

**Holiday Lake
Community Services District
Municipal Service Review and
Sphere of Influence Update**

FINAL

January 2018

EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

HOLIDAY LAKE
COMMUNITY SERVICES DISTRICT
MUNICIPAL SERVICE REVIEW
JANUARY 2018

Commissioners

Shiva Frentzen, Chair

Mark Acuna

Diana Anderly

Ken Humphreys

Brooke Laine

Tim Palmer

Brian Veerkamp

Alternates

John Clerici

Holly Morrison

Michael Powell

Michael Ranalli

Staff

José C. Henríquez

Erica Sanchez

Denise Tebaldi

Kara Ueda

EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

NOTICE OF EXEMPTION

TO: OFFICE OF PLANNING AND RESEARCH

P.O. Box 3044
Sacramento, CA 95812-3044

COUNTY CLERK

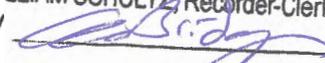
County of El Dorado
330 Fair Lane
Placerville, CA 95667

FROM:

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

FILED

JAN 29 2018

WILLIAM SCHULTZ, Recorder-Clerk
By 

Project Title: Holiday Lake Community Services District SOI Update; LAFCO Project No. 2016-02

Project Location – Specific: Holiday Lake CSD is located south of Highway 50 along Mother Lode Drive on the east end of the Shingle Springs community.

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

Description of Nature, Purpose and Beneficiaries of Project: Update the sphere of influence for the Holiday Lake CSD and to reaffirm the current sphere of influence, which was last updated in February 2004.

Name of Public Agency Approving Project: El Dorado LAFCO

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

Exempt Status: **(check one)**

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

Reasons why project is exempt: The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This sphere of influence update has no possibility for causing a significant effect on the environment.

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

If filed by applicant:

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

Signature  Date: January 29, 2018 Title: Executive Officer
José C. Henríquez

Signed by Lead Agency

Date Received for filing at OPR _____

Signed by Applicant

FILED

JAN 29 2018

EL DORADO COUNTY RECORDER

EL DORADO CO. RECORDER/CLERK

DATE POSTED: 1/29/18
DATE REMOVED: 2/29/18
DATE RETURNED: 4/2/18

APPROVED
EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

RESOLUTION NUMBER L-2018-02

**Update to the Holiday Lake Community Services District
Sphere of Influence**

LAFCO Project No. 2016-02

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

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

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

WHEREAS, pursuant to §56430, in order to prepare and update the sphere of influence, the Commission conducted a municipal service review for the Holiday Lake Community Services District and adopted a written statement of determinations in conjunction with this sphere of influence update on January 24, 2018; and

WHEREAS, the Executive Officer reviewed the sphere of influence update pursuant to the California Environmental Quality Act (CEQA), and recommended that the project is exempt from CEQA under §15061(b)(3) because it is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA, and, based thereon, the Executive Officer prepared a Notice of Exemption; and

WHEREAS, the Executive Officer set a public hearing for January 24, 2018 for consideration of the environmental review and the sphere of influence update for the Holiday Lake Community Services District and caused notice thereof to be posted, published and distributed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, on January 24, 2018 the sphere of influence update came on regularly for hearing before LAFCO, at the time and place specified in the Notice; and

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

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

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

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

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

Land uses within the District are residential. No land use changes are anticipated within the District and no land uses would be changed by affirming the District's current SOI.

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

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

The District should resolve its issues regarding the ownership status on the trail and lake parcels soon. This will ensure that there are no legal entanglements that could jeopardize its legal standing or strain its financial resources.

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. It could make service clearer if the District specified its position regarding the use of the lake and facilities and how it intends to regulate the use of these facilities. The District's service capacity would not be changed by affirming the District's current SOI.

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.

Social or economic communities of interest to the District are not known. Affirming the District's current SOI would not result in the annexation of any additional areas into the District's service area.

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.

Neither of the two neighborhoods that comprise Holiday Lake CSD are part of a disadvantaged community. Same goes for the neighborhood in the surrounding area of the District. In addition, the district only provides recreation and park services. These are not applicable to this section.

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

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

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

Section 3. Pursuant to Government Code Section 56425(i)(2), the Commission does hereby establish the functions and classes of services provided by Holiday Lake Community Services District as follows: Parks and recreation services.

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

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

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

PASSED AND ADOPTED by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held January 24, 2018 by the following vote of said Commission.

APPROVED

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

ATTEST:

Erica Sanchez
Interim Clerk to the Commission

Shirley W. [Signature]
Chairperson

APPROVED

Holiday Lake CSD Sphere of Influence Update
LAFCO Project No. 2016-02
Resolution L-2018-02

EXHIBIT A

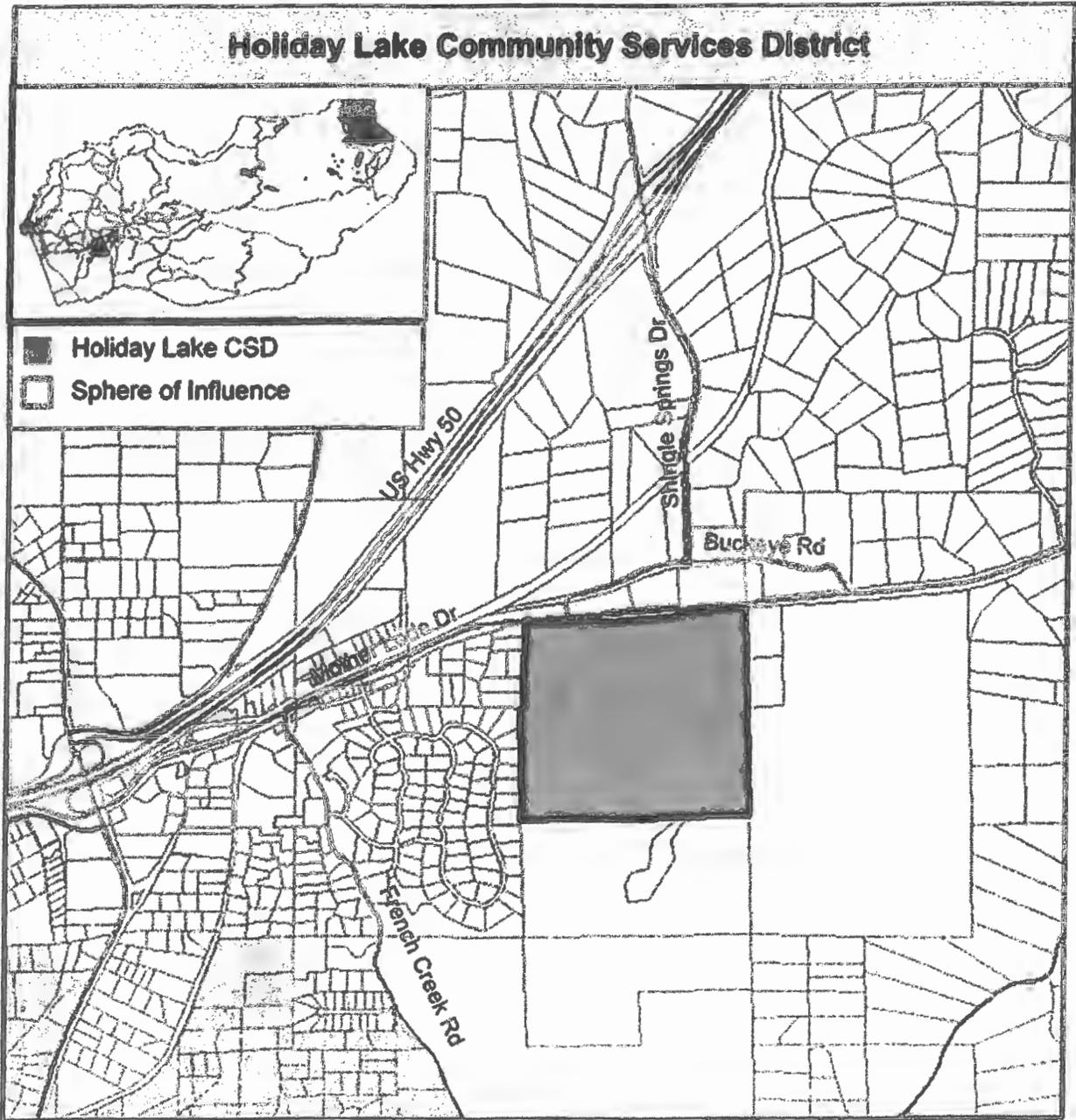


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I EXECUTIVE SUMMARY

Background

Holiday Lake Community Services District (HLCSD or simply the District) was formed on September 16, 1970 by LAFCO Resolution 12-70 and serves the subdivisions of Holiday Hills and Holiday Lake Ranches. It is located south of Mother Lode Drive, approximately one mile east of French Creek Road, in the Shingle Springs area. The district's boundary encompasses approximately 140 acres and 62 developable parcels. HLCSD contains an estimated population of 136 (59 developed residential parcels).

