

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 Kelsey Cemetery 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 be the direct result of LAFCO's adoption of the document.

This service review provides a description of existing cemetery 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 and sphere of influence updates (2001-2008), El Dorado LAFCO prepared the *Public Cemetery Services Municipal Services Review*, adopted by the Commission in September 2007, which reviewed all of the public cemetery service providers in the county. The MSR included information about public cemetery districts, cities, the County, private cemetery providers, and historical organizations. While not all of these agencies and organizations are within LAFCO jurisdiction, the information was provided to give the Commission and the general public a more comprehensive understanding of public cemetery services in El Dorado County. The Commission also last updated the Kelsey Cemetery District sphere of influence in September 2007.

For the second cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides public cemetery services will be reviewed in an individual MSR, instead of a single comprehensive report. However, for more detailed information on the other agencies and organizations which contribute towards the care and preservation of El Dorado County cemeteries, please refer to the *2007 Public Cemetery 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

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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 Kelsey Cemetery District, Sections IV and V contain the service review and sphere of influence determinations, Section VI has the environmental review determinations, and Section VI contains the references.

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

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

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- (4) Status of, and opportunities for, shared facilities.
 - (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

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(§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.

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

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

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III AGENCY DESCRIPTION

Kelsey Cemetery District

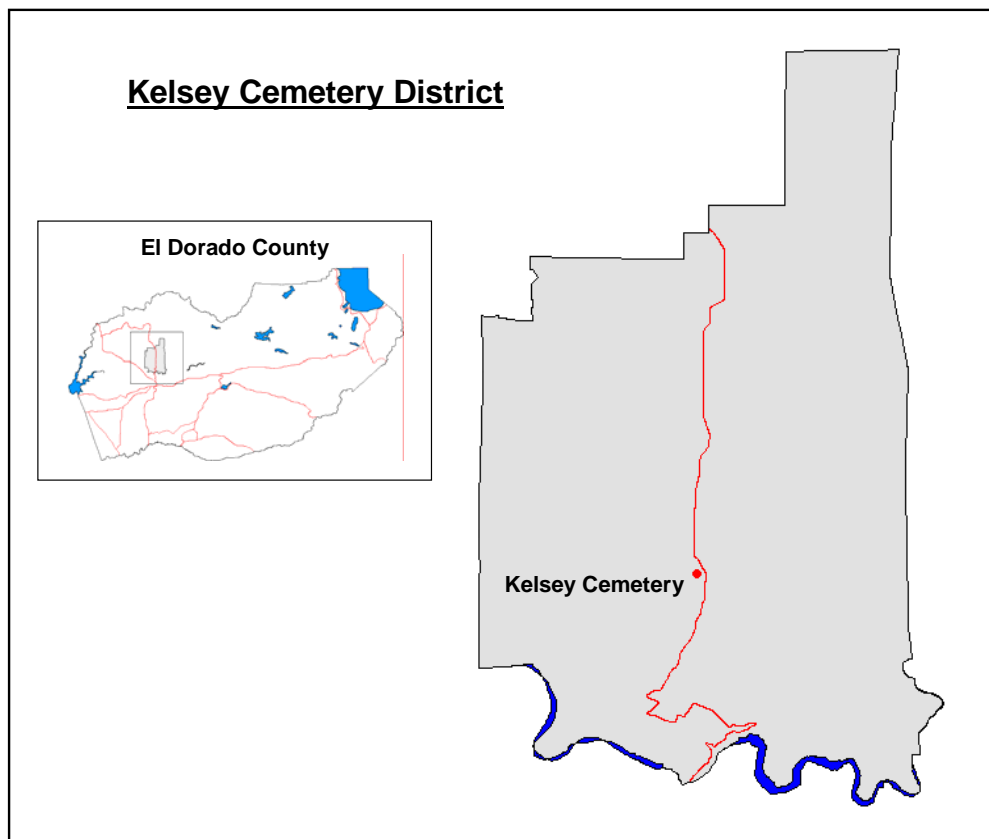
Mission Statement

The primary mission of the Kelsey Cemetery District Board of Directors is to satisfy the cemetery needs of the district residents.

Background

The Kelsey Cemetery District (KCD) was formed by the Board of Supervisors as a public cemetery district in 1938, although the cemetery itself was in use for many decades prior to that. The historic cemetery is located in the town of Kelsey, which is at the southern edge of the Georgetown Divide, north of the South Fork of the American River. The district reaches from Chili Bar Reservoir at the South Fork of the American River, north along Highway 193 into the communities of Kelsey, Spanish Flat and parts of Garden Valley.

