

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 service review includes a summary and analysis of the Audubon Hills Community Services District, along with a subsequent update to its spheres of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing road maintenance related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

As part of the inaugural cycle of municipal service reviews (2001-2008), El Dorado LAFCO contracted with PMC to prepare the *Streets and Highway Services Municipal Services Review*, adopted by the Commission in December 2007, which reviewed all of the road maintenance service providers in the county, including community services districts, cities, and county service areas. However, for the second cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides road maintenance services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which contribute towards the maintenance of public roads, please refer to the *2007 Streets and Highway Services Municipal Services Review*.

This MSR and LAFCO's adoption of a subsequent resolution making sphere of influence determinations are statutorily exempt from the California Environmental Quality Act [Class 6, §15061(b)(3)]. In undertaking this service review and making sphere of influence determinations, LAFCO considered its responsibilities under federal and state civil rights and environmental justice laws. The 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.

The structure of this report is as follows: Section II contains important background information, Section III contains a description of the Audubon Hills Community Services District, Section IV contains the service review and sphere

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of influence determinations, Section V has the environmental review determinations, Section VI contains the references, and Section VII contains the appendices.

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

## **II BACKGROUND**

### **A. Legislative Framework**

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

The CLG determined that LAFCOs needed more specific information in order to make informed decisions on projects that came before them. It was recommended that LAFCOs be required to collect and review the information necessary to guide decisions before specific proposals were made. The CLG concluded that this information was necessary for LAFCOs to encourage orderly growth and to provide planned, well-ordered, efficient urban development patterns and to advantageously provide for the present and future needs of each county and its communities. Specifically, the CLG recommended that information on public service capacity and issues be gathered through periodic service reviews. These service reviews would ultimately constitute a statewide body of knowledge that could be used to resolve California's growth-related public service issues. Based on these recommendations, the State Legislature enacted Government Code §56430 as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), which became effective on January 1, 2001.

Section 56430 of the CKH Act, in part, 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.

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- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (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 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.”

The subject service review is being conducted in order to comply with the legislative requirement for LAFCO to complete all MSRs and SOI updates every five years.

### **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. 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 six 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.

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- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them.
- Develop strategies to avoid unnecessary costs, eliminate waste and improve public service provision.
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs.
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

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

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**III AGENCY DESCRIPTION**

**Audubon Hills Community Services District**

Contact Information

**Address:** P.O. Box 745  
Camino, CA 95709

**Phone:** (530) 647-8878

**Website:** www.audubonhills.org/AHCSD

Management Information

**Manager:** None

**Governing Body:** Board of Directors

**Board Members:** James McCarthy, President Elected: 2005-2009  
Robert Matheson, Treasurer Elected: 2007-2011  
Stanley Backlund, Director Elected: 2009-2013  
William Brozo, Director Elected: 2009-2013  
Inge Clark, Director Elected: 2005-2009

**Board Meetings:** Third Thursday of approximately every other month at 7:00 pm – see website for meeting months; call (530) 647-8878 for meeting location

