website for the listing of other staff

Service Information

Empowered Services: Cable TV franchise administration, CC&R administration, street lighting and landscape, parks and recreation services, solid waste collection, fire suppression, law enforcement, library services, mosquito abatement, power generation and distribution, road and road maintenance, other related services
Services Provided: Cable TV franchise administration, CC&R administration, street lighting and landscape, parks and recreation services, solid waste collection
Latent Powers: Fire suppression, law enforcement, library services, mosquito abatement services, power generation and distribution, road and road maintenance, other related services
Area Served: Approximately 14,400 acres
Population Served: Approximately 38,000; Voters 21,728
Major Infrastructure:

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Fiscal Information

Budget: \$8,040,953

Sources of Funding: Property taxes, impact fees, developer fees, user fees, special assessments and design review fees.

Assessments: \$1.40 - \$1,036.75

Rate Structure Park Impact Fees, Lighting District Fees and Recreational Fees

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Background

The El Dorado Hills Community Services District (hereafter referred to as El Dorado Hills CSD, EDHCSD or the District) was formed on May 21, 1962 by County Board of Supervisors Resolution No. 98-62 and under Government Code §61600 as an independent special district. Its mission is, "To improve the quality of life for El Dorado Hills residents through responsible leadership and by providing superior services and facilities." The CSD serves a large, densely developed suburban population located east of the Sacramento County Line and mostly north of Highway 50. Major access roads/inhabited corridors include Highway 50, El Dorado Hills Boulevard, Silva Valley Parkway, Green Valley Road, Francisco Drive, Salmon Falls Road, Bass Lake Road and Latrobe Road (refer to Map 1). The EDHCSD boundary encompasses approximately 28 square miles (14,400 acres) and the District serves the most populated community in the county.

Land Use and Population Forecasts

The District's population growth over the past 20 years has been well documented. With an estimated 1991 population of 12,105 persons and a 2001 population of 21,917 persons, the population within the District boundaries grew by 81% from 1991 to 2001. The 2010 Census estimated the population for the El Dorado Hills "Census Designated Place" to be 42,108 (refer to Map 2); however, because the CDP is larger than the District boundaries, the County Surveyor used Census data to estimate that the population within EDHCSD is 36,910. This is an increase of 68% over the past 10 years. On average, the CSD has added over 1,200 people annually since 1991.

This type of growth in suburban bedroom communities was fairly common during the 1998-2006 housing boom throughout the State. Prior to the real estate downturn, the District's estimated growth is projected to be about 1,000 persons per year, reaching a projected to be a high of 44,000 persons in 2015, and ultimately 58,000, if build out of all development in plan areas occurs. The projected population used in the District's planning documents is 58,831 for the year 2020. What is unknown is whether the current economic climate, higher gasoline prices and the increased interest in smaller homes located closer to work centers will have a lasting impact on future growth.

Land use in this area is mostly comprised of large scale master-planned subdivisions organized as single family residential "villages." Commercial areas include Town Center south of Highway 50, and various small neighborhood shopping strips such as the Raley's center off Saratoga Way and the Safeway shopping center at the intersection of Green Valley Road and Francisco Drive. The total commercial space within the El Dorado Hills community is approximately 4 million square feet. However, this number includes the 900-acre Business Park (approximately 110 buildings and 2.6 million square feet) which lies just outside of the District's boundaries, but is within the District's sphere of influence.

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Unlike its immediate neighbor, Cameron Park CSD, EDHCSD is not built out. Its sphere of influence allows the district to grow to the east and south. Even without counting SOI lands, there are several large tracts of undeveloped land within its boundaries, such as the Serrano projects, the Bass Lake Specific Area and the Valley View and Marble Valley subdivisions.

Services Provided

The District is empowered to provide several services under CSD Law; however, EDHCSD is currently only providing parks and recreation services; street-lighting and landscape services; Covenants, Conditions and Restrictions (CC&R) administration; solid waste collection and recycling; and management of cable TV service. The latter two services are currently contracted out to private vendors.

In 2006, Senate Bill 135 (Kehoe, 2005), among other things, mandated the designation of a community services district's powers as active or latent. Specifically, the bill defined and clarified "latent powers" as any service that a CSD is authorized to perform, but LAFCO has determined, through its MSR process, is not being provided prior to January 1, 2006. In February 2008, the Commission determined EDHCSD's latent powers to be fire suppression, law enforcement, library services, mosquito abatement services, power generation and distribution, and road and road maintenance.

Park and Recreation Services

The District is responsible for management of 265 acres of parklands, of which approximately 138 acres are developed. By district policy, 90% of any individual park must be suitable for active use. Park capacities range from 50 to 300 people depending on the size and type of park and the nature of the activities. The primary recreation facilities and programs are centralized at the El Dorado Hills Community Park and Community Activities Complex, also known as the Pavilion. The District offices are also located around the EDH Community Park. The District maintains population-based level of service standards for other types of recreational facilities.

The District also provides recreation facilities including pools, tennis courts, playgrounds, picnic areas, trails, and other sports facilities. There are also a variety of recreational programs offered to adults, children and senior citizens.

Street Lighting and Landscaping

The District owns and maintains some of the street-lighting infrastructure within the area; however, street light maintenance is conducted by PG&E. Landscaping services are provided by the District in 25 Landscaping and Lighting Districts (LLDs). The District installs and maintains various infrastructure within these LLDs, including trees, ground covers, streetlights, firebreak, walkways, fencing, signs, parking lots, picnic areas, the Pavilion complex that serves as a community/recreation center, irrigation systems and other amenities.

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Covenants, Conditions & Restrictions Enforcement

El Dorado Hills CSD currently enforces CC&Rs in 106 separate subdivisions; however, the CC&Rs are unique to each subdivision. The CC&Rs may require home improvements to be reviewed by an Architecture or Design Review Committee (“DRC”). The volunteer DRC meets weekly to review new home applications and home improvement applications.

Other Services

The District provides solid waste collection service through Waste Connections Inc. (DBA El Dorado Disposal Services Inc.), whose contract was recently renewed and is effective through 2015. EDHCSD does not own or operate any equipment or facilities for this service. Comcast and AT&T’s u-verse each have a franchise to provide cable television services to residents of the area. The current 20-year cable franchises will expire in 2023. For both cable television and solid waste franchises, the District receives five percent of gross revenues as a franchise fee.

Infrastructure

Parks and Recreation

The District maintains three types of parklands, classified by size. Appendix A contains a list of recreational facilities and parks offered by the CSD.

- Neighborhood parks are the smallest type, generally not larger than three acres in size and serve people within approximately a half-mile radius. They are designed primarily for unsupervised, non-organized recreation. The District currently maintains approximately 54 acres of 72.17 acres of neighborhood parks in El Dorado Hills (the difference in acreage is due to private neighborhood parks).
- Serving an area of approximately one-half to one mile radius, village parks range in size from 2.6 acres to 10.76 acres and usually include space for organized sports, and amenities such as bathrooms, field lighting, parking, playgrounds and trails. Totaling a combined 56.65 acres, the District owns five developed, one undeveloped and two planned village parks.
- Community parks are 15 to 100 acres in size and are used by all sectors of the population, serving residents community-wide. These parks often have facilities for organized sports, including swimming pools, sports courts and fields, and may have community centers or senior centers. These parks usually require more support facilities such as restrooms and parking areas. The District has El Dorado Hills Community Park and Promontory Park, with plans to add four more community parks in the future.