Map 1: Kelsey Cemetery District



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History

The Kelsey Cemetery was established during the height of the Gold Rush era, approximately 1848, at the same time the town was formed. Kelsey was the enter of the extensive placer mining district, embracing a large number of creeks, ravines, gulches and flats. At that time, the community of Kelsey supported numerous stores, saloons, hotels and other places of business. The cemetery was home to many of the early mining families in the community, with the earliest tombstone dating back to May 14, 1861, although many other burials were recorded prior to that date.

Population and Growth

The district serves the residents of the communities of Kelsey, Spanish Flat and parts of the Garden Valley area. The region is rural and the towns of Kelsey and Spanish Flat have all but vanished, aside from some historical sites. The population of the area within the KCD is approximately 2,000, based on estimates from the Garden Valley Fire Protection District (which encompasses the KCD) and the 2000 U.S. Census Bureau population data.

A comparison of the 1990 and 2000 U.S. Census Bureau data shows that the overall population of the unincorporated part of the county grew 28% during that ten-year period. The 2004 General Plan, using data from a 2002 land use forecast by Economic and Planning Systems, projects the population in the unincorporated part of the county could increase as much as 64% by 2025. Using this as a guide, the population served by the KCD could increase to as much as 3,280 residents by 2025. However, population growth in the Kelsey area historically has not been as significant as in other unincorporated parts of the county. While there is little doubt that the population will increase, the exact amount will likely be less than the projected 3,300.

Interment Operations

The KCD cemetery is still active and burial plots are available for sale to interested individuals. The board estimates that approximately 40% of the cemetery is still vacant and able to accommodate up to 300 additional plots. Approximately 10% of the vacant spaces have been purchased for burial, but are not yet occupied.

All burials are coordinated by local mortuaries under the supervision of the KCD Board of Directors. At least one of the members is present at the cemetery whenever there is an opening or closing of a grave.

Maintenance Operations

Maintenance is one of the largest expenses to the district and the greatest challenge it faces. Routine maintenance includes standard grounds-keeping

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duties and general upkeep and repairs to the grave markers on an as-needed basis. In addition to these duties, it is periodically necessary to make repairs to the maintenance shed, to the fencing, to the internal roadways and to perform service checks on the electrical and water lines and to the onsite well.

In the past, the board has granted the Kelsey Chapter of Boy Scouts permission to perform routine yard maintenance as a Troop Community Project. Unfortunately, KCD's current insurance policy prohibits the district from utilizing volunteer help without a director present supervising the activity, posing an obstacle for this and other volunteer efforts. Generally, current board members take care of almost all of the necessary maintenance and upkeep in their personal time, free of charge to the district.

In previous years, KCD has received annual assistance from the California Department of Forestry's Growlersburg Conservation Camp, which is jointly operated by and coordinated with the California Department of Corrections and the local Veterans of Foreign Wars (VFW) organization. Each spring, a clean-up crew from Growlersburg would visit the cemetery to provide free maintenance services, such as tree-pruning, vegetation trimming and natural debris removal. The work would be performed by inmates under the guidance and supervision of trained crew leaders. The timing of this annual clean-up is important to the community of Kelsey because the cemetery grounds are used for an annual Memorial Day celebration organized by the VFW, a community event that honors past and present veterans. American flags are placed on the grave of each veteran. As part of each year's ceremony, the group selects the grave of a former soldier to receive special recognition and to serve as the site for a special prayer and salute to all veterans.

Although Growlersburg usually charges at least \$200 to cover the costs of paid crew chiefs, it has provided these services at no cost to the district once a year. However, given diminishing agency budgets, it is uncertain at this point whether this practice will continue to be a reliable option for the district in the coming years.

Land and Infrastructure

The Kelsey Cemetery consists of 1.16 acres of land that currently accommodates approximately 809 plots. The cemetery is configured into three separate sections: A, B and C. Sections A and B contain the historical gravesites and are both close to capacity. There are some sites still available in these sections although not as many as in Section C, which has the majority of land still available. Section C was not a part of the original cemetery grounds until 1996, when it was added for additional burial space.