The District is empowered to provide recreational facilities including the development and maintenance of a recreational aquatic park. The District maintains a 30-acre lake, dam and 0.9-mile walking trail. The District does not provide any additional active services. It was preceded in services by the Holiday Hills Recreation Development Corporation. The District depends on assessments and a property taxes and its main source of revenues. While the District reports that these sources are inadequate for covering all of its costs, so far it has been unsuccessful in getting its residents to approve higher assessments.

The most pressing issue for Holiday Lake Community Services District does not involve service provision. While HLCSD has been previously reviewed twice by El Dorado LAFCO since 2000, neither report noted that the parcels containing the lake and the trails are owned by private entities. This situation forces the District's Board of Directors to choose whether they want to continue as a public entity or convert into a private. The president of the HLCSD Board indicated to LAFCO staff that the Board chose to remain a public agency.

II **AGENCY DESCRIPTION**

Holiday Lake Community Services District

Contact Information

Address: P. O. Box 2382, Shingle Springs, CA 95682 - 4620
Scenic Drive, Shingle Springs, CA 95682

Phone: (530) 677-9458

Website: None

Management Information

Board of Directors:

Paul Cowdery	2013-2017
Sheryl Baldwin	2013-2017
Bob Dacy	2015-2019
Craig Dorrough	2015-2019
Fred Ott	2013-2017

Board Meetings: 2nd Wednesday of January, March, April, May, September & November

Staff: Sandy Gurnsey, General Manager

Service Information

Principal Act: Government Code Section 61000 et seq.

Empowered Services: Parks and Recreation
(at the time of formation)

Services Currently Provided: Parks and Recreation

Latent Powers: None
(LAFCO approval required)

Area Served: 140 acres

Population Served: 136 (approximately)

Major Infrastructure: Approximately 40 acres of park

Fiscal Information

Budget: \$26,000

Sources of Funding: Property taxes, special taxes

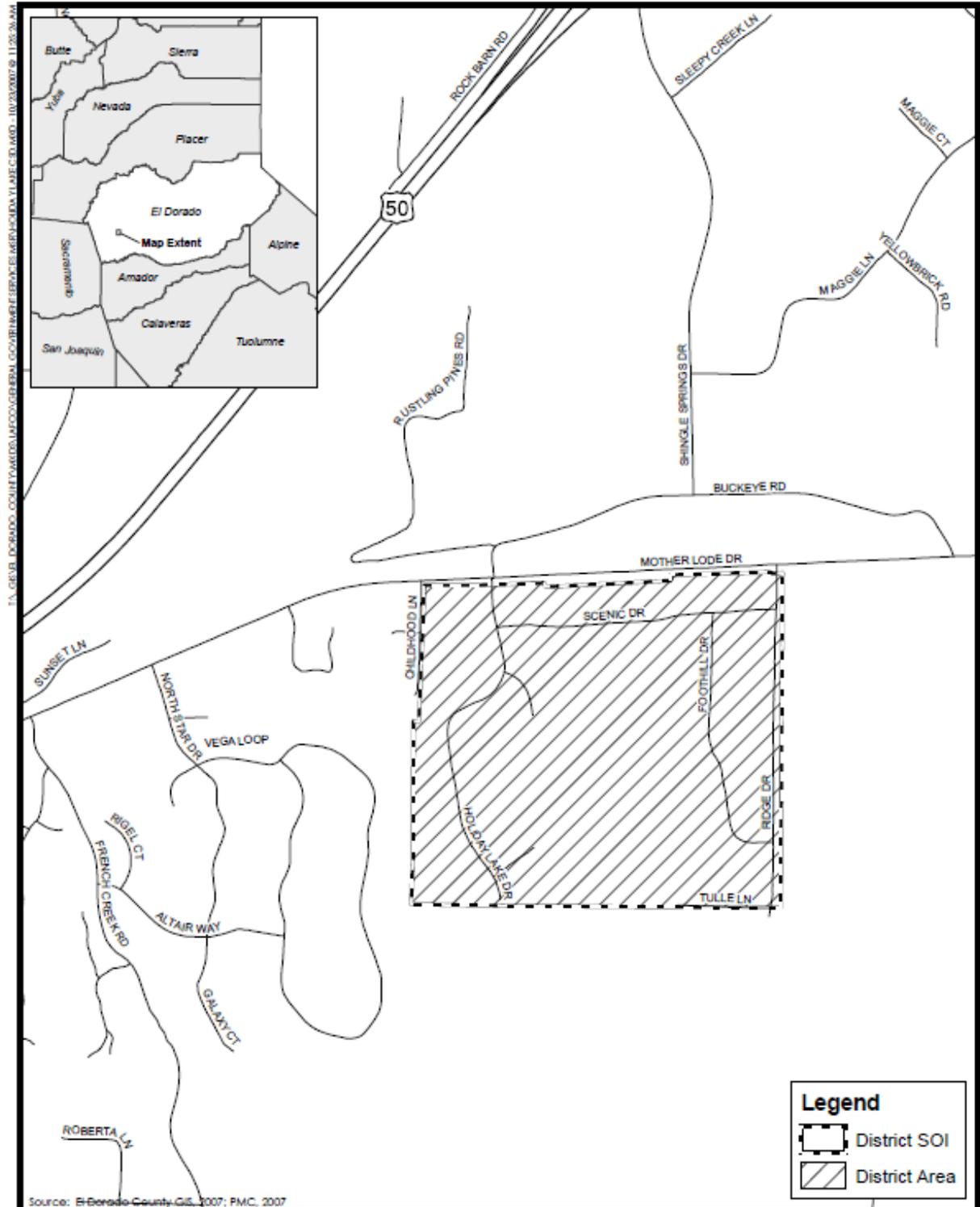


Figure 2.17-1
 Holiday Lake CSD
 PMC

III **MSR DETERMINATIONS**

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

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

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

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

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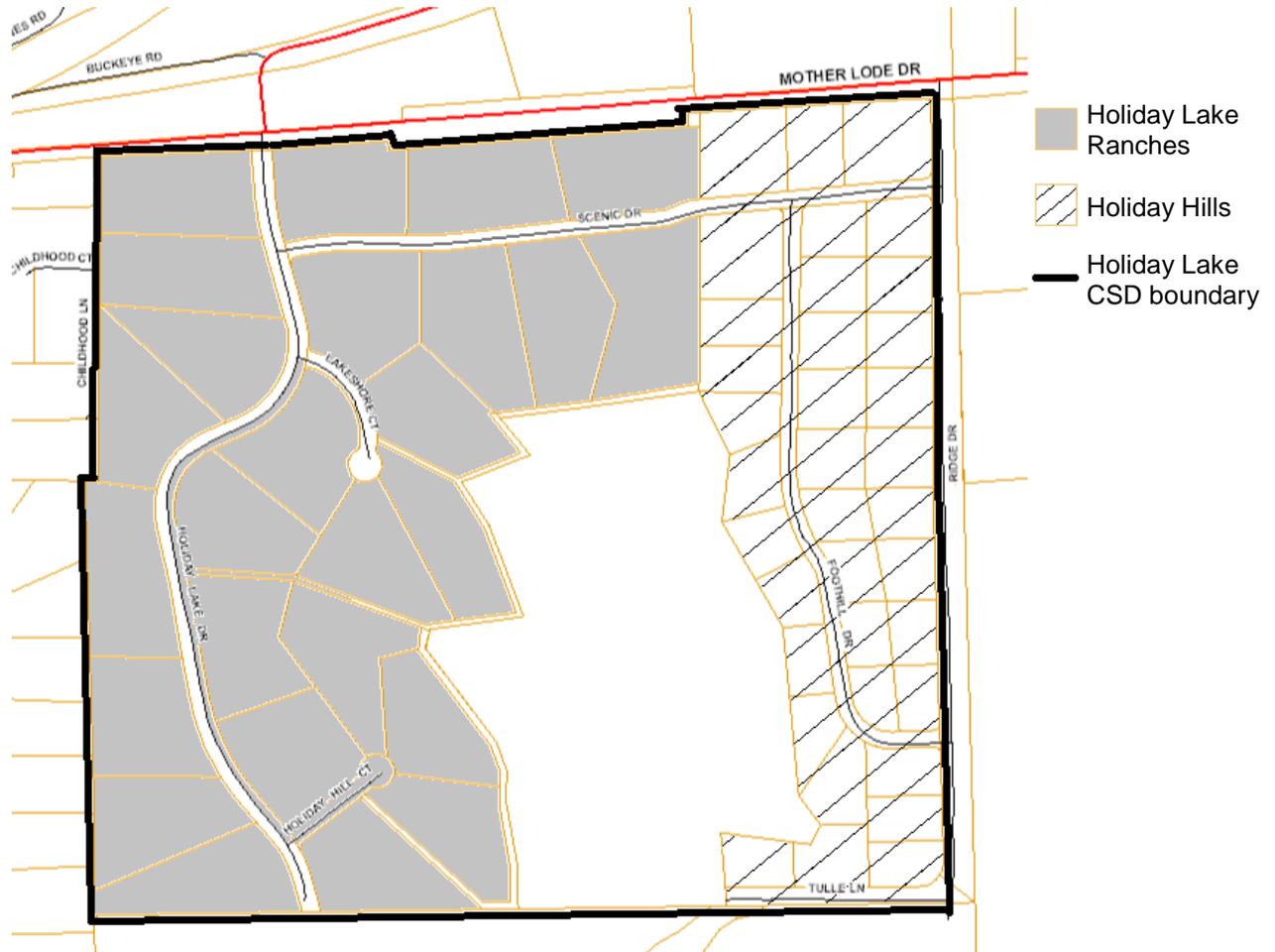
<i>Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.</i>

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.