Landscaping and Lighting

As noted earlier, the infrastructure is owned by the District, but maintenance on

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street lights is performed by PG&E. The Parks staff oversee the landscape maintenance contract on approximately 109 streetlights, sidewalks, medians and streetscapes as well as irrigation repairs, encroachment permit management and repair or new construction contracts.

Covenants, Conditions & Restrictions Enforcement

The District currently enforces 106 different CC&R divisions, but outside of office space for one full-time and one half-time position, it does not require capital or infrastructure in order to administer CC&Rs. CC&R enforcement includes CC&R compliance, legal enforcement, and design review. The District also contracts for a “Home Improvement Inspector” on an hourly basis. Additionally, the District reports that its Assistant General Manager contributes 125 hours supervising staff and meeting with the CC&R sub-committee and that contracted legal services are a considerable portion of the CC&R/design review budget.

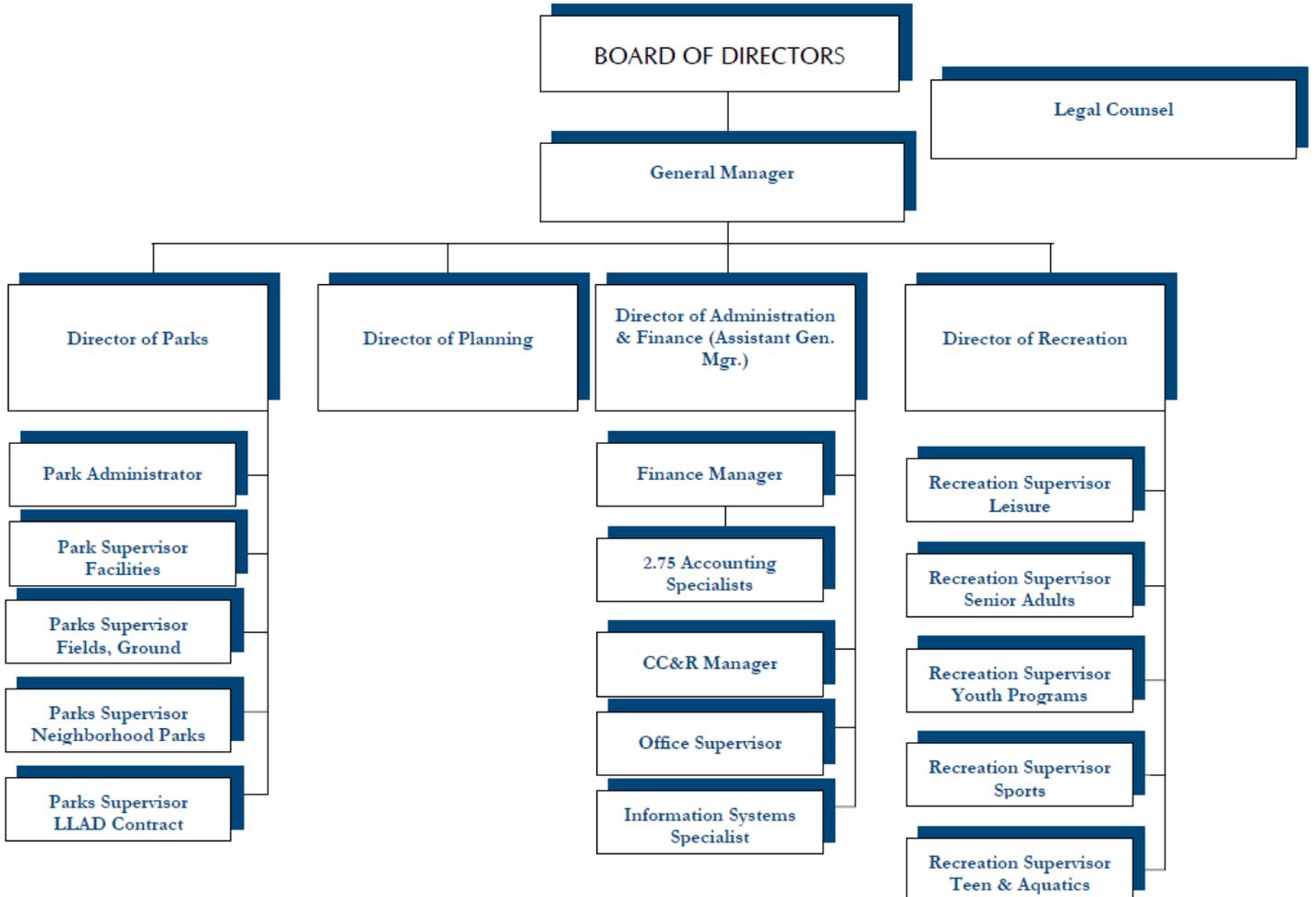
Other Services

The solid waste and cable television franchise services provided by the District have very limited capital needs and have no staff dedicated to their administration.

Personnel and Staffing

Staffing at the CSD is comprised of nearly 40 park and recreation personnel and support staff, in addition to over 150 part time and seasonal employees. Rather than being divided by services provided, the District’s organizational structure has one general manager supported by four administrative directors who oversee various administrative functions. The chart below represents EDHCSD’s organizational structure:

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Administration Management and Operations

Board of Directors

El Dorado Hills Community Services District has five board members directly elected by the residents of the District. The directors' terms are four years and are staggered. The board generally meets on the second Thursday of the month; although, they have set special meetings that are held more at other times. Board members receive a stipend of \$100 per meeting for up to six meetings a month. One current director donates his stipend to charity and a second turns down this compensation. Board members sit on standing committees for administration & finance, board CC&R oversight, parks & planning, franchise management and recreation & volunteer, as well as various ad hoc committees.

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Meeting agendas, including the time and location of meetings, are posted on a community bulletin board at the District's administrative buildings in the Pavilion and at the El Dorado Hills Fire Department stations located on Wilson Boulevard, Francisco Drive and Bass Lake Road. The agenda is also posted on the District's website.

Much of the board's attention in 2011 was taken up by its indecision over EDHCSD's new general manager, John Skeel. Within six months of his tenure, the board placed him on indefinite leave in anticipation of terminating his contract. Based on the public reaction, the move proved to be unpopular with District employees and with the general public. In August, the board relented and agreed to defer its decision to terminate Skeel "contingent upon implementing a detailed remediation plan to allow the general manager to correct performance deficiencies and overcome the basis to terminate his contract and return to duty." However, for the following three months the District and Skeel did not come to terms on the remediation plan and he was fired in early December 2011. Skeel replaced long time general manager Wayne Lowery, whose contract was not renewed in 2010. Lowery is now serving as an EDHCSD director.