There is a one-way gravel road, approximately half-a-mile long, circling the inner perimeter of the cemetery. It is re-graveled as needed. Section A is located

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in the center of this driveway. There is one portable restroom available for visitors and the cemetery is open to the public during daylight hours. The outhouse and its maintenance are provided free of charge by a local septic company, Smelly Mel's, through an ongoing donation to the district. The district is currently pursuing an easement from a neighboring property that would allow the cemetery to connect to public water service via the Georgetown Divide Public Utility District. The cemetery currently has a well; however, recent testing revealed that the water is non-potable and should be used for irrigation purposes only. Therefore the pump to the well remains shut off at all times except when grounds need maintaining. The public does not have access to the water. As an extra precaution, there is a sign posted stating, "Do not drink the water."

Personnel and Staffing

There are no paid employees of the KCD due to a very limited budget. The district cannot afford to hire staff, so the trustees themselves fulfill most operational and maintenance duties that would normally be attended to by a district manager or grounds person; however, some duties, such as tree trimming, are contracted out. Generally, all organizational and administrative functions, outside of regular meetings, are performed by the trustees at their respective private residences since they do not have a district office. As noted earlier, the KCD has, in the past, utilized community volunteers for some maintenance operations; however, insurance regulations have limited this practice.

Administration and Management

The KCD Board of Directors consists of five members appointed by the County Board of Supervisors to serve a four-year term. According to the district's by-laws, one member serves in each capacity as Chairperson, Co-chairperson Secretary and Treasurer. The members are eligible to receive a \$50 meeting stipend; which in practice has only recently been accepted by current directors.

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Table 1: Kelsey Public Cemetery District Board of Directors

Kelsey Public Cemetery District				
Member	Type of Member	Appointed	Original	Expiration
James Hardy	Role: Member Appointed by: Board of Supervisors Supervisory District: 4th	10/23/2007	1970s & 1990s	01/01/2011
Patricia Lyons	Role: Co-Chair Appointed by: Board of Supervisors Supervisory District: 4th	1/9/2007	1/28/2003	01/01/2011
Graham Rankin	Role: Secretary Appointed by: Board of Supervisors Supervisory District: 4th	1/9/2007	1/8/2002	01/01/2011
Robert Villalobos	Role: Treasurer Appointed by: Board of Supervisors Supervisory District: 4th	1/9/2007	4/8/2003	01/01/2011
Albert E. Willis	Role: Chair Appointed by: Board of Supervisors Supervisory District: 4th	1/9/2007	4/8/2003	01/01/2011

Except for the month of December, public meetings are held monthly at the Old Kelsey School House at 6440 Garden Valley Road in Kelsey. The meetings are the fourth Monday of each month at 2:00 p.m. The district is in full compliance with the Brown Act and posts the meeting agenda in advance at the meeting site. All special meetings are noticed to the public at least 72 hours prior to the time and date. The board has stated that it seldom has a problem meeting the quorum requirement (three voting members present) during their monthly meetings. There are five trustees at present; however, at least one trustee has expressed an interest in retiring, so the district may find itself in a position of needing to recruit at least one new board member in the coming years.

Administrative records, including plot sale receipts, periodically updated site maps and a listing of plots by occupant are maintained by the trustees. These records are available to the public upon request; however, because of lack of administrative space, the records are retained at the Old Kelsey School House. The board has recently appointed members to serve on a File Organization Committee, which has obtained a locking file cabinet to hold district records and is currently considering making copies of all district maps and files to store at another location for extra protection.

The board has made an extensive effort to research the location and occupant of each gravesite within the cemetery, through past assistance from the El Dorado County Pioneer Cemeteries Commission (EDCPCC) and performing a ground penetrating radar (GPR) survey; however, several issues have hampered this initiative. First, there is the challenge of the cemetery's long history. The

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cemetery was already in use before anyone took the initiative to maintain records of who was buried there. In addition, time, erosion and neglect have erased the identities of the individuals interred there, especially on several of the early graves. Second, the accuracy of plot maps and consistency of plot purchase records retained by the district can only be confirmed after 1996, due to various issues with prior boards.

Currently the board is working on a cemetery-wide inventory, which is approximately half complete. Section C, the newer section, is finished and Section B is substantially complete. Section A, which is occupied by the oldest of the gravesites, is still a work in progress that will likely take some time for the directors to complete. All of the work has been performed by board members in their spare time and through some donated time by members of the community.