Holiday Lake CSD encompasses two separate developments. The Holiday Lake Ranches (HLR) to the west and Holiday Hills (HH) neighborhood to the east. It is unclear whether these two subdivisions were built at the same time; however, they are structured differently. HLR has a homeowners association that maintains its private roads. HH's main roads – Ridge Drive and Foothill Drive – and portions of Scenic Drive and Tulle Lane are public roads maintained by the Count of El Dorado. According to Paul Cowdery, the residents of the Holiday Lakes community consider themselves "as one" despite their different setup.

Subdivisions Within Holiday Lake CSD



Holiday Lake CSD serves 67 parcels, 62 of them developable. Of these, eight parcels are still undeveloped, but only three of them are large enough to contain a residence. The undevelopable parcels include the lake, three common areas, and hiking trails. The 2004 General Plan designates all residential parcels within the district as medium-density residential. In past MSRs, the area was characterized as a retirement community with little or no growth. The district's population could increase slightly with the possible addition of no more than four single-family homes. Compared to the current population of 136, the increase of 10 persons brought about by the development of these three remaining parcels (2.3 persons per dwelling unit) translates to a maximum growth of 7.4% distributed over an unknown future timeframe. The projected maximum population increase will not affect services. The territory surrounding HLCSD has the designation of either medium- or low-density residential.

No significant development is planned for the area and no boundary changes have been proposed to the County. LAFCO is not aware of any pending proposals for

those developable vacant parcels. Capacity and demand will likely remain constant in the future.

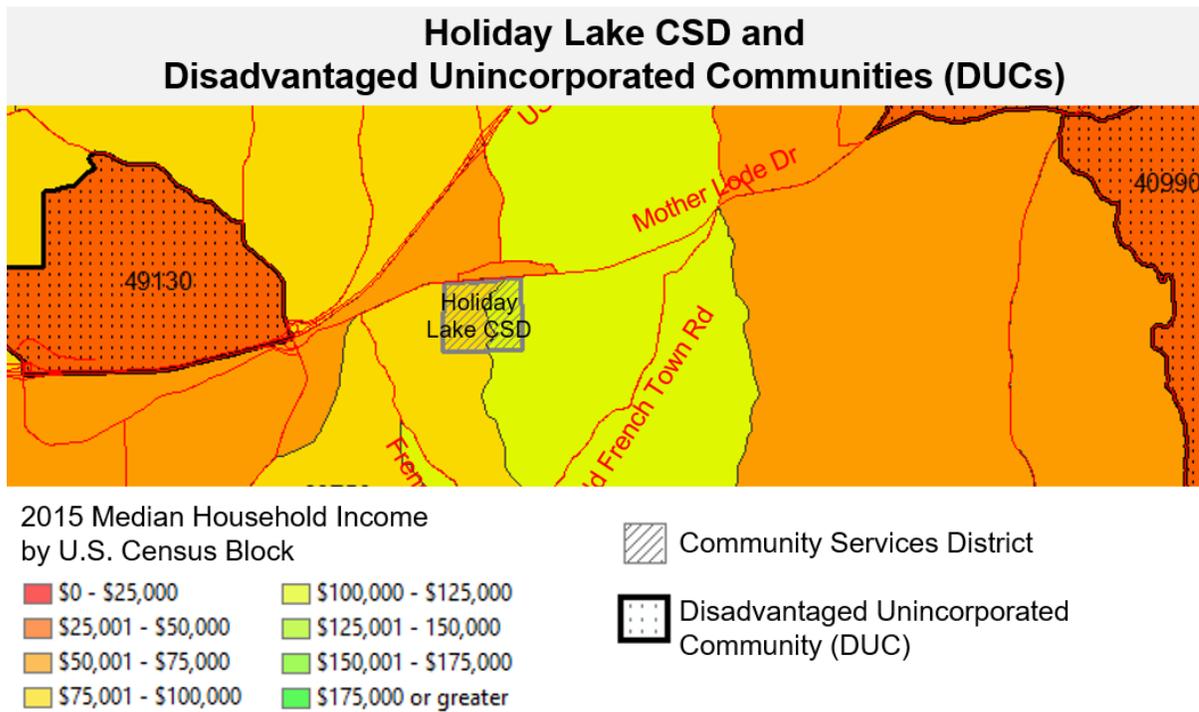
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

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 \$49,454 as of 2015 (United States Census Bureau 2015).

The Department of Water Resources did not designate the area in or around the Holiday Lake CSD as belonging to a disadvantaged community. The 2015 Census data show that Holiday Lake CSD is between two Census Block Groups that contain DUCs, but HLCSD itself is not within a DUC (refer to map below). In addition, according to City-data.com, the median household income for the neighborhoods in and around Holiday Lake CSD is \$80,000, 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. HLCSD does not provide any of these services. In addition, these areas are already in the service area for the El Dorado Irrigation District (water and waste water services) and the El Dorado County Fire Protection District (fire protection).



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.

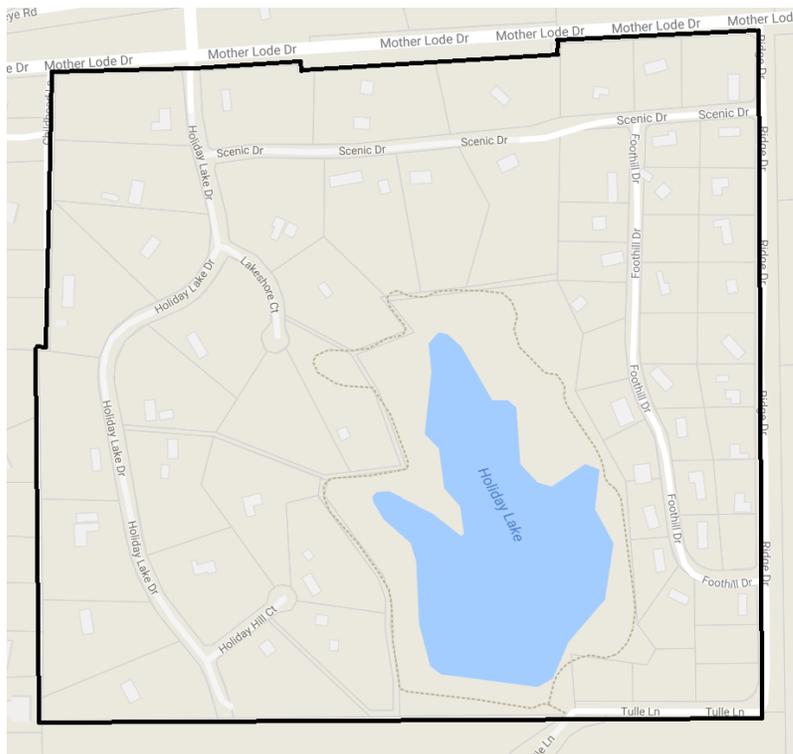
Purpose: To evaluate the infrastructure needs and deficiencies of a district in terms of capacity, condition of facilities, service quality, and levels of service and its relationship to existing and planned service users, especially those in areas that have been traditionally unserved or underserved.

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

HLCSD is empowered to provide recreational and park services, as stated in the formation resolution. The District engages in “passive recreation services” by developing and maintaining a recreational aquatic park (lake), trails and “such other purposes as may be adopted by the District’s voters” as provided in Section 61600 of the California Government Code. No additional services have been added since the district’s formation. The graph below shows the District trail system and lake:



The trail system consist of a walking loop around the lake. Half the trail and four access points sit atop three trail-only legal parcels. The remainder of the trail is on the legal parcel that contains the lake itself. Signs posted at the trailheads warn users that it is a rattlesnake-prone area and that the trails are “private property.” No trespassing is allowed unless the user is a resident or invited guest. The signs also has a line that says, “owned by HLCSD,” but it is unclear whether HLCSD was asserting ownership over the sign or the trail.