Administration—General

EDHCSD's administrative offices are located at 1021 Harvard Way in El Dorado Hills and are open during business hours. The District's website is www.edhcsd.org. As noted earlier, the District's operations are separated by administrative functions rather than by service types.

While the District has not experienced the same turnover in general managers as Cameron Park CSD, over the past year EDHCSD has had changes in top management. First, the board did not renew the contract for longtime GM Lowery in 2010. The District was consumed with the issue of whether to retain or dismiss Skeel, Lowery's successor for all of 2011. As of the writing of this study, the final outcome from these events are not yet known, with Skeel vowing to sue the District and a recall of four members of the Board underway.

In the meantime, the District has hired Richard Ramirez, a retired city manager with 36 years of experience in the public sector, as the interim general manager. He will oversee all district operations while the Board launches a national search for a permanent general manager.

The District purchases insurance from...?

Administration—Financial

The District is financed through property taxes, park impact fees and assessments for CC&R and lighting districts. Available on the web are the District's financial statements (back to Fiscal Year 2004-2005), the most current adopted budget and its program and rental fee schedules. Outside of a few minor things, the audits

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from fiscal years 2005-2010 found EDHCSD's financial statements to fairly represent the District's financial position.

Parks and Recreation

Funding for parks and recreation come from property taxes, park impact fees or Quimby in lieu fees, and fees associated with the use of District facilities and/or recreational programs. Property taxes are the primary source of revenues for the District's General Fund. It, in turn, is used for park development, operational and capital facility uses. The District charges fees for participation in recreation programs, which are intended to cover the costs of the programs. Park impact fees are collected from developers and are used to purchase new parklands and develop facilities and recreation areas. The last time the district updated its impact fees was in 2007 to support the implementation of the 2006 CSD Park Master Plan. The Park Impact Fees are covered in the budget section.

Landscaping and Lighting

Landscaping and lighting service is provided to several LLDs within EDHCSD. Each landscaping and lighting district pays a specific amount, based on the services provided, and the number of residents receiving the services. The fees levied for each district are covered in the budget section below.

Covenants, Conditions & Restrictions Enforcement

EDHCSD receives a dedicated property assessment of \$10 per parcel for CC&R enforcement services, regardless of whether the parcel is under a CC&R agreement or whether the homeowner relies on the District to enforce it. According to the District's website, the tax revenue collected for CC&R enforcement is deposited into a special fund with its own separate accounting. Expenses incurred for enforcement of the CC&Rs are charged to this fund.

Other Services

The District receives a 5% cable franchise fee pursuant to the terms of the franchise agreements with Comcast and AT&T's u-verse. The franchise fees helps fund the District's costs of providing access to cable system infrastructure, and any costs related to the District's responsibilities under the franchise agreement, such as responding to customer complaints. A similar arrangement is in existence for waste collection, with the District receiving approximately a 5% franchise fee from Waste Connections. The District does not account for costs specifically relating to the cable television or waste collection franchises.

Funding and Budget

The discussion in this section is descriptive and amounts cited are approximate, based on information provided to LAFCO or available at the time of this report from other reliable sources. EDHCSD is funded through a variety of sources, including property taxes, assessments, development impact fees, grants, Quimby Act land

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dedications/in-lieu fees, park entrance fees, program registration fees and facility rental fees.

Table 1: El Dorado Hills Community Services District Funding and Budget – Revenues

Revenues	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual	2008-2009 Actual	2009-2010 Actual
Property Taxes (net of ERAF)	\$ 4,290,373	\$ 5,134,686	\$ 5,522,119	\$ 5,696,281	\$ 5,324,527
Program Fees and Park Rentals	1,130,552	1,231,048	1,452,835	1,218,690	1,262,420
Interest	0	0	118,087	64,815	20,098
Franchise Fees	330,788	471,070	535,729	681,678	582,181
Miscellaneous Revenues	210,012	187,123	86,068	126,127	68,913
Transfers	17,858	51,790	343,081	20,661	0
Grant Revenue	0	0	0	0	115,862
Reimbursements	87,134	51,790	117,038	314,708	553,223
Total Revenues	\$ 6,066,716	\$ 7,116,202	\$ 8,174,957	\$ 8,122,961	\$ 7,927,223

The Districts reserve balances are as follows:

Table 2: El Dorado Hills Community Services District Funding and Budget – Reserves

Reserves	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual	2008-2009 Actual	2009-2010 Actual
Contingency	\$ 910,852	\$ 1,102,158	\$ 1,102,158	\$ 1,237,345	1,172,334
Deferred Maintenance	103,828	496,964	496,964	227,819	325,308
Compensated Absences	99,339	107,244	107,244	127,000	150,000
Capital Deficiency	0	0	0	50,000	1,682,604
Cable Casting Reserve	0	0	10,070	10,070	3,070
General Reserve	0	0	0	0	500,000
Total Reserves	\$ 1,114,019	\$ 1,706,366	\$ 1,716,436	\$ 1,652,234	\$ 3,833,316

Total assessed value within the District was \$6,167,149,762 in FY 2011-2012. EDH currently receives an average 10.195% of the property tax revenue within district boundaries, which makes up the majority of incoming revenue for the district. As noted before, this revenue goes primarily to the CSD's General Fund, which, in turn, funds park development and operations.

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Fees

Park and Recreation Services

The main sources of funding for these services are property taxes, fees, park and facility rentals and “reimbursements.” Park impact fees are collected from new developments. Fees are used to purchase new parklands and develop facilities and recreation areas. The district completed a Park Impact Fee Nexus Study in May 2007 following the adoption of the 2006 Parks and Recreation Facilities Master Plan. The Nexus study analyzed the need for updated fees and estimated the most appropriate amounts for new park impact fees. The study was based on the District’s own level of service standards for other recreational facilities. The District devised two fee structures. The first is on dwelling units and the second for commercial areas; however, the District is not currently collecting on the latter set because County Ordinance 13.30.050 exempts non-residential development from being charged a park development fee. These fees were updated September 19, 2007, as shown below:

Table 3: El Dorado Hills Community Services District Park Impact Fees

Land Use Category	Parks (Acquisition Fee) per Unit	Recreational and Special Use Facilities Fee per Unit	Operational Facilities Fee per Unit	Administrative Fees	Total Park Impact Fees
Single Family-Detached	\$7,141	\$1,886	\$494	\$285	\$9,806
Serrano	N/A	\$1,886	\$494	\$72	\$2,452
Age Restricted	\$4,177	\$1,103	\$289	\$167	\$5,736
Multifamily	\$5,900	\$1,558	\$408	\$236	\$8,103
Serrano Multifamily	N/A	\$1,558	\$408	\$59	\$2,025
Mobile Home Unit	\$5,231	\$1,381	\$362	\$209	\$7,184

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Table 4: El Dorado Hills Community Services District Non-Residential Park Impact Fees

Land Use Category	Parks (Acquisition Fee) per Square Feet	Recreational and Special Use Facilities Fee per Square Feet	Operational Facilities Fee per Square Feet	Administrative Fees	Total Park Impact Fees
Serrano Commercial	N/A	\$0.30	N/A	\$0.02	\$0.32
Serrano Commercial	N/A	\$0.39	N/A	\$0.02	\$0.41
Commercial	\$0.57	\$0.30	N/A	\$0.03	\$0.91*
Office	\$0.74	\$0.39	N/A	\$0.03	\$1.13
Industrial	\$0.26	\$0.14	N/A	\$0.02	\$0.41*

* Numbers may not add up due to rounding

The District charges fees for participation in recreation programs, which are intended to cover the costs of the programs. Fees are also collected for the use of recreational facilities. Fees for the use of recreational facilities are on an hourly rate, which is determined by affiliation with the District.