**Staffing:** None, contracts for services

Service Information

**Empowered Services:** Roadway maintenance

**Services Provided:** Roadway maintenance

**Latent Powers:** None

**Area Served:** Approximately 4 square miles, 140 parcels

**Population Served:** 227 registered voters

**Major Infrastructure:** Roadways

Fiscal Information

**Budget:** \$111,861 for FY 2007-08

**Sources of Funding:** Property assessment and property taxes

**Assessments:** \$75 per parcel

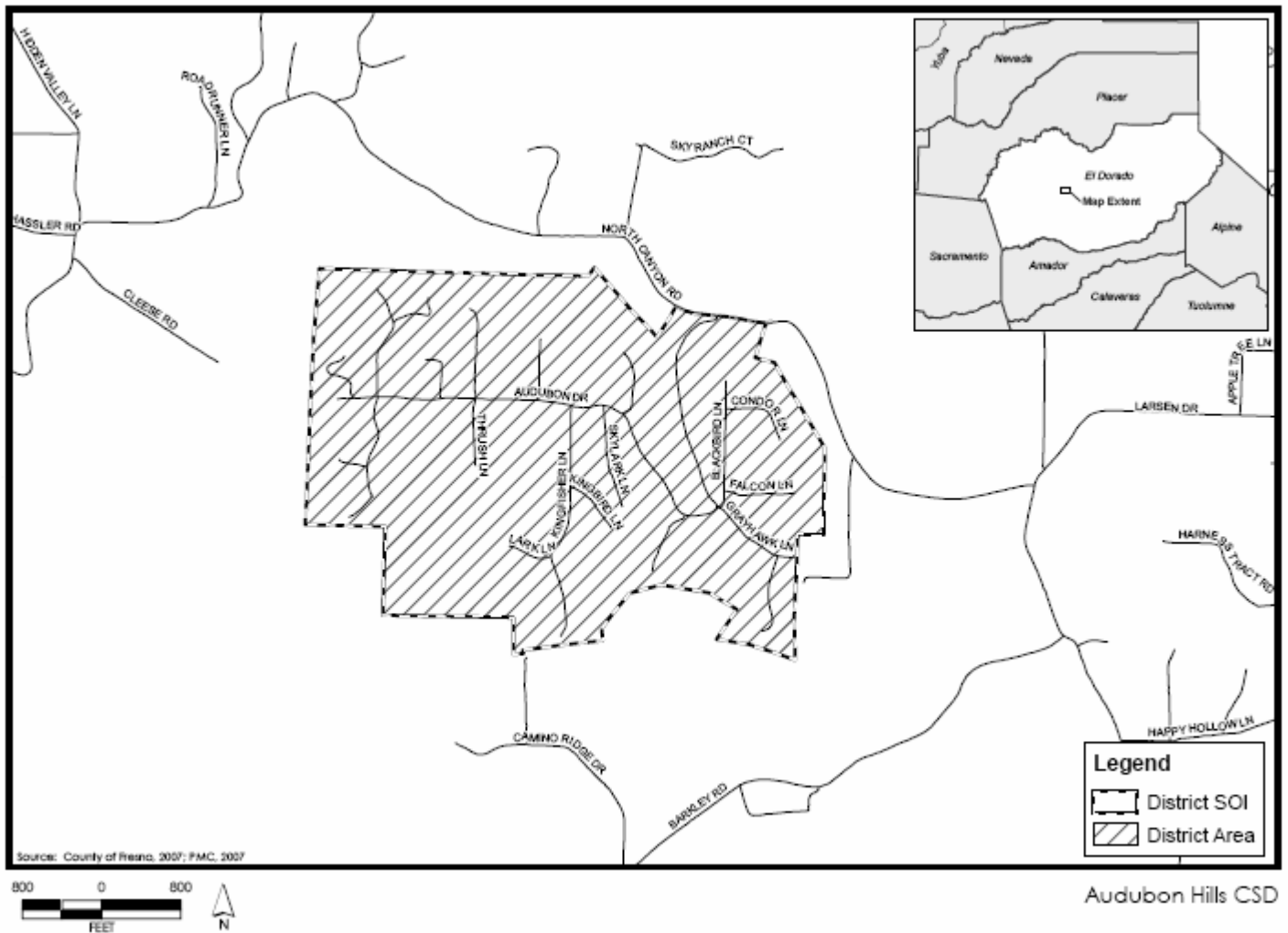
**Rate Structure:** None



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**Background**

The Audubon Hills Community Services District (hereafter referred to as Audubon Hills CSD or the District) maintains approximately 10 miles of roadway within its boundaries, including providing snow plowing services during colder weather. The District is located in Camino, more commonly known as the “Apple Hill” area, south of North Canyon Road, northeast of the City of Placerville in El Dorado County.



Audubon Hills CSD was formed in 1972 under California Government Code Section §61101-61120, which enables the formation of Community Services Districts to provide roadway services. As authorized in its enabling legislation and at the time of formation, the District maintains roadways and provides snow plowing to allow access to residential homes located on parcels within its boundaries. The District does not provide additional services outside of their enabling legislation and the service provided does not extend beyond designated

service boundaries. The District is not contracted to provide service to other service providers.

Roadway maintenance services are necessary to ensure that roadways remain usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in service demand are expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient.

### **Population and Growth**

Audubon Hills CSD is currently providing roadway services to 140 parcels within its boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. Audubon Hills CSD has no plans for future expansion; at this time the District's service boundaries are coterminous with its sphere of influence. The CSD has not expressed interest in altering the current boundaries. Residents within the District appear to be the primary users of the District's roadways. The services provided are adequate within the District's existing boundaries, and services do not extend beyond designated boundaries.