Consistent with the surrounding rural residential neighborhoods, the lake remains in a natural, undeveloped state. The district does not provide landscaping, but built and maintains a small bridge across the spillway to improve trail access during the winter flood season. According to the district’s Rules and Regulations, sail and rowboats are allowed on the lake, but boats with motors are prohibited. Homeowners may moor their boats on the water’s edge but docks are not allowed. Bicycles are allowed on the trail only when the path is dry enough so as to not cause damage to the area. HLCSD does not contract with any public or private recreational providers for joint use of the facilities.

HLCSD relies on volunteers for routine and minor maintenance (mowing, weed abatement, clearing brush around the lake, and removing trees and other debris, etc.). The HLCSD general manager gives the Board of Directors a safety report at each meeting and volunteers are organized accordingly. There is a program twice a year where volunteers cut and clear any dead limbs that may be a hazard to the public. The district organizes a community clean-up around the lake and trail once or twice per year.

The District periodically hires independent contractors for large and complex projects, such as the chemically treatment of the lake water, the replacement of culverts, pest control (gopher control on the dam) and other projects requiring a licensed contractor. These services are requested on an as-needed basis rather than by contract.

The District considers the lake a private facility and restricts access to non-residents. The lake entrances have closed gates and several signs are posted that prohibit trespassing and clearly designate the lake as a private area for resident use only. Visitors must obtain a guest pass from a resident.

Whether the restrictions around the facilities is intentional or the natural result of the District’s budget is debatable. It is correct that the residents derive a certain benefit to having the exclusive use of these facilities and regulating who can access them. However, it is fair to say that the size of the District’s budget prohibits it from being able to offer more services to its residents or to install the appropriate safeguards to ensure the safe use of trails and lake to everyone not already familiar with the condition of these facilities (e.g. the non-resident public at large).

Needs and Deficiencies

Holiday Lake CSD has not prepared a master plan, facility plans, a capital improvement program, or long range goals or priorities. No facilities or services exist within the district to meet the active recreation needs of the community or the public.

Residents travel out of the district to meet these needs, using the facilities and services of other providers. The district does provide passive recreation and open space with 30 acres of lake and 0.9 mile of trail around the lake. While the District itself does not have a park standard, under the County and National Recreation and Park Association standard of five acres per 1,000 persons, a total of only 0.68 acres of park area would be required for the population of 136. The district has park area in excess of the standard.

Facilities

The District's facilities may be privately owned. The previously-mentioned trails and lake are likely owned by private entities according to the information gathered from the Assessor's Office. This will be discussed further in the Accountability and Governance Section, Determination #6 below.

References to HLCSD Facilities in Other Documents

The park and recreation analysis in the 2004 El Dorado County General Plan EIR does not mention Holiday Lake CSD. Holiday Lake CSD is mentioned in the 2012 El Dorado County Final Parks and Trails Master Plan (adopted in March, 2012), listing HLCSD's facilities as:

El Dorado County residents and visitors enjoy access to a variety of recreation facilities and trails that are owned and operated by local park providers... These facilities are intended primarily to serve the residents of these communities, but are generally open to all members of the public.

Two additional special districts oversee limited private recreation opportunities that are available only to their residents (emphasis added). These are the **Holiday Lake Community Services District** and the **Cameron Estates Community Services District**.

Operations

HLCSD operates similarly to other small CSDs in El Dorado County, with a volunteer Board of Directors and volunteer staff. The Board has named Sandy Gurnsey, a resident of Holiday Lake and former board member, as the designated general manager. Holiday Lake CSD does not have a public office, paid staff, regular publications, a website, or a public phone line.

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

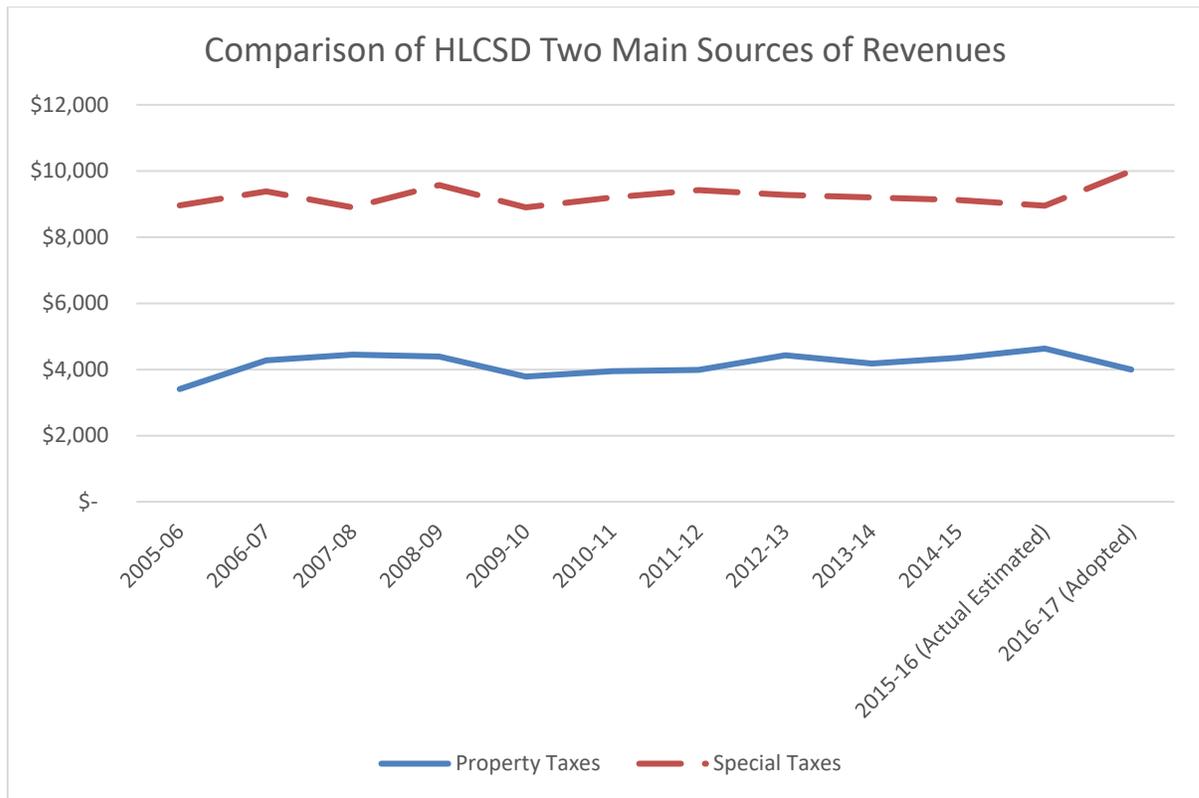
Revenue Sources

HLCSD's revenue streams include receiving a portion of property taxes and two special taxes, the last approved in 2004. While HLCSD is in two tax rate areas, the

percentage of property taxes that go to the District is the same: 3.9295%. District voters approved a special tax of \$75 in May 1989 and voted in June 2004 to add a second tax of \$75. Landowners in the District pay a total of \$150 per parcel.

In terms of size and importance, there is no question that the special taxes generate more revenue for the District. In any given year, the collected special tax amounts are about twice as large as the funds collected from property taxes. As 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.

Table 1: District Revenues, Expenditures and Net Assets in Detail (FY 2012-13 to 2016-17)



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

Holiday Lake CSD is funded through property taxes and two long-standing district-wide special taxes. The district currently operates and maintains a lake and some trails. The District does not administer any recreational programs. In the 2004 MSR, the District indicated that it was examining the pros and cons of reaching out to include adjacent properties to annex them in to the district. It is unknown what decision the HLCSD Board arrived at in the ensuing 13 years, but none of the

surrounding property owners have approached the District or LAFCO for annexation. In addition, Board President Cowdery indicated that the District is not currently entertaining an expansion of HLCSD’s service area.