In FY 2005-06, the District entered into a lease financing agreement to borrow \$3,974,000 in order to partially fund the construction of the Promontory Community Park, Phase 1. This agreement calls for semi-annual payments with annual debt service of \$368,000 per year. It is anticipated the debt service will be funded through park impact fees, and guaranteed by the general fund.

Landscaping and Lighting

The District provides landscaping and lighting services to 25 LLDs within the District. Services include the installation, maintenance and repair of all improvements provided by the Districts. These services include, but are not limited to, the following areas: buildings, park facilities landscapes, irrigation systems, lighting, fences, walls and signs. Mowing and median maintenance is contracted out. The LLDs are funded through assessments levied on parcels and interest income, so long as the levies directly benefit the real properties being assessed.

In addition, fees are charged for the formation of a LLD, which typically include the cost of the Engineer's Report plus administrative fees and average about \$3,500 per LLD.

The District's Engineer's Report for the Fiscal Year 2011-12 indicates the types and amounts of assessments collected for each LLD within the District. The amount assessed for each LLD is determined by the types and amounts of infrastructure installed and maintained within each LLD. A summary of the LLD

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levies for FY 2011-12 is provided in Table 5 below. Please note that the “Maximum Levy” amounts listed for some districts are subject to the terms and conditions of the respective district’s contract.

As recently as the Budget Transmittal for Fiscal Year 2011-12, the District reports that several of the LLDs have reached their assessment cap while the costs to maintain and operate the improvements continue to climb. As a result, the District has used LLD deferred maintenance reserves to subsidize the assessment in some instances. Over the next year, the District needs to seek property owner support to either increase assessment levels or lower the level of service provided to individual LLD.

Table 5: El Dorado Hills Community Services District Lighting and Landscaping District Levies (as of Fiscal Year 2011-2012)

District	Levy per Unit (Maximum Levy)		
		Zone A	Zone B
Stonegate	\$105.65		
Green Valley	\$76.90		
Promontory	\$260.47		
Oakridge	\$289.44		
Oaktree	\$110.00 (\$128.18)		
Crescent		58.92	64.50
La Cresta	\$158.30		
Lake Forest	\$38.71		
Marina Hill	\$0.00 (\$335.82)		
Highland Hills 3	\$696.00 (\$985.00)		
Wild Oaks (a)	\$30.20 (\$98.00)		
Wild Oaks (b)	\$67.80 (\$98.00)		
Silva Valley	\$213.87		
Bass Lake A	\$99.00		
Bass Lake B	\$0.00 (\$418.18)		
Roadway	\$30.00		
Highland Hills 2	\$224.30		

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Creekside		\$472.64 (\$675.20)	\$166.49 (\$237.84)
Francisco Oaks	\$276.37 (\$430.14)		
Highland View	\$111.12		
Hollow Oaks	\$351.11		
North Commercial Blvd	\$0.00 (\$2,224.98)		
Valley View	\$0.00 (\$601.94)		
Bell Ranch	\$0.00 (\$877.69)		
Hawk View	\$0.00 (\$555.49)		

Covenants, Conditions & Restrictions Enforcement

Landowners in the district pay a \$10 property assessment, which is dedicated for CC&R enforcement. Of the estimated 12,000 residential dwelling units in El Dorado Hills, the CSD provides enforcement services to approximately 7,000. The balance of the residential lots fall under the jurisdiction of homeowner associations or have no CC&Rs. The primary costs of CC&R management is for either legal or staff services. As recently as the Budget Transmittal for Fiscal Year 2011-12, the District reports that the current \$10 assessment is not adequate to meet the demand for enforcement needs. Early in 2011 the Board of Directors discussed asking the electorate to approve a higher rate; however, no action has been taken. The district also has architectural review fees which range from \$60-\$770, depending on the service requested.

Table 6: Comparison of Architectural Review Fees

Description	El Dorado Hills CSD	Cameron Park CSD
New Home	\$770	\$270
Room Addition	\$300	\$100
Swimming Pool	\$195	\$100
Storage Shed	\$85	\$50
Roof	\$85	\$50
Exterior Paint	\$60	\$35
Fence, Retaining Wall	\$85	\$35
Landscaping	\$85	\$35
Tree Removal	\$60	\$35
Miscellaneous	\$60	\$35

Source: Cameron Park CSD, El Dorado Hills CSD

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These CC&R fees are exclusive of any lighting and landscaping services assessments for residents whose homes also sit in an overlapping LLD.

Other Services

The District also has franchise agreements for waste collection and cable television. Under these agreements, the contracted service providers bill the customers directly and collect payment. The District receives five percent of total revenues generated, from the contracted service providers.

Grants

The only grants received by the District have been a \$3,000 Comcast Grant for video equipment for the Teen Center and a Proposition 40 grant to develop Bertelsen Park and Deputy Jeff Mitchell Field. Both were received in Fiscal Year 2010.

Expenditures

Table 7: El Dorado Hills Community Services District Funding and Budget – General Fund Expenditures

Expenditures	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual	2008-2009 Actual	2009-2010 Actual
Salaries and Benefits	\$2,783,043	\$3,359,631	\$3,725,881	\$3,951,170	\$3,660,841
Salaries/Wages	1,909,980	2,211,705	2,517,119	2,683,880	2,475,054
Retirement and Other Benefits *	495,086	576,469	644,453	692,438	607,326
Health Benefits	314,587	446,774	466,703	474,844	501,961
Workers' Comp Insurance	63,394	124,683	97,606	100,008	76,500
Services and Supplies	2,089,024	2,401,393	2,476,388	2,377,442	2,462,945
Other Charges	286,851	1,080,077	563,738	783,445	2,503,041
Fixed Assets **	435,776	368,684	489,841	315,196	49,203
Total Expenditures	\$5,594,694	\$7,209,785	\$7,255,848	\$7,427,253	\$8,676,030

* Includes Disability, Medicare, Unemployment, and Flexible Benefits

** Includes Buildings and Improvements, Infrastructure Acquisition, Construction Rentals, and Equipment

The primary expenditure for EDHCSD is salaries and benefits; although, these have decreased in the past three fiscal years. Costs have remained relatively unchanged in the second largest category, Services and Supplies.