### **Infrastructure**

Audubon Hills CSD's current infrastructure is approximately ten miles of roadway, consisting of one primary and fourteen secondary roadways. Audubon Drive, the District's primary roadway, connects to a public roadway, North Canyon Road, and dead ends to the west. The District has 14 secondary roadways that connect to the primary road; including Blackbird Lane, Condor Lane, Falcon Lane, Grayhawk Lane, Heron Lane, Nighthawk Way, Kittywake Lane, Skylark Lane, Kingfisher Lane, King Bird Lane, Lark Lane, Mockingbird Lane, Tanager Lane, Thrush Lane, Blackbarri Drive, Waxwing Lane, Warbler Court, Magpie Lane, Wren Court, and Audubon Court.

Most of the roads within the District are paved, with resurfacing performed either as chip seal or asphalt. The adequacy of the District's roadways is generally based on the District's self assessment, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. There are no Countywide standards for roadway repair and maintenance applicable to special districts, thus it is left to the Audubon Hills CSD board to determine the extent of maintenance programs.

### **Road Maintenance**

The responsibility of the CSD is to maintain Audubon Drive, and its connecting roads. Currently, there is a four-phase project to pave Audubon Drive with a material called "Petromat", which is an under-layment material that the

Department of Transportation uses on the freeways. It helps reduce the percolating effect of water that comes from underneath and cracks the road. Instead of the costly job of constant cracking and re-paving every year, Petromat is intended to keep the roads healthy for up to 25 years. The goal of CSD is to eventually pave, not just chip seal, all connecting side roads. Other responsibilities of CSD are pot hole repairs, sign maintenance, centerline painting, snow removal or sanding on snowy days, roadside abatement, ditch and culvert repair.

All of these services are contracted out to private providers, which allows the District to provide services without owning or maintaining any facilities or equipment. Audubon Hills CSD utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out to qualified and interested firms to generate options for the District. The competitive bid process appears to be effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

Maintenance and repairs are prioritized based on the number of parcels served. Roadways that serve more occupied parcels receive higher priority in receiving maintenance services. Each spring, required services are put up to bid after the Board has agreed upon the prioritized list of road work to be completed. The District has indicated that the roadway infrastructure is adequate for the current users and existing demand. The CSD has no plans for future expansion of services, major infrastructure, or facilities.

### **Personnel and Staffing**

The District does not employ any staff and contracts for roadway maintenance services when necessary directly through the board of directors. Under Government Code §61050(a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of June 2009, the District's board of directors has not appointed a general manager.

### **Administration and Management**

Audubon Hills CSD is an independent special district which has a separate board of directors. Audubon Hills CSD's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years and board member terms are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District. Board positions are unpaid.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held starting with the third Thursday of January and every two months thereafter on the third Thursday of

the month at 7:00 p.m. Meeting announcements are posted on the entry to the subdivision at least ten days prior to the board meeting. All services are budgeted at the District's March and May Board meetings. Board meetings and notices appear to be consistent with Brown Act requirements which governs open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

**Funding and Budget**

This section analyzes the financial operations of Audubon Hills CSD, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District. All monetary amounts cited in this section are rounded to nearest whole number and based on fiscal year (FY) 2008-09 budgetary information received from both the district and the County Auditor-Controller's Office.

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

**Revenues**

Audubon Hills CSD is financed primarily through property taxes and property assessments. No rates are charged and no user fees are collected. Table 1 shows that the District's annual revenues are relatively stable over time, with exception of annual fluctuations resulting from carryover funds from the previous fiscal year and a slight increase from year to year resulting from normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

**Table 1: Three-Year History of District Revenues (Fiscal Years 05/06 – 07/08)**

Revenues	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
Fund Balance Available	\$33,492	\$39,768	\$69,862
<b>Taxes</b>	<b>35,488</b>	<b>38,944</b>	<b>39,611</b>
Property Taxes	24,759	28,332	28,894
Direct Assessment	10,413	10,300	10,413
SHPTR*	316	312	304
Penalties/Cost Delinquent Taxes	39	21	31
Interest	1,374	2,557	2,357
<b>Total Revenues</b>	<b>\$70,392</b>	<b>\$81,291</b>	<b>\$111,861</b>

\* State Homeowners Property Tax Relief

The increase shown in the annual fund balance available is primarily due to varying maintenance needs from year to year and accumulations of previous carryover amounts. In addition to any carryover fund balance from the previous fiscal year, the following sources of revenue are available to Audubon Hills CSD:

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**Property Taxes** – During FY 2007-08, Audubon Hills CSD received a property tax increment of 10.5486% from each of the 140 properties within the District service area. This is approximately ten and a half cents of every dollar collected in property tax revenue. For FY 2007-08, the total property tax collected amounted to \$28,894.