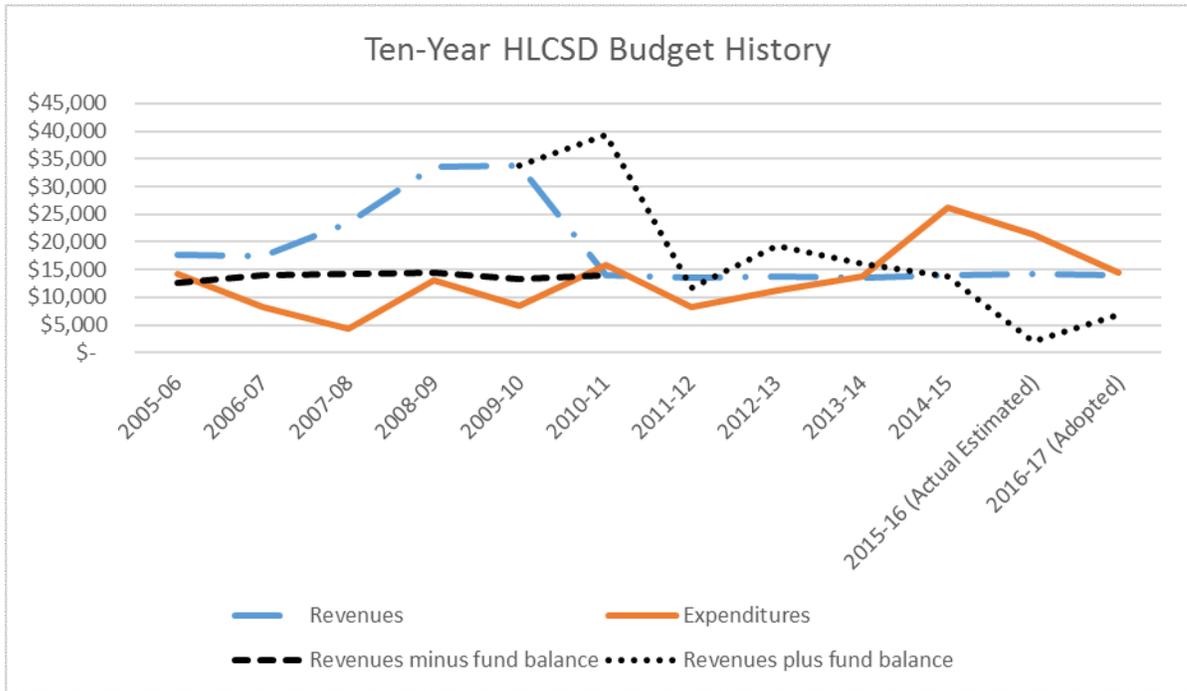
Table 2: District Revenues, Expenditures and Net Assets in Detail (FY 2012-13 to 2016-17)

	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual Estimated)	2016-17 (Adopted by District)
Revenues – Property Taxes	\$4,431	\$4,180	\$4,354	\$4,632	\$4,00
Revenues – Direct Special tax	\$9,275	\$9,200	\$9,125	\$8,953	\$10,000
Revenues – Other	\$142	\$124	\$499	\$566	\$0
Total Revenues	\$13,848	\$13,504	\$13,977	\$14,161	\$14,000
Expenditures – Road Maintenance	\$23,302	\$21,851	\$51,363	\$0	\$67,550
Expenditures – Park Maintenance	\$481	\$502	\$1,427	\$486	1,475
Expenditures – Insurance	\$2,239	\$2,287	\$2,229	\$2,131	\$2,055
Expenditures – Administrative	\$540	\$335	\$920	\$511	\$1,750
Expenditures – Professional Servs	\$7092	\$6,672	\$9,411	\$8,224	\$9,100
Expenditures – Appropriations for Contingencies	\$0	\$0	\$0	\$0	\$1,000
Total Expenditures	\$11,204	\$13,718	\$26,156	\$21,356	\$14,500
Net Revenue (Deficit)	\$2,644	\$(214)	\$(12,179)	\$(7,195)	\$(500)
Fund Balance: \$(1,839)* June 30, 2012	\$5,442* June 30, 2013	\$2,644* June 30, 2014	\$(214)* June 30, 2015	\$(12,179)* June 30, 2016	\$(7,195)* June 30, 2017

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

As it can be seen in the table above, the data suggests that the District’s revenues are not keeping up with its expenditures. A chart showing the last 10 years gives a longer view perspective that the revenue streams are no longer adequate for HLCSD’s expenditures. In order to make 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 HLCSD budgets found in the Auditor-Controller’s website changed how it counted the fund balance in FY2010-11. After that date, revenues meant strictly incoming “new” revenues for that year. That change caused the Revenue line’s collapse in that year. However, the depiction is not really accurate in that prior to FY2010-11, a revenue source was counted that no longer depicted even though it exists. In order to normalize the District’s

revenue stream to make an apples-to-apples comparison. LAFCO staff calculated the fund balance and either removed it so that the revenue stream was primarily property tax and special tax revenues prior to FY2010-11 (dashed line) or added the fund balance post FY2010-11 so that revenue source was depicted post FY2010-11 (dotted line). That resulted in the following chart. If you don't count the fund balance, the revenue stream is essentially flat for the past 10 years. If the fund balance is included, the revenue stream is much more volatile and it had a much more significant collapse:



According to Board President Cowdery, the two biggest expenses for HLCSD are the general liability insurance and dam inspection costs. Insurance premiums fluctuate, but lately they have ranged between \$2,000 and \$2,500. Costs for dam inspections vary from year to year, but in 2016 the costs were \$6,548.¹ Since operation and maintenance costs for the existing facilities at Holiday Lake are rising, and there is every reason to believe they will continue to rise in the future, district residents may need to approve another special tax (with a two-thirds vote) to generate more revenue. For example, in late 2003, the district established a resident committee to evaluate the issue of increased dam inspection costs and report back to the board. Based on the committee's recommendations, an election was called in June 2004 and voters raised another special tax of \$75.

If similar special tax increases are not approved, the district would have to develop a strategy to cover the costs. In 1999, a similar situation occurred when the increasing costs of maintenance services led the district to hold an election to raise

¹ For dams less than 100 feet and owned by a public entity, the Division of Dam Safety charges an annual fixed fee of \$632 per dam plus \$174 per foot. The Holiday Lake Dam is 34 feet tall. The cost changes annually.

the special tax from \$75 to \$105. When the measure failed, the district responded by limiting services and budgeting a larger contingency for future cost increases.

Cost-Avoidance Opportunities

Holiday Lake CSD does not have any paid employees other than a designated volunteer general manager, a position which is required by Government Code Section 61240. The district board delegates special issues to an interested resident or a committee of residents and board members. Additionally, the district carries liability insurance through the Special District Risk Management Association (SDRMA).

Opportunities for Rate Restructuring

Holiday Lake CSD does not offer any programs, classes, or special events. The district has no plans for expansion of its facilities, future administration of recreational programs, or annexation of new territory. Fees are not charged by Holiday Lake CSD and only residents are allowed to use the lake or trail system. No entrance or user fees are charged at the lake.

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.

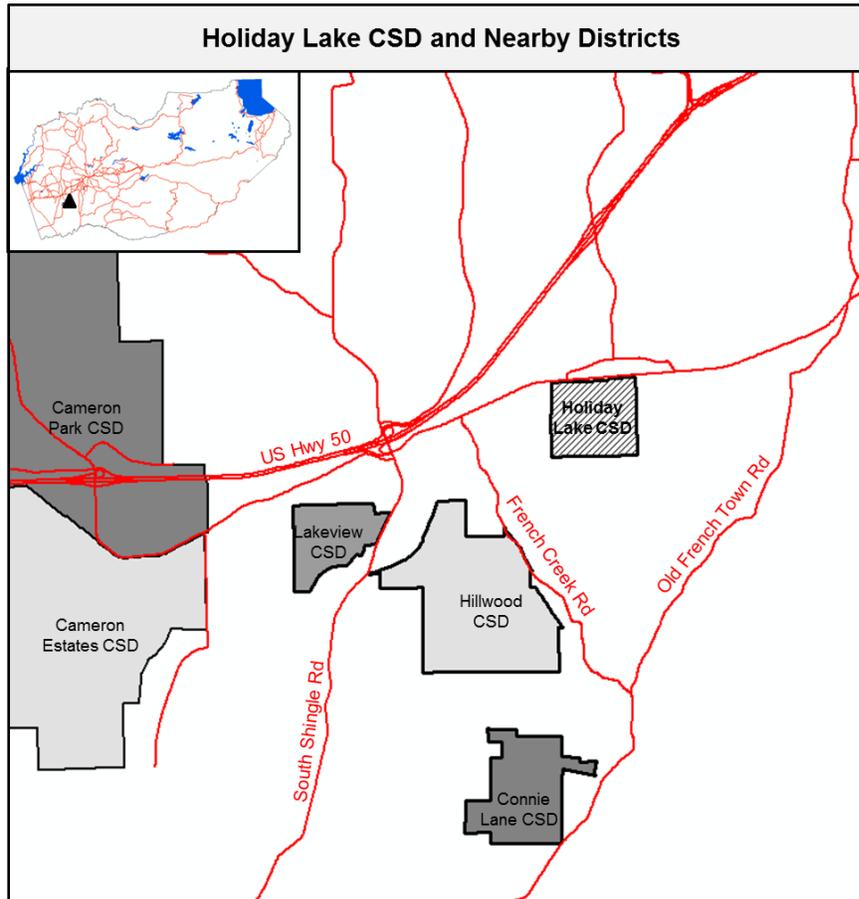
Holiday Lake CSD is geographically separated from other park and recreation service providers. Not only is HLCSD located six miles from Cameron Park Community Services District, the latter has shown no interest in providing shared facilities. A couple of local schools have occasionally requested the use of the lake for educational purposes. Some local groups have also requested the use of the trail and lake for staged events and ceremonies.