According to the Management's Discussion and analysis contained in the 2010 Comprehensive Annual Financial Report (CAFR), as of June 30, 2010, the District had \$3,311,576 in outstanding long-term obligations as reported in the statement of net assets, which is calculated by combining the long-term liabilities with the current portion of long-term debt. This is a drop of 6% from 2009. The outstanding government-type debt (a loan taken in 2006) represents funding for Promontory

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Park construction, as well as the bond for El Dorado Hills Community Park. Annual debt service payments range between \$77,000 to 550,000; however, payment comes from reserved funds and not out of the District's General Fund.

Cooperative Agreements

El Dorado Hills CSD has joint use facility agreements with local school districts. One June 23, 2003, the District entered into a joint use agreement with the Rescue Union School District to provide a community use recreational and meeting facility. The agreement is for 20 years in the amount of \$220,830. As of June 30, 2010, the District has an outstanding balance of \$125,830 and will pay \$10,000 annually through 2023. In early 2011, the District teamed up with Buckeye Union School District to build a larger-than-normal multi-purpose room that will double as a CSD gym at the yet-unnamed school currently being built within the Blackstone community off Latrobe Road. The CSD, which will also use the school's baseball and soccer fields, contributed \$456,000 toward the construction of the gym.

Boundaries

The last annexation into EDHCSD approved by the Commission was the Naef annexation in 2007. The District's SOI was amended in 2008 to include the Business Park along Latrobe Road. The SOI amendment brought in the last major area of the County General Plan's El Dorado Hills Community Region that was outside of either its service area or its SOI. For the most part, the District's service area is greater than the EDH's Community Region, encompassing future developments such as Green Springs and Marble Valley (refer to Map 3).

In the past ten years, major boundary controversies included Bell Woods, which was ultimately settled by the Commission in 2006 when it decided to annex most of the area into Cameron Park CSD, and the Campobello and Porter projects. The latter two projects have not been settled, since the developers did not include annexing either project into a CSD during the planning process; however, those two projects are listed in the General Plan as being part of the Cameron Park Community Region.

EDHCSD's service area surrounds the Marble Mountain Homeowners CSD (nestled between Valley View and Marble Valley) and land locks Rolling Hills CSD (located west of Latrobe Road). Both districts are located immediately south of Highway 50. Because both districts provide road maintenance services, a power EDHCSD does not currently provide, neither district is looking to merge.

IV 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 the CAM 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 qualifies for a Class 6 categorical exemption as outlined in Public Resources Code §15306. This exemption “consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded” (CEQA Guidelines §15306). This service review may lead to actions such as government reorganizations and SOI updates that could potentially affect the environment. However, as these actions have not yet been approved, adopted, or funded by LAFCO, the Class 6 exemption is applicable. A notice of exemption is attached as Appendix B. Any future projects that make use of this service review and the information contained herein will be subject to separate environmental review under CEQA.

V 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 nine 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. The most recent data available, from the 2000 Census, shows the following racial populations in the census communities. The census area boundaries do not correspond to agency boundaries or General Plan Community Region boundaries, but the data provides a demographic framework for the evaluation of environmental justice issues. Statistically significant populations of Hispanic/Latino (of any race) are located in the cities of Placerville (12.6%) and South Lake Tahoe (26.7%).

Data is available from the El Dorado County Office of Education regarding ethnicity of student populations. These statistics are based on school attendance areas and school districts. For school areas generally, the data confirms that minority populations tend to be small and dispersed throughout the county. The largest

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ethnic minority population listed is Hispanic/Latino in low percentages (4-9%) in the unincorporated areas and statistically significant Hispanic/Latino populations in the two cities (e.g. approximately 32% in Lake Tahoe Unified School District and approximately 13% in the Placerville Union School District).

The El Dorado Community Foundation recently conducted a study of the needs of Latino populations in the county. The Foundation estimated that the Latino population of El Dorado County might be about 24.7% of the total county population. Census data above notes 14,566 Hispanic or Latino persons in the county population, about 9.3%. Spanish-speaking volunteers conducted a home-based survey in areas where clusters of Latinos live near one another in Placerville-Pollock Pines and Cameron Park. Their analysis was more anecdotal and identified only small clusters of Latinos population groups.

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.

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.

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Table 8: 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	
El Dorado County	156,299	140,209 (89.7%)	813 (0.5%)	1,566 (1.0%)	3,328 (2.1%)	209 (0.1%)	5,547 (3.5%)	4,627 (3.0%)	14,566 (9.3%)

Source: 2000 Census

Percentages may not add due to rounding

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VI SERVICE REVIEW ANALYSIS AND DETERMINATIONS

As explained in Section II of this report, State Law requires the Commission to make certain determinations in an MSR (Government Code §56430) and prior to establishing an SOI (Government Cod §56425). The Commission's Policies & Guidelines Section 4.4 also requires additional determinations prior to establishing a sphere. 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 fire suppression and emergency services agencies.

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 #3 and #4 of LAFCO Policy 4.4, which are:

- 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.

The District provides service in the most densely populated area of El Dorado County. EDHCSD's core area, which is north of Highway 50 between the County Line and Green Valley Road is mostly built-out, some areas along El Dorado Hills Boulevard and Silva Valley Parkway with high-density residential development and others with medium- to high-density residential, depending on the Serrano Approved Plan. This is in contrast to the lower density residential along the periphery of the service area and the extensive undeveloped areas surrounding the District.

In 2010, the US Census calculated a "community" population of 42,108 for El Dorado Hills; though, this number is based on a "census-designated place" (CDP), which it is a concentration of population identified by the United States Census Bureau for statistical purposes. However, the El Dorado Hills CDP is much bigger than the CSD; consequently, the El Dorado Surveyor's Office applied these data, at the parcel level, and estimated the EDHCSD population by calculating the average household population and multiply number of developed residential or multi-family parcels within the CSD. This resulted in an estimated El Dorado Hills CSD population of 36,910.

The 2007 EDHCSD Master Plan did not have population estimates for the community except to note the 2000 Census population, an estimated population of over 33,000 people as of 2005 and a "build out" population of 60,000 in 2020. All facility plans listed in the Master Plan referenced the number needed to achieve the District's Levels of Standards at build out. Consequently, the Master Plan is more a long range document rather than an immediate planning tool.

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Table 9: 2000 and 2011 Census Population Count of the Cameron Park CDP

El Dorado County	2001	2010
El Dorado Hills CSD	21,917	36,910

Growth In Demand For Park and Recreation Services

As a moderate to densely built urban district, EDHCSD will continue to experience a high demand for services and programs designed for families and seniors. Use of their parks and facilities will be constant and possibly increase as the parcels within and surrounding the district are developed and planned areas, like Serrano, are built out. EDHCSD owns and manages almost 294 acres of land, including 138 acres of parks and 127 acres of open space. With a stated level of standard of five acres of developed parkland per 1,000 people and five acres of open space per 1,000 population, EDHCSD is currently not meeting its stated goals. The level of service demands having 180 acres of each to meet the standard for its current population and the District has 135. The remaining three acres are currently undeveloped with plans of developing the park within two years.