**Direct Assessments** – Subject to voter approval, special districts have the option to levy an additional assessment upon the parcels within their boundaries; Audubon Hills CSD collects an assessment of \$75 per parcel, which amounted to \$10,413 in FY 2007-08. This annual revenue stream is relatively stable and does not fluctuate from year to year.

**SHPT Relief** – The CSD also received \$304 from the State Homeowners Property Tax Relief program in FY 2007-08, which is additional funding provided to independent special districts to offset the amount of revenue lost from the state homeowner’s tax exemption. Revenue from delinquent taxes within the District are relatively minute.

**Interest** – The District collected approximately \$2,357 in interest earned from the balance in its operating account. The County Treasury has an annual variable interest rate that is between 1% to 5.5%, depending on how the entire pool of County-controlled funds is invested. The amount received by each independent district whose funds are deposited in the County Treasury is apportioned by the County based on the ratio of the district’s average daily cash balance to the total cash balance within the Treasury.

Expenses

**Table 2: Three-Year History of District Expenditures (Fiscal Years 05/06 – 07/08)**

Expenditures	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
<b>Administrative Costs</b>	<b>\$2,847</b>	<b>\$3,302</b>	<b>\$2,847</b>
Insurance Premiums	2,726	1,305	1,305
Special Dist. Board of Directors Insurance	0	1,495	1,451
Office Expenses	98	72	42
Professional and Specialized Services	3,946	400	0
Spec Dept Exp – Agency Adm Fees	23	30	49
<b>Services and Supplies</b>	<b>23,770</b>	<b>8,054</b>	<b>34,650</b>
Maintenance Roads	19,870	1,300	34,650
Maintenance - Grounds	3,900	900	0
Spec Dept Exp – Culverts	0	3,552	0
Spec Dept Exp – Paint	0	2,280	0
Road: Salt and Sand – Snow Removal	0	22	0
<b>Other</b>	<b>60</b>	<b>72</b>	<b>11,169</b>
Miscellaneous Expenses	60	72	0
Reserves – Budgetary Only	0	0	11,169
<b>Total Expenditures</b>	<b>\$30,624</b>	<b>\$11,429</b>	<b>\$48,666</b>

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District expenditures vary significantly due to different amounts spent on road maintenance annually. Audubon Hills CSD expends accumulated funds for roadway maintenance every few years. The current Petromat paving project for Audubon Drive and, eventually, all connecting side roads will raise the District's maintenance expenditures in the coming years, but will ultimately result in decreased future expenditures compared with ongoing costs associated with chip sealing.

#### **IV MSR DETERMINATIONS**

In January 2008, the Legislature consolidated the nine factors used in the inaugural cycle down to six. These factors are listed in Government Code §56430:

- (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.
- (6) Any other matter related to effective or efficient service delivery, as required by commission policy. On January 30, 2008, the Commission adopted the following determination as the sixth factor to study: "The potential effect of agency services on agricultural and open space lands."

In addition, 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.

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.

Demands for service are not increasing, although slight variations in service demand are to be expected throughout the year as weather conditions and roadway usage change. No significant growth or population increases are anticipated by Audubon Hills CSD. Current and future land uses are anticipated to remain primarily residential.

**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.

The Audubon Hills CSD's infrastructure consists of approximately ten miles of roadway, with one primary roadway, Audubon Drive, and fourteen secondary roadways. The CSD does not own major roadway maintenance equipment and contracts for roadway maintenance, snow removal, and other related services. The District does not have any adopted standards for roadway repair and maintenance; services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Audubon Hills CSD does not have plans for expansion of infrastructure or facilities.

**3. Financial Ability of the Agency to Provide Services**

*Purpose: To evaluate factors that affect financing constraints and opportunities, cost avoidance opportunities, and opportunities for rate restructuring.*

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

- Financial capabilities and costs of service.



The Audubon Hills CSD appears to operate on a solid financial basis. A review of the District's budgets and financial information indicates that the District operates with a sound financial basis, and that revenues generated appear to be sufficient to cover the expenses of service provision. The CSD is financed by assessment and property taxes and does not charge any rates for services, which is appropriate for the type of services provided. The District has stated that current funding is adequate for district operations. The CSD does not have outstanding debts. No additional significant financing opportunities have been identified.

Potential cost avoidance opportunities available were analyzed and no additional opportunities were identified that would result in a significant reduction in costs associated with service provision or operations of the District. Audubon Hills CSD appears to be utilizing a sufficient range of cost avoidance opportunities; including bidding of contracted services and utilizing contract services to reduce costs.