Fee Schedule

Purchase price for plot sales depends on the plot's location. Sections A and B have equal rates, but because Section C is a newer addition to the original cemetery, the cost to purchase a plot in this area is higher to reflect the increased cost of improvements and maintenance there. Rates are determined by the Board of Directors and were last increased in 2006; however, the board has indicated that it would likely revisit the fee schedule again in the near future. At present, the prices for each section are as follows:

- Section A: \$200
- Section B: \$200
- Section C: \$360

Non-residents are charged double the in-district rate when purchasing a plot; therefore, the fee for an out-of-district person to purchase a plot in Sections A and B would be \$400, and Section C would be \$720. Out-of-district fees are enforced by the board; however, reasonable accommodations are made for non-residents who wish to be buried near family members who are laid to rest in the Kelsey Cemetery and who can prove they have an ongoing historical family presence in the area.

KCD charges the same amount for burial plots, regardless of the type of interment (full-body or cremains) because the plots are all the same size. However, burial costs of cremated remains can be substantially decreased by purchasing the plot as a family plot, which allows up to four burials per grave. The names of family members intended for interment must be given at the time of purchase to be recorded on the receipt for later verification. The family is subject to separate burial charges at the time of each interment.

KCD does not directly provide for the opening and closing of graves nor the setting of markers, so these fees are not reflected in the district's fee schedule.

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These services are provided through a private mortuary and are considered a private transaction between the mortuary and the customer. Currently, the only local mortuaries that are insured and bonded are Green Valley Mortuary and Cornerstone Builder of Georgetown, which are available to provide opening and closing and marker setting at the Kelsey Cemetery. A board member must be present at the time any of these services are performed. The district charges a fee of \$35 when a trustee needs to be present at the cemetery for any reason (excluding the purchase of a plot), which is deposited into the district's General Fund.

Endowment Care Fees

Each plot purchased must also pay an endowment fee of \$72, although that fee is likely to increase in the very near future in order to comply with a newly enacted State law. Effective January 1, 2009, Section 8738(a) of the Health and Safety Code was amended to require an endowment fee of no less than \$4.50 a square foot for each grave. This is a substantial increase from the previous requirement of no less than \$2.50 per square foot. The average gravesite in the Kelsey Cemetery is 32 square feet, so the new endowment fee should be no less than \$144 per grave.

The endowment fee is the same for any plot in the cemetery, regardless of the section where the plot is located. A total of up to four cremation burials are allowed per gravesite, with a current endowment fee of \$18 per cremated remains; however it is expected that the board will increase this soon to comply with the new requirement under State law of no less than \$70 per cremated remains.

Funding and Budget

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. KCD maintains its funds in the County Treasury and the Auditor-Controller's Office serves as the accounts payable for the district. KCD pays a nominal fee for each transaction performed by these County offices.

Revenues

The revenue section includes both property tax revenue and any carryovers from previous fiscal years (FY). As the numbers indicate, KCD operates on a fiscally conservative budget, and retains approximately 90% of its operating budget annually.

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Table 2: 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	\$15,813 (86.9%)	\$16,825 (82.6%)	\$18,769 (88.3%)
Taxes	1,242 (6.8%)	1,482 (7.3%)	1,580 (7.4%)
Property Taxes	1,228 (6.7%)	1,468 (7.2%)	1,566 (7.4%)
SHPTR*	14 (0.1%)	14 (0.1%)	14 (0.1%)
Penalties/Cost Delinquent Taxes	1 (0.0%)	1 (0.0%)	1 (0.0%)
Interest	601 (3.3%)	863 (4.2%)	718 (3.4%)
Charges for Services	550 (3.0%)	1,207 (5.9%)	185 (0.9%)
Total Revenues	\$18,207	\$20,378	\$21,253

* State Homeowners Property Tax Relief

The following sources of revenue are available to KCD:

Property Taxes – During FY 2007-08, KCD received an average property tax increment of 0.1195% from each property within the KCD service area, which is approximately less than 1,000 parcels. This is a little more than one cent of every ten dollars collected in property tax revenue. For FY 2007-08, the total property tax collected amounted to \$1,566.

KCD also received \$14 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.

Interest – The district collected approximately \$718 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.

Charges for Services – This includes all revenue earned from plot sales, administrative fees and charges for miscellaneous district services, such as the necessity of a board member to be present at the cemetery for any reason other than the purchase of a plot.