It is unknown whether there is a missed opportunity with Holiday Lake. The El Dorado County Final Parks and Trails Master Plan identifies Holiday Lake as a “private lake.” The Department of Fish and Wildlife also considers Holiday Lake private. The Division of Dam Safety believes the Holiday Lake Dam, at least, to be public. Not all of this is technically correct for reasons specified in the next section. However, access to the district’s lake is currently restricted by the HLCSD Board of Directors. Holiday Lake CSD’s current policy restricting use of the public facilities to only homeowners bordering the lake is a significant impediment to maximizing the public benefit of these recreation facilities.

An alternative proposal would be for Holiday Lake to be used as a community-wide park to serve the park and recreation needs of the population in the Shingle Springs area. Shingle Springs is currently without any other local park and recreation service provider. In addition, use of the lake could make it possible for Cameron Park CSD and Holiday Lake CSD to provide or expand programs for non-motorized boating, such as kayaking, canoeing, wind-surfing, etc. The availability of a second community park in the territory south of Highway 50 would relieve some of the nonresident demand on Cameron Park CSD. County Parks would be the logical funding and management partner for such a venture; however, budget reductions

and administrative uncertainty in County Parks may restrict this opportunity for shared facilities. But before such a program could be implemented, the status of the lake and trails will have to be clarified.

It should be noted that while HLCSD is surrounded by other smaller CSDs, these other districts provide road maintenance services, a different class of services than HLCSD.



6. Accountability for community service needs, including governmental structure and operational efficiencies.
Purpose: To consider Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers; an evaluation of management efficiencies; and local accountability and governance.

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

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

Administration, Management and Operations

HLCSD is governed by a five-member elected Board of Directors with four-year staggered terms of office. Since 1999, electing members to the HLCSD Board has not been competitive.

It is difficult to find readily available public information outside of what is found in the Auditor-Controller's (data on budgets and tax rate share) and LAFCO's (district information sheet and previous MSR) respective websites. The District does not maintain a website. The following summarizes information from the last MSR:

- The board holds open meetings every other months with an agenda and notice also given through e-mail.
- Agendas are posted at bulletin boards at the two entrances to the community, both along Scenic Drive. One is at the intersection with Holiday Lake Drive and the other at the intersection with Ridge Drive.
- The district does not have any paid employees. It does have a designated volunteer general manager pursuant to Government Code Section 61240.
- The district board delegates special issues to an interested resident or a committee of residents and board members.
- The district prepares an annual report that details the progress and status of old and new business. The report may be as informal as an email "blast" to the residents.
- The Rules and Regulations of HLCSD (amended 1997) specify that the lake is under the general jurisdiction of the Department of Fish and Wildlife. As such, fishing licenses are necessary and certain state limits and restrictions on fishing activities apply. In addition, all boats must be registered and children under the age of 16 must wear life vests. The Department of Fish and Wildlife reports that there have been no adverse actions taken against HLCSD; however, because it considers the lake to be private, "CDFW has very little authority unless there was a violation of some sort."

In addition to the State Department of Fish and Wildlife, there are two other entities HLCSD must also contend with, the Division of Dam Safety and its parent agency, the State Water Resources Control Board (SWRCB). Certain State Water Resources Control Board regulations and annual dam inspection requirements apply to the district. On the former agency, the last inspection of Holiday Lake Dam occurred on August 2016. No problems were reported by Dam Safety staff for, at least, the past 10 years. As mentioned earlier, the Division of Dam Safety considers the Holiday Lake Dam to be under public ownership.

It is unknown whether SWRCB as a whole considers HLCSD a private or public entity. Presumably, because it is the umbrella agency of the Division of Dam Safety, it probably considers Holiday Lake public, consistent with the determination by the Division of Dam Safety. Regardless, HLCSD had a run-in with SWRCB a few years ago. Holiday Lake is replenished via a diversion from Sawmill Creek. The diversion is authorized under State License Number 6854, Application 13883. LAFCO staff obtained copies of a draft Cease and Desist Order from the SWRCB, dated October 2014, and a subsequent letter, dated December 2014, from the same unit indicating that "no further enforcement action will be taken." At issue was whether HLCSD was filing its annual diversion reports with the State. The matter must have been

resolved between October and December 2014. Nevertheless, it is another example of the myriad of agencies HLCSD must work with due to the nature of services provided and its facilities.

Budget and Operational Procedures

HLCSD adopts an annual budget and submits the documents to the County Auditor-Controller's office. For more detailed information regarding the budget and sources of revenue, please refer to Section 4 above.

The county is also responsible for conducting an audit every five years. The last audit was conducted in March 2016 covering the 2006-2015 fiscal years. Prior to that was the audit completed in March 2006 for the fiscal years ending 2001-2005. The 2016 audit did not find any major issues and asserted that the financial statements reported an accurate portrayal of the district's finances. The two most significant findings in the report were the recommendation that the District needed to have its audits conducted on a more regular periodic basis and that the district needs to appoint a general manager.

Public Funds but Private Access?

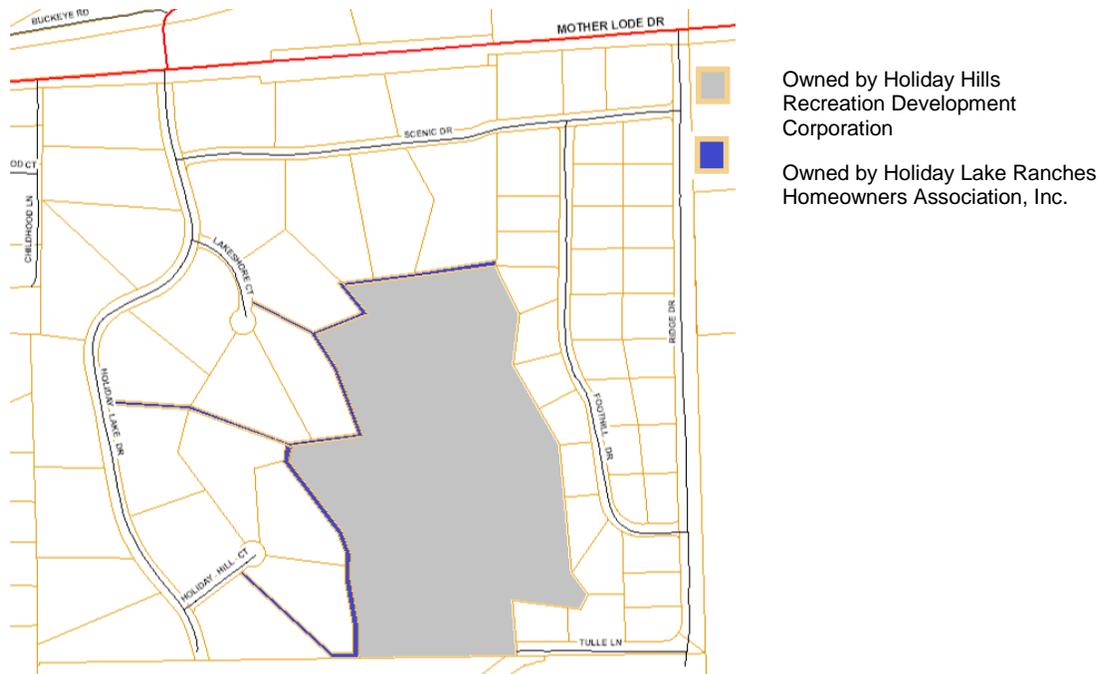
This study has identified that there is limited to no public access to the District's facilities, and the facilities are considered private facilities for homeowners and guests only. The previous two MSR's noted the following, in quotes, which could be problematic given that HLCSD is a public entity:

- “The common areas (lake right-of-ways) along the shore of the lake and three access routes are owned by Holiday Lake Ranches Homeowners' Association.”
 - As noted earlier, the signs posted at the trailhead make it clear that only residents and their invited guests are allowed to use the trails. These signs further state that the trails are “private property” and “no trespassing” is allowed.” The public in general is told to keep out under penalty of law.
 - A homeowners association is usually a private, non-profit entity. If the District has been spending money to maintain trail access and other beautification projects owned by a private entity, it opens itself up for scrutiny and challenge. Some may contend that this activity runs afoul of the California Constitution's ban of using public funds for private interests if the District is unable to prove that those expenditures served a public purpose. LAFCO staff has been unable to verify whether these right-of-way parcels were dedicated to the District for public use. It is probable that these parcels were not dedicated since HLRHOA is still listed as the owner of these parcels in the County Assessor's roll.
 - In addition, according to the Franchise Tax Board (FTB) and the California Secretary of State (CSoS), the Holiday Lake Ranches Homeowners Association, Inc. (HLRHOA) has been suspended since 1986 for failure to pay its taxes and for failure to file a “Statement of Information” with the CSoS. The contact person listed for the HOA no longer lives at the address on file with the FTB and the CSoS. LAFCO staff has been unable to track either the

“agent name” in the CSoS website or the listed “president” of the HOA. According to an FTB representative, “We literally have nothing on this entity in our system. No taxes, no forms, nothing.”