#### **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.*

Audubon Hills CSD contracts out roadway maintenance, snow removal services and related services to private firms. Since the District does not own any facilities and, other than the County, the District is not in close proximity to any other local entity that provides similar services, there are no opportunities for shared facilities.

#### **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:

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

Audubon Hills CSD is the only agency providing roadway maintenance services within its jurisdictional boundary and other than the County, no other public entity providing similar services is in close proximity. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner.

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community

services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

Transitioning the CSD to another government entity, such as another district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure is appropriate to provide adequate services.

However, should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association may be able to continue to provide roadway maintenance services. A homeowners' association would allow residents to retain local control and could allow greater flexibility in increasing special assessments to provide additional funding. This may involve the dissolution of the District and transferring roadway maintenance responsibilities to the new homeowner's association, or a contractual relationship in which the District and HOA continue to exist independently. Another alternative government structure which may offer similar levels of service is to revert to County maintenance of the District's roadways. The County of El Dorado provides similar services to surrounding roadways, including roadways adjacent to the District's road. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Residents within Audubon Hills CSD appear to be the primary users of the District's roadways and the District has not expressed interest in altering the current boundaries. The services provided are adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. Consequently, the District's service boundaries are appropriate for the current services provided and demanded.

The Audubon Hills Community Services District's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted. The District does not currently employ any staff and contracts for services when needed. However, the District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts.

**6. 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 #5 of LAFCO Policy 4.4, which is:

- Potential effects on agricultural and open space lands.

The 2004 General Plan directs unincorporated growth to already existing population centers, or “community regions,” such as the Placerville area. Audubon Hills CSD is located outside of this community region, in the eastern quadrant of the Camino/Fruitridge Agriculture District. While Audubon Hills CSD is a medium density residential island surrounded by agricultural uses, development is restricted in agriculture districts, so there should be little, if any, new growth occurring in the area. It is unlikely that Audubon Hills CSD’s services would induce urban growth or the premature conversion of agricultural land to urban uses. Any detrimental impact has already occurred. The CSD has no plans to expand, so there should be no additional impacts to the economic viability of surrounding agricultural operations.

## **V 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. Staff recommends the following determinations for amending the sphere for the Audubon Hills Community Services District:

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

The majority of present land use within the Audubon Hills CSD is medium density residential; there is one 25-acre parcel within the service boundary that is currently undeveloped. Land uses surrounding the District are primarily agricultural and a golf resort to the west. The CSD and the surrounding area is within the Camino / Fruitridge Agricultural District. Development is restricted in agriculture districts and the CSD has no plans to expand, so there should be little, if any, new growth occurring in the area. Planned land uses are anticipated to remain the same.

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

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

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

The Audubon Hills CSD Board has taken a proactive approach with road paving, which will raise the District's maintenance expenditures in the coming years, but will ultimately result in decreased future expenditures compared with ongoing costs associated with chip sealing. The present capacity of public facilities provided is sufficient for the current level of service demanded.

**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 in the area do not extend beyond the subdivision. A nearby community of interest includes the Camino area.

Based upon the information contained in this report, it is recommended that no changes be made to the Audubon Hills Community Services District sphere of influence at this time and that the Commission reaffirm the current SOI, which was last updated in December 2007.

## **VI 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 Audubon Hills Community Services District is specific to this study and may differ from the environmental review of other service reviews and other LAFCOs.

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

### **Exemption**

This service review and accompanying sphere of influence determinations qualify for a statutory exemption as outlined in Public Resources Code §15061(b)(3). These activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The MSR and sphere of influence update have no possibility for causing a significant effect on the environment. Any future projects that make use of this service review and the information contained herein will be subject to separate environmental review under CEQA.

## **VII REFERENCES AND SOURCES**

### **General Background Information:**

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

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

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

LAFCO Procedures Guide, 2006 Edition, San Diego County LAFCO

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

California Government Code, Title 6 (Districts), Division 3 (Community Services Districts)

### **Audubon Hills Community Services District:**

2007 Streets and Highway Services Municipal Services Review, prepared by PMC for the El Dorado Local Agency Formation Commission, adopted December 2007

County of El Dorado, Independent Special Districts Final Budgets, Audubon Hills CSD District Budget Actuals, Fiscal Years 2005-06, 2006-07, 2007-08

Interview, Telephone Conversations and E-Mail Communication, Jim McCarthy, Audubon Hills CSD President, May 2009