Growth In Demand For Lighting and Landscape, CC&R Administration and Other Services

EDHCSD also owns and manages 29 acres of landscape and lighting assessment districts. Because EDHCSD's core is already mostly developed in a high density residential pattern, current demand can be both projected and anticipated. Planning for these services in the undeveloped parcels is harder to do because it depends on the type of project being developed. Some developers prefer building standard suburban developments with streetlights and tight design standards that are expected to be continued in the future. Other developers may have some of these elements in place, but with less rigorous enforcement. And within these two subgroups, there is the preference for CC&R and LLD maintenance to be provided by a private entity, such as a homeowner's association, instead of a public agency.

The District's administration, starting with the FY2009-2010 budget, has raised the alarm that some LLDs are currently insufficiently funded and have relied on the General Fund for years to adequately cover expenses. In 2010, the District's Board of Directors signaled their intention to hold elections to revise the fee structure on those LLDs so that they are self-funded, but to-date that has not occurred. For future annexations and future development, the District should ensure the funding mechanisms cover the costs associated with those LLDs and CC&R administration.

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2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

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.

Information in this section addresses #1 and #6 of LAFCO Policy 4.4, which are:

- 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.

EDHCSD's infrastructure consists of 138 acres of active parks and unimproved park sites and 127 acres of open space, 109 street lights, and one Pavilion complex that serves as a community/recreation center.

Park and Recreation Services

The District has an estimated population of 36,910 persons. As indicated in the "Growth and Population" section, EDHCSD currently has a deficit of developed park acres per its policy of five acres for every 1,000 people. Using this standard, EDHCSD's population requires 180 acres of developed parks to meet current demands. The District actually has 135 acres of developed parks.

The Master Plan discusses the park needs of a 2020 population of 60,000. At the time the Master Plan was prepared, it indicated that the CSD had 252.88 acres of parkland at 31 sites. Of these, the Master Plan said 187.5 were developed and 65.38 were undeveloped. The Master Plan indicated it will need a total of 384 acres of parkland at 40 sites at build out to achieve a 6.54 acres per 1,000 population level of standard. However, there are discrepancies in the reported numbers contained in the Master Plan vis-à-vis the District's current inventory:

- *Developed park acreage* - It is unknown why the Master Plan indicated the District had more acres of developed parkland at the time than it currently has (187.5 acres versus 135 acres), especially given that Promontory Park had been in the early stages of development at the time.
- *Undeveloped parkland acreage* - The 65.38 acres reported in the Master Plan is greater than the 19 acres for Promontory (then unbuilt, but subsequently completed) plus the three acres of currently undeveloped parkland. If the 65.38 acres in the Master Plan included open space acres, then this number is smaller than the 122 acres of open space acres the District indicated it currently owns.

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- *Inclusion of private acreage?* – El Dorado Hills is dotted with several parks and open space areas currently in private ownership and maintained by homeowners' associations. It is possible the Master Plan included developed and undeveloped acreage in its reported numbers of 187.5 acres of developed and 65.38 acres of undeveloped land. However, in Appendix C of the Master Plan the language contains the words, "the District owns 252.88 acres of parkland" leading the reader to conclude this acreage is under public ownership.

Going with the District's reported park/open space acreage numbers and the Master Plan's reported 2020 build out need, the District will have to acquire 254.4 acres of additional parkland in the next eight years and 270.4 additional acres of open space in order to achieve 6.54 acres per 1,000 residents. As the Master Plan concedes, the District will need to rely on privately owned park acreage to improve the level of service.

EDHCSD provides recreational programs at facilities located throughout the District. The District's Master Plan indicates a lack of facilities for recreational programs. The Master Plan states that, as of 2007, "the district lacks sufficient sports fields, outdoor basketball courts, tennis courts, playgrounds, gymnasiums and multi-purpose recreation centers. By 2020, the District will also need a pool." The District has entered into multiple joint use agreements with local schools to increase facilities and lower costs, thereby alleviating the identified shortfalls. The most recent agreement was signed in May 2011 with the Buckeye Union School District for the after school/weekends use of the gymnasium at the newly started Valley View elementary school off Latrobe Road.

There are five divisions within the Recreation Department providing various activities and programs for the community:

- **Youth & Adult Sports Programs:** Examples include youth and adult leagues, camps, and tournaments for flag football, softball, soccer, volleyball, and basketball, as well as coordination of sports fields for local youth sports organizations.
- **Youth Programs:** Examples include after school KydZone program, summer KydZone Extreme camps, gymnastics, teen center, and skate park.
- **Senior Citizen Programs:** Examples include Senior Center, special classes, county social services, tours and travel.
- **Aquatic Programs:** Examples include swim lessons, open swim, fitness, and coordination of pool use for swim teams and water polo organizations.
- **Special Interest Programs:** Examples include a variety of special classes and special events.

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Most non-sports related programs were located in the Pavilion; although, some are located in other facilities such as at local schools.

Lighting and Landscaping, CC&R Administration and Other Services

The District maintains street lighting and landscaping equipment and facilities through sub-districts called LLDs. Each year the District completes a Landscaping and Lighting District Engineer’s Report (Engineer’s Report), to assess the needs of each LLD, and determine appropriate changes in fees. The following table lists EDHCS D’s street lighting facilities:

Table 11: El Dorado Hills CSD Street Lighting Facilities by District

District	Streetlights	Landscaping
Stonegate	2	Landscaping, irrigation
Green Valley	4	Landscaping, irrigation
Promontory	0	Kalitheia Park (18 ac)
Oakridge	9	Landscaping, irrigation
Oaktree	4	Landscaping, irrigation
Crescent	5	Landscaping, irrigation
La Cresta	1	Landscaping, irrigation
Lake Forest	1	Landscaping, irrigation
Marina Hill	1	Landscaping, irrigation
Highland Hills	1	Landscaping etc.
Wild Oaks (a & b)	0	Open space area
Bass Lake (A & B)	37	Landscaping, irrigation
Roadway	0	Landscaping, irrigation
Highland Hills 1 & 2	0	Landscaping, irrigation
Creekside Greens	1	Landscaping, irrigation
Francisco Oaks	0	Landscaping etc.
Silva Valley	9	Landscaping, irrigation
Highland View	0	Landscaping, etc.
Hollow Oaks	6	Landscaping, irrigation
North Commercial Blvd.	24	Landscaping, irrigation
Valley View	0	Landscaping, irrigation
Hawk view	2	Landscaping, irrigation
Bell Ranch	2	Landscaping, irrigation
Total	109	

The District owns and maintains some of the street-lighting infrastructure within the area; however, street light maintenance is conducted by PG&E. Landscaping services are provided by the District in 25 Landscaping and Lighting Districts

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(LLDs). The District installs and maintains various infrastructure within these LLDs, including trees, ground covers, streetlights, firebreak, walkways, fencing, signs, parking lots, picnic areas, irrigation systems and other amenities. Nine LLDs are used to maintain the landscaping in some parks and open space areas, but landscaping services and, therefore, fees are neighborhood-specific and vary among the LLDs.