- “The lake parcel is owned by the community, assessed with the surrounding residential parcels receiving the benefit of higher property values. Although the District is a public agency, the lake is effectively a private facility, posted and gated to prohibit public use.”
 - It is important to note that the statement above is not attributed to anyone involved with HLCSD and was likely a conclusion arrived at by LAFCO staff. On the other hand, the 2004 MSR was vetted by HLCSD’s Board and this statement was not refuted.
 - The parcel containing the lake is owned by the “Holiday Hills Recreation Development Corporation” (HHRDC), a private nonprofit entity and a separate entity from the HLRHOA. The only two things that LAFCO staff was able to find about this HOA was that:
 1. This entity has been suspended since 1983 for failure to file a Statement of Information with the CSoS; and
 2. The contact name in the last Statement of Information filed no longer lives at the listed address

As with the lake right-of-ways, for the District to be spending funds to benefit a private entity - in this case it would be to the private benefit of both the HHRDC and the surrounding residential parcels - means that these expenditures could be construed as constituting a gift of public funds if HLCSD is unable to prove that these expenditures are for the public benefit or create a public good.



What Happens Now?

While HLCSD is doing some things *structurally* as a public entity (holding public meetings, complying with the Brown Act and Proposition 218, etc.); HLCSD is not complying with other aspects of the law. As demonstrated in this report, the District may arguably be spending public funds on privately-directed activities (to the extent that the public outside of the Holiday Lake community is actively discouraged from utilizing the trails or the lake) on privately-owned property. There are two options on how to proceed.

- *Go Full Public* – Public ownership of these facilities would ensure there are no potential conflicts about the use of public funds for maintenance and improvement. LAFCO identified two possible ways for the District to own the properties:
 - Find a way to revive the HLRHOA and the HHRDC for purposes of dedicating or selling their respective parcels to the District. This may be difficult to do. If the organizations were non-profit corporations with 501(c)(3) status, getting that status back from the IRS, figuring out and paying back taxes owed, reviewing and possibly updating bylaws, and reconstituting a board of directors may be both expensive and time-consuming. The District would likely have to engage additional experts, as would the respective HOAs. If they were able to review the HOAs, the HOAs could then dedicate or sell the parcels to the District, which would clarify ownership and allow the District to regulate those assets more effectively. HLCSD ownership would also give the public more avenues to affect local policies on the manner, frequency and inclusiveness of use of the trails and lake.
 - File a “quiet title” action in court to determine that the District has “prescriptive rights” to the properties. The legal concept is that when a person or entity can demonstrate that it has openly, continuously, and notoriously used or accessed a piece of property for a certain period of time (typically five years), that person can usually successfully argue that it has obtained a prescriptive easement or ownership to a piece of property. HLCSD would have to consult an attorney and perhaps other experts to determine if this would be an option for it to pursue..

If the District finds a way to own the properties, the public generally would have a right to use it. If the District desires to continue to close off the trail, it would also likely need to work with its attorney on finding a way to treat residents differently from non-residents.

- *Go Full Private* – A private association could more accurately reflect the community’s needs and desire to operate the lake as a private facility, especially since a private organization originally owned the lake. Two homeowners’ associations exist within District boundaries that could feasibly provide the same level of service for the same cost as the District would incur. It would not matter to LAFCO whether the former HOAs were revived or if the property is transferred

to a new HOA or HOAs. Either way, HLCSD would apply to LAFCO to dissolve the District and have HLCSD cease to function as a public entity. The County of El Dorado would “wind down” the affairs of the District, which would entail dealing with the HLCSD’s remaining assets. Arrangements would have to be made either to transfer those remaining assets to either corporation or to find a way to dispose of them so in a way that benefits the community as a whole. Should this option be taken, then access to the trails and the lake could be restricted to just residents of the Holiday Lake Ranches (HLR) and Holiday Hills (HH) neighborhoods.

The District’s Board of Directors discussed this issue across two meetings with the public. The District reports that the majority opinion of the residents has been to continue to remain a CSD. The main driver of that conclusion is the result of the Oroville disaster. There is now a new mandate to dam owners that they must prepare an Emergency Action Plan (EAP) by 2020. The EAP begins with the creation of a dam inundation map. The District believes that the map alone will require engineering fees that far exceed HLCSD’s annual budget. The general consensus of those on the Board and the community is that a small CSD may have more success obtaining funds either in grants or low interest loans than a private HOA. As a result, the District will research its options for obtaining or purchasing the trail and lake parcels. The next review of HLCSD should follow up on the issue of ownership of the trail and lake parcels.

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.

The Holiday Lake CSD is surrounded by existing residential development or areas designated for residential development. The District is located in the vicinities of the communities of Shingle Springs and Cameron Park. It is unlikely that HLCSD’s services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand, so there should be no additional impacts to the economic viability of surrounding agricultural operations.

IV SOI DETERMINATIONS

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

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

Land uses within the District are residential. No land use changes are anticipated within the District and no land uses would be changed by affirming the District's current SOI.

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

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

The District should resolve its issues regarding the ownership status on the trail and lake parcels soon. This will ensure that there are no legal entanglements that could jeopardize its legal standing or strain its financial resources.

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. It could make service clearer if the District specified its position regarding the use of the lake and facilities and how it intends to regulate the use of these facilities. The District's service capacity would not be changed by affirming the District's current SOI.

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.

Social or economic communities of interest to the District are not known. Affirming the District's current SOI would not result in the annexation of any additional areas into the District's service area.

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.

Neither of the two neighborhoods that comprise Holiday Lake CSD are part of a disadvantaged community. Same goes for the neighborhood in the surrounding area of the District. In addition, the district only provides recreation and park services. These are not applicable to this section.

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.**

Neither of the two neighborhoods that comprise Holiday Lake CSD are part of a disadvantaged community. Same goes for the neighborhood in the surrounding area of the District. In addition, the district only provides recreation and park services. These are not applicable to this section.

Sphere of Influence Conclusions and Recommendations

This SOI which was last updated on September 22, 2004. Based upon the information contained in this report, it is recommended that the Holiday Lake CSD sphere of influence be reaffirmed to be concurrent with its service area boundaries as depicted in Map 1 of Section VIII. The next review of HLCSD should follow up on the issue of ownership of the trail and lake parcels.

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 Holiday Lake 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 REFERENCES AND SOURCES

General Background Information:

- El Dorado County General Plan: A Plan for Managed Growth and Open Roads; a Plan for Quality Neighborhoods and Traffic Relief, adopted July 2004
- El Dorado County Final Parks and Trails Master Plan, adopted March, 2012
- California State Department of Parks and Recreation “Procedural Guide for the 2002 Resources Bond Act Per Capita Program”
- California State Resources Agency’s Statewide Bonds Oversight website
- Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, prepared by Assembly Committee on Local Government, last updated November 2008
- Local Agency Formation Commission Municipal Service Review Guidelines, Governor’s Office of Planning and Research, August 2003
- LAFCO Procedures Guide, 2013 Edition, San Diego County LAFCO
- El Dorado LAFCO’s West County Parks, Recreation and Open Space Municipal Service Review, 2004
- El Dorado LAFCO’s General Government Services I Municipal Service Review (prepared by PMC), 2008

Governing and Defining Legislation:

- Government Code §61000 et seq.

Agency:

- Audit Report on the Financial Statements For Fiscal Years Ending 1995-2000.* Prepared by Kathy Sergeant. February 5, 2003.
- County of El Dorado. Independent Special Districts Final Budgets for the Fiscal Years 2005-2016.

VII **APPENDICES**

A. Appendix I: Background on MSR/SOI

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of the Holiday Lake 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 recreation and park services provided by the District and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

As part of the inaugural cycle of municipal service reviews (2001-2008), El Dorado LAFCO conducted the *2004 West County Parks and Recreation Municipal Services Review* and also contracted with Public Financial Management and Burr Consulting to prepare the *General Government Services II Municipal Services Review*, adopted by the Commission in December 2007. Both of these reports reviewed a portion (2004 MSR) or all (2007 MSR) of the recreation and park service providers (among other services) in the county. However, for the third cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides public services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which provide similar services, please refer to the *2004* or *2007 Municipal Services Review*.

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

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

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
 - (1) Growth and population projections for the affected area.
 - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 - (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
 - (4) Financial ability of agencies to provide services.
 - (5) Status of, and opportunities for, shared facilities.
 - (6) Accountability for community service needs, including governmental structure and operational efficiencies.
 - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services

within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.

- (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.
- (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
- (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

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

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

- Section 56844 authorizes the Commission to undertake a study or report in place of a reorganization committee, thereby transferring those access rights.

Relationship Between Spheres of Influence and Service Reviews

The CKH Act requires LAFCOs to develop and determine the sphere of influence (SOI) for each applicable local governmental agency that provides services or facilities related to development. Government Code §56076 defines a SOI as “a plan for the probable physical boundaries and service area of a local agency.” Service reviews must be completed prior to the establishment or update of SOIs (§56430(a)). Spheres of influence must be reviewed and updated, as necessary, not less than once every five years (§56425). El Dorado LAFCO’s policies already contain the update requirement (Policy 4.2).