Additional District Assessments – Special districts have the option to levy an additional assessment upon the parcels within their boundaries, subject to voter approval; however, KCD does not currently have any assessments in place.

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Expenditures

Table 3: Three-Year History of District Expenditures (Fiscal Years 05/06 – 07/08)

Expenditures	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
Administrative Costs	\$1,351 (97.8%)	\$1,342 (90.9%)	\$3,652 (90.8%)
Special Dist. Board of Directors Insurance	1,275 (92.3%)	1,275 (79.2%)	1,275 (30.9%)
Office Expenses	0 (0.0%)	39 (2.4%)	0 (0.0%)
Printing/Duplicating Services	0 (0.0%)	0 (0.0%)	0 (0.0%)
Agency Administrative Fees	1 (0.1%)	0 (0.0%)	2 (0.0%)
Memberships	25 (1.8%)	28 (1.7%)	25 (0.6%)
Director Stipends	0 (0.0%)	0 (0.0%)	2,350 (56.9%)
Utilities	50 (3.6%)	121 (7.5%)	100 (2.4%)
Maintenance and Operations	30 (2.2%)	146 (9.1%)	376 (9.1%)
Cemetery Maintenance	0 (0.0%)	56 (3.5%)	0 (0.0%)
Building Supplies	0 (0.0%)	0 (0.0%)	266 (6.4%)
Building and Improvements	30 (2.2%)	90 (5.6%)	110 (2.7%)
Small Tools and Instruments	0 (0.0%)	0 (0.0%)	0 (0.0%)
Private Auto Mileage	0 (0.0%)	0 (0.0%)	0 (0.0%)
Total Expenditures	\$1,381	\$1,609	\$4,128

Administrative Costs – Historically, the annual premium for special district board of directors insurance was the primary administrative expense, accounting for the largest amount of the KCD budget. However, that changed in fiscal year 2007-08 when the district started paying director stipends, which is the basis for the large increase in total expenditures from previous years. The \$50 stipend per meeting was always available to the directors, although the board members just recently decided to accept it. This decision is justifiable, given the amount of extra time and personal expense the board members put into the maintenance and operations of the cemetery. The trustees often supply needed items to the district out of their personal funds and pursue community donations in order to stretch the budget.

Administrative costs also cover expenses necessary to hold public meetings, such as utilities, and a \$10 hall rental fee per meeting for the Old Kelsey School House, as well as membership dues to the Cemetery Alliance and LAFCO agency contributions. Generally speaking, administrative costs would reflect expenses related to salaries and benefits; however, KCD does not have any employees on payroll.

Maintenance and Operations – KCD has minimal maintenance expenses, which include all grounds-keeping and facility maintenance, as well as any costs associated with tools and equipment. Since the board does most of the routine grounds-keeping itself and relies on volunteers for the annual projects, there is no specific budgeted amount for cemetery maintenance. The district also has access to some small tools, that are either district property or the personal

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property of the trustees. The lack of miscellaneous administrative and maintenance expenses is a demonstration of the board's financial prudence and conservative spending.

Endowment Care Fund

KCD has an endowment care fund in place to finance maintenance of the cemetery in perpetuity. An endowment care fund is a permanently restricted interest-bearing account for endowment fees collected by the district on the sales of graves. The fund is intended to defray the cost of care and maintenance when the district no longer receives revenue from the sale of plots and related services. As of April 2009, KCD had \$16,902 in its endowment care account. KCD's past practice has been to retain the earned interest in the account, along with the principal, in order for the combined amounts to generate even more interest.

Additional Budgetary Considerations

Limited revenue is the largest challenge faced by the Kelsey Cemetery District. The primary expenses that the district has are the annual payment of \$1,275 for the special district board of directors insurance, and the \$250 stipend payments per meeting, if all directors are in attendance. This does not leave sufficient funding for outsourcing maintenance operations. The reason KCD is able to operate on a day-to-day basis is often because of the directors going above and beyond their typical governing duties to ensure that the district remains functional. In many instances, the board members either must be resourceful in finding people willing to donate money or necessary items, or they pay out-of-pocket expenses themselves to cover district needs in an effort to stretch the under-funded budget.