EDHCSD did not indicate any deficiencies in service to the street lighting and landscaping areas. However, the District has noted in budget reports that the fees have not kept up with the costs of providing services in some LLDs. The 2011-2012 Engineer's Report all LLDs recommended raising rates for at least 13 LLDs. For those LLDs that are already charged the maximum rate under the current covenant, EDHCSD will have to hold an election to get the approval from the home and landowners within the LLD to raise their rates. As discussed previously, the Board of Directors have agreed in concept to hold Proposition 218 elections, but have yet to call them.

The District does not appear to require capital or infrastructure in order to enforce CC&Rs. The 2007 General Government Services II Municipal Services Report noted at the time that the District needed "[O]ffice space for one CC&R enforcement officer and a vehicle." The District has not identified infrastructure needs or deficiencies within this type of service.

3. Financial ability of agencies to provide services.

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

4. 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.

Information in this section addresses #2 of LAFCO Policy 4.4, which is:

- Financial capabilities and costs of service.

A successful financing plan for government services requires the right match between the type of expense and the source of funds. Types of expenses generally fall into one of three categories: (1) acquisition of facilities and major capital equipment (2) employee expense (3) ongoing operations and maintenance. Sources of revenue for local agencies include:

- Existing residents/taxpayers who provide ad valorem property taxes, special tax and benefit assessment district funding, funds to repay general obligation bonds, certificates of participation, and loans.
- Future residents in the form of development impact fees, and property tax increment growth.

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- Users who pay fees for specific services such as facilities rental fees, administration fees, plan check fees, etc.
- Groups or individuals who volunteer time or donate money or land.
- Grants from the Federal or State government and other entities.

Funding Sources

Park and Recreation Services

Park services are financed through property taxes, user fees and park impact fees.

Property Taxes

The District collects, on average, a little over 10 cents out of every dollar in property taxes. These revenues are overwhelmingly the main source for funds for the District's General Fund. Overall amounts have been in decline since their peak of 2005, with the Fiscal Year 2011-2012 budget transmittal stating that while home prices are expected to stabilize in mid-2012, "growth in property tax revenue is expected to have a slow turnaround and reassessments due to home foreclosures will likely take a few years to return to 'normal.'" The total assessed value within the District was \$6,167,149,762 in FY 2011-2012.

Recreational Programs

For recreational programs, the District charges fees used to offset the costs of the programs. Because the fees charged are a function of the cost to provide the programs, EDHCSD has the ability to collect sufficient funds to continue offering these services.

Park Impact Fees

The District collects park impact fees from new developments which are used to purchase new parklands and develop facilities and recreation areas. The District completed a Park Impact Fee Nexus Study in 2007 that analyzed the need for updated fees and estimates the most appropriate amounts for park impact fees.

The Nexus study was based on the Quimby Act and District's standard of 5.0 acres of parkland per 1,000 population (this is a rough average since EDHCSD's standards vary based on the type of park that is developed) and the District's own level of service standards for other recreational facilities. The nexus study used other inputs to calculate its fees, including these service standards and the costs to purchase and develop land with parks and recreational facilities. Table 3 above contained the EDHCSD's park impact fee amounts.

While these fees were updated last year ago, it is unknown whether the District is in the position to raise sufficient funds to purchase sufficient new parks to offset anticipated demand. EDHCSD is already behind in its target number of developed

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parks per capita for District-owned parks and recreational facilities; though, as indicated earlier, the District counts private parks' acreage to meet its target goals for the current population.

Reserves

The District maintains various reserve accounts. A contingency acts as a buffer to the budget, available funds in case of unexpected increases. A general reserve account is used to pay down debt on outstanding bonds (currently only the bond for the development of Promontory Park is outstanding). One is for deferred maintenance and the purchase of large equipment. The last two are restricted reserves for cable casting and capital deficiencies.

Cooperative Agreements

El Dorado Hills Community Services District has Joint Use Agreements with the school districts that have facilities within the District's boundaries. Additionally, with the well-developed recreational programs maintained by EDHCSD, the District makes its facilities available to various sports groups, and other special interest groups. Finally, the District's senior programs are located within a former fire station currently owned by El Dorado County.

Lighting and Landscaping

Finances come from assessments supported by engineering reports. These revenues can be restricted by contract.

Lighting and Landscaping Services

Landscaping and lighting service is provided to several LLDs within El Dorado Hills CSD. Each LLD pays a specific amount, based on the services provided, and the number of residents receiving the services. An Engineer's Report is prepared annually to determine total costs and to adjust the level of the fees to be assessed for that year. The fees levied for each district were shown in Table 5 and facilities within each LLD shown in Table 11. Each LLD has certain reserve fund requirements to provide funding for capital improvement projects, equipment replacement and other unforeseen expenses.

As explained, most of these fees are set from the onset of the LLD, negotiated between a developer and the CSD, prior to the development or completion of the neighborhood. Approximately nine LLDs have consumer price indicator (CPI) escalators. Other LLDs have reached the maximum levy amount allowed under the agreement, so EDHCSD is currently negotiating with the homeowners to increase them via an election because the current revenues raised are insufficient to cover the costs of providing the service.

The process is that the EDHCSD Board of Directors calls an election and ballots are sent to the residents within the LLD. A majority of the ballots returned determine the outcome. Should residents defeat a fee increase, the Board may

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take some drastic actions to stay within budget, which may include shutting down some street lights, deferring landscape maintenance or delays in repairing facilities.

CC&R Administration and Other Services

The District is financed through assessments for CC&Rs and franchise fees for cable and solid waste collection services.

CC&Rs

EDHCSD is responsible for the approval of structural and cosmetic changes to property that is subject to CC&Rs. As Table 6 showed, the District imposes an “architectural review fee” for the service. The fee is voter approved and will need to be brought back to the voters if it needs to be adjusted. In addition, a \$10 maximum annual parcel assessment was approved when a majority of voters approved CC&R enforcement in 1982. That \$10 assessment remains in effect to-date. The primary costs of CC&R management is for either legal or staff services. The Fiscal Year 2011-2012 notes that the current assessment is not adequate to meet the demand for enforcement needs.

Waste Management and Cable Service

The District outsources these services and receives a five percent franchise fee from each of the three companies it contracts. The franchise fee is intended to compensate the District for its expenses in administering the franchises and to fund activities related to waste management and/or cable television. Waste Connections Inc., DBA El Dorado Disposal Service, handles solid waste collection services. The current Waste Connection agreement expires in 2023. Comcast and, more recently, AT&T u-verse provide cable services.

Other Revenues

The District receives a small amount of revenues from other sources, such as donations, communication site leases (lease agreements with various wireless communication companies to install and operate antennas on District property) and interest income. As stated in the Parks subsection above, the District manages various reserve accounts for restricted and unrestricted purposes. When not utilized, these funds can generate interest.