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

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

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

Service Review Guidelines

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

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

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

- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

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

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

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

B. Appendix II: Background on Disadvantaged Unincorporated Communities

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

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

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

A census tract is a geographic area defined by the United States Census Bureau and used for the census. The geographic size of census tracts varies widely depending on the density of population; a census tract typically has around 4,000 residents, but can range from 1,200 to 8,000. Census tracts are further divided into census block groups, generally defined to contain between 600 and 3,000 people, and then finally census blocks for understanding locations in at a community level. Data for this report was collected from the 2011-2015 American Community Survey 5-Year Estimates, at the census block group level.

C. Appendix III: Environmental Justice

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

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

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

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

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 Holiday Lake 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 HLCSD lies on only one census tract, it is but a portion of a large tract. As a result, Census Tract 308.04 will contain demographic data from other neighborhoods and areas outside of Holiday Lake CSD.

The information summarized in the below from the 2010-14 ACS should not be interpreted as solely representing Holiday Lake CSD. For comparative purposes, information from the 2010-14 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	
Census Tract 308.04	6,673	6,113 (92%)	58 (1%)	217 (3%)	102 (2%)	0 (0%)	0 (0%)	183 (3%)	837 (13%)
El Dorado County	180,411	156,641 (87%)	1,693 (1%)	1,555 (1%)	7,141 (4%)	213 (0.1%)	6,689 (4%)	6,479 (4%)	22,386 (12%)

Sources: 2010-2014 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, by far. Pulling poverty numbers on any other racial group would not yield much of an insight. The only statistically significant ethnic populations are those of Whites and Latinos for Census Tract 308.04. It should be noted that Hispanic/Latino is considered an ethnic group, not a racial group. Because some Hispanic/Latinos could be racially categorized as “White,” Tables 2 and 3 gathered data for Whites who self-identified as “not Hispanic or Latino.” This was done to exclude double-counting individuals. It also explains the difference in population numbers between Table 1 and Tables 2 and 3 for Whites

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	5,527	524 (9%)	2,678	195 (7%)	2,849	329 (12%)
	Hispanic or Latino (of any race)	837	454 (54%)	509	258 (51%)	328	196 (60%)
El Dorado County		180,411	18,831 (10.4%)	89,917	9,082 (10.1%)	90,494	9,749 (10.8%)

Tables 2 tells us that the poverty numbers for Whites in Census Tract 308.04 mirror the overall poverty numbers for the county. They are better for White men and slightly worse for White women, but in general poverty runs at 10% of the White population. Proportionally speaking, Hispanics/Latinos are worse off than the countywide numbers, with almost a 51% poverty rate for men and a 60% rate for women.

Table 3: Poverty Status in the Past 12 Months by Sex, by Age and by Ethnicity for Census Tract 308.04

Age	White not Hispanic or Latino				Hispanic or Latino (of any race)			
	Total Male	Total Male Under Poverty	Total Female	Total Female Under Poverty	Total Male	Total Male Under Poverty	Total Female	Total Female Under Poverty
Under 11 years	233	39 (17%)	382	17 (4%)	70	42 (60%)	100	92 (92%)
12-17 years	254	0 (0%)	131	0 (0%)	35	35 (100%)	32	32 (100%)
18-44 years	664	48 (7%)	582	80 (14%)	260	107 (41%)	105	33 (31%)
45-64 years	805	97 (12%)	982	95 (10%)	117	74 (63%)	75	39 (52%)
65+ years	722	11 (2%)	772	137 (18%)	27	0 (0%)	16	0 (0%)

Table 3 sheds some more light. For White men, the poverty rate looks worse for the very young or those in late middle-age. For White women, the poverty rate is higher later in life. For Hispanic/Latinos, the poverty rate is high across all age groups, improving only slightly (below 50%) between the ages of 18-44 years and in retirement age

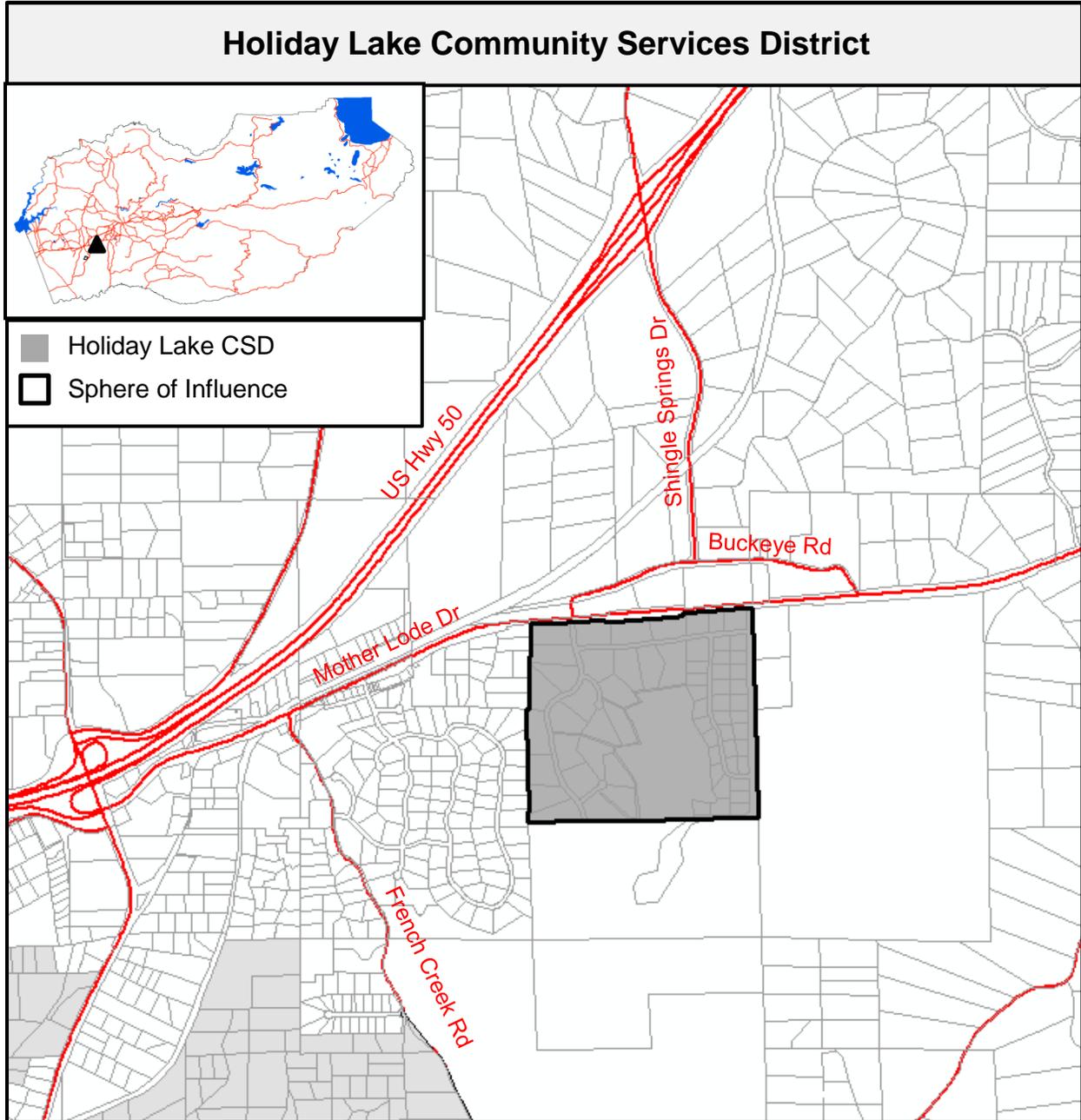
Table 4: Household Income in the Past 12 Months by Ethnicity for Census Tract 308.04

	El Dorado County	White not Hispanic or Latino	Hispanic or Latino (of any race)
Total Number of Households	67,086	2,146	179
Less than \$25,000	11,338 (17%)	314 (15%)	41 (23%)
\$25,000-44,999	13,283 (11%)	270 (13%)	31 (17%)
\$45,000-99,999	19,589 (29%)	634 (30%)	29 (16%)
\$100,000-149,999	11,270 (17%)	401 (19%)	47 (26%)
\$150,000+	11,673 (17%)	554 (26%)	31 (17%)

Table 4 shows that the distribution of households for both ethnic groups roughly matches the county’s distribution across the income spectrum. Taken together, it means that the distribution of poverty among Hispanics/Latinos seen in Tables 2 and 3 means that those in poverty status are concentrated in a small handful of households.

VIII **MAPS**

Map 1 – Holiday Lake CSD Boundaries and Sphere of Influence



Map 2 – Census Tracts Around Holiday Lake CSD