The district has a list of potential, but unfunded, improvements it would like to make to the cemetery. For example, the district needs to replace the water tank that it currently utilizes; however, the estimated cost is \$1,000 and the ground water source has tested non-potable. The district is hoping to hold off on this cost with the hope that it is able to secure a necessary private easement through a neighboring property to be able to hook up to public water service. Even when funds or materials are donated by the community, the district is still often unable to pay for someone to do the work, leaving the directors with the responsibility of doing the work themselves. As members of the board age, they are less able to perform the work themselves.

At this point, the annual budgets prepared by the district do not reflect any planned capital expenses or future deferred maintenance projects, which is largely because the district's largest foreseeable capital expense will be the easement needed to widen the one-way entry drive for improved access and public water lines. The board has had previous conversations with the owner of the neighboring property regarding this easement; however, the discussions have been only preliminary up to this point.

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.

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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.

Demand for interments and public cemetery services have a positive correlation with growth and population projections; the higher the population, the greater the anticipated demand for services. Given the 2004 County General Plan population projections, KCD can expect to serve fewer than 3,300 residents in the next 20 years. With this modest population increase, the average mortality rate and estimated 300 ground plots still available, the district should have adequate capacity to serve the given area for at least the next 50 years. There are no plans to expand operations in the future; the district should instead focus its efforts on planning for future cemetery maintenance.

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 board has a list of capital maintenance projects that it would like to accomplish in the near future, most notably bringing in public water from the Georgetown Divide Public Utility District and widening the one-way driveway leading into the cemetery for improved emergency access. However, the district does not own the driveway nor does it have deeded access. The board has expressed interest in purchasing such an easement, and has held preliminary discussions with the neighboring landowner to that effect. At this time, the neighbor has initially agreed to grant a six-foot wide easement to the district at no charge, provided the district pay for arrangements to record the easement. The easement would allow the district to widen the single point of entry so that two

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vehicles could pass at the same time, run water lines up to the cemetery, replace the drainage culvert and expand the parking area to accommodate additional visitors.

If the district is unable to secure the easement or to pay for the necessary water infrastructure, then it will eventually need to allocate funds to replace the existing water tank, which is currently being delayed in hopes of acquiring access to public water. However, a new water tank would not address the larger issue that the current well delivers non-potable water that is not fit for consumption. The well pump is permanently shut off, except for when one of the board members is at the cemetery and water is necessary for maintenance work.

Kelsey Cemetery is a “natural” (non-irrigated) cemetery that requires a minimal amount of maintenance; however, it is recommended that the district consider dedicating reserved funds towards maintenance. The district has been entrepreneurial in their use of Growlersburg and volunteers to assist with cemetery maintenance, on an as-needed basis. However, because the current directors perform most of the routine maintenance on their own, there is not always a need for outside assistance. While the annual Growlersburg clean-up and other occasional volunteer clean-up efforts from members of the community are resourceful means for maintaining the cemetery, the board should look into other mechanisms for consistent maintenance to ensure that the cemetery reflects a constant standard throughout the year.

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.

For the level of maintenance provided at the Kelsey Cemetery, the district seems to be adequately preparing for the future, when it will no longer receive incoming revenue from plot sales and instead must rely on the endowment care fund to finance maintenance activities. The endowment care fund has reached a balance of almost \$17,000, which is not utilized for any ongoing activity. Instead, the principal grows interest, which, in turn, is reinvested and allowed to grow annually.

The KCD Board is very conservative with operation expenditures and currently only budgets enough funds to cover the minimal operational costs; however, it does manage a small annual carryover balance, which has accumulated into a modest contingency fund of \$14,874 as of April 2009 (separate from the endowment care fund). It does not appear that the district has utilized or budgeted for any of the contingency funds for at least the past five years. It is

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recommended that the board develop a 5-year plan to prioritize how these funds will be spent. One option is to invest the bulk of this amount in a higher interest-generating fund and withdraw only the interest, retaining the principal amount for future interest. The current interest could be used for capital improvements and the principal used solely as an additional revenue stream. A second option would be for the annual interest to be reinvested to increase the principal amount and implement larger capital improvement projects in the future.

In an ongoing effort to keep the district solvent, the directors have had to assume more personal and financial responsibility than would normally be called for by any other public agency board member. The directors are constantly searching for ways to reduce costs either by accepting donated materials, paying for small expenses out-of-pocket or by making a larger time commitment for various operations because the district is unable to employ staff. For insurance reasons, a board member must be present for all cemetery operations, including burials. Although