5. 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 #7 of LAFCO Policy 4.4, which is:

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

General Governance and Accountability

As a multi-service agency, El Dorado Hills CSD serves the largest and one of the most densely populated unincorporated communities in El Dorado County. EDHCSD utilizes its online presence to disseminate accountability information to the public. The CSD's website lists information on its programs and facilities, community calendar and some financial information. Among other materials related to governance, www.edhcsd.org contains CSD agendas, subcommittee meeting information, audits and the current fiscal year's approved budget online. The District appears to comply with open meeting regulations consistently by posting agendas and staff reports in advance, as well as sending out its agendas to interested parties via e-mail.

Because EDHCSD is also the most visible local government, its decisions have the potential to generate intense public reaction. The latest example is the 2011 events surrounding the status of former General Manager John Skeel. The Board's suspension and subsequent firing Skeel prompted several members of the public to address the Board of Directors at meetings and generated multiple "letters to the editor" in the El Dorado Hills Telegraph, Mountain Democrat and the Village Life. The August 23, 2011 public hearing where the Board determined whether it should terminate Skeel's contract drew a crowd of hundreds. The Board's subsequent decision in December to terminate his contract has led to an effort to recall the four members who voted for termination.

Internally, the dismissal of former General Managers Lowery and Skeel have led to reports of the deterioration of employee morale. Several employees willingly testified at the August 23 hearing of their distrust of both the remaining management team and of the Board. On the former, employees alleged preferential treatment and cronyism.

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

Information in this section addresses #5 of LAFCO Policy 4.4, which is:

- Potential effects on agricultural and open space lands.

The Community of El Dorado Hills is comprised of a dense core of high density suburban uses developed primarily in "villages." EDHCSD has several areas on the edges of its service boundary that are currently undeveloped, but are slated for eventual development. Some of these currently undeveloped areas are unsuitable for agricultural use because they are surrounded by urban uses. The most prominent of these is the Bass Lake area on the southeast side next to the Community of Cameron Park; though, Green Springs Ranch on the northeast side

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also fits this description. The single largest area of undeveloped land within the service boundaries is on the south side and will eventually be the Valley View and Marble Valley projects. Other smaller areas exist along the County Line, primarily in what is the Carson Creek project and the El Dorado Hills Business Park, the latter being within the District's SOI, but not in the service area. Valley View and the Business Park have their internal road network paved with little or no development built. The Carson Creek and Marble Valley areas are still relatively pristine.

While none of the services provided by EDHCSD will have an effect on when and how those parcels are developed, the eventual development of Marble Valley, Carson Creek, Valley View and the Business Park have the potential to introduce growth-inducing pressures on parcels to the south of Highway 50 on the way to the Community of Latrobe. In 2007, a company headed by Angelo Tsakopoulos proposed developing some acres on the Sacramento County side of the County Line next to and south of Carson Creek along Placerville/Payen Road. Had it been approved, growth-inducing pressures would have intensified: The Counties of Sacramento and El Dorado would have been playing a game of escalating development using the events on the other's side of the County Line to convert more agricultural land to urban uses. The Sacramento Board of Supervisors has backed away from approving the project; however, there is no guarantee that the proposal is completely off the table.

VII SOI DETERMINATIONS

El Dorado Hills is a community that has not only attempted to incorporate in the past, but will most likely attempt to do so in the future. The last incorporation attempt, voted down in 2005, used the boundaries of the El Dorado Hills Community Services District as the proposed city limits. Because of these factors, establishing the sphere of influence for the CSD is politically sensitive.

The last SOI update added the Business Park, which added the last area of the El Dorado Hills Community Region found in the El Dorado County General Plan that was not included in either the CSD's boundaries or its SOI. In fact, the CSD's service area and its SOI is now larger than the Community Region. The service area includes Marble Valley, which is outside of the Community Region. The SOI also includes Marble Mountain Homeowners CSD and a few parcels next to the Wetzel-Oviatt properties along Latrobe Road that are not in the Community Region. Consequently, no changes to the SOI are recommended by staff.

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. Staff recommends the following determinations for amending the sphere for the El Dorado Hills Community Services District:

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

Land uses within the District include residential, commercial, open space and other uses. These are not anticipated to change, except as development within the community occurs and undeveloped lands are converted to urban uses. Several areas within EDHCSD's service boundaries, such as the Bass Lake Hills, Carson Creek, Marble Valley and Valley View are not fully built out.

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

The District indicated the need for additional recreational facilities and parklands within the District area to serve the projected 2020 population. The District's finances appear well-positioned to meet the needs of the projected population by that time, though the District may need to include private parks in order to do so.

Given the large areas of undeveloped lands within the District, it appears that there is sufficient inventory for the District to grow; however, some of these lands are either under development agreements or have approved tentative maps for their development. The District's service area and its SOI include all lands identified in the County General Plan as part of the El Dorado Hills Community Region.

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

The District currently maintains approximately 294 acres of parks, open space and street/median landscape acreage, as well as a diversity of recreational facilities. The present capacity of these public facilities and the services provided are adequate to serve the existing community provided they are coupled with private park facilities to the total park inventory. However, the 2006 Parks & Recreation Facility Master Plan and the 2007 Nexus Study identified an aspiration to add additional parklands and recreational facilities, based on the District's population both at current and at a 2020 "build out" population.

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

The District is situated among several unincorporated communities within El Dorado County, including Cameron Park, Cameron Estates and Marble Mountain. The District did not indicate plans to annex any of these communities. The District itself serves the community as defined both colloquially and in the County General Plan's El Dorado Hills Community Region.

Based upon the information contained in this report, it is recommended that no changes be made to the El Dorado Hills Community Services District sphere of influence at this time and that the Commission reaffirm the current SOI, which was last updated in February 2008.

VIII REFERENCES AND SOURCES

El Dorado Hills Community Services District Documents

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- SCI Consulting Group. El Dorado Hills Community Services District Landscaping and Lighting Assessment Districts Engineers Report. June 2011.
- Economic & Planning Systems. Park Impact Fee Nexus Study Update. May 2007.
- Sherry Shannon, Interim Finance Director. Comprehensive Annual Financial Report for the Year Ended June 30, 2011.
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- Robert Thurbon and Lindsey Moore. Statement of Cause for Termination of Employment Contract. Released to the public August 23, 2011.

El Dorado Hills Community Services District's website (www.edhcsd.org)

- Administration and Finance page
- Planning page
- Parks Department page
- Cable Television page
- Covenants, Conditions & Restrictions (CC&R's) page
- "Park & Facility Rentals" tab

El Dorado County Documents:

- 2004 El Dorado County General Plan
- Census maps generated by the El Dorado County Surveyor's Office

El Dorado Local Agency Formation Commission Municipal Service Reviews:

- West County Parks and Recreation, adopted 2004
- General Government Services I, adopted 2008
- General Government Services II, adopted 2007

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- US Census Service – Population Projections (www.census.gov)
- Village Life website (www.villagelife.com)
 - "New Gym gets \$456K from CSD" by Eric Laughlin. Published May 11, 2011
 - "CSD hires interim general manager" by Mike Roberts. Posted January 3, 2012
 - "EDHCSD board recall effort underway" by Mike Roberts. Posted February 13, 2012
 - "Skeel files claim against CSD" by Mike Roberts. Posted March 02, 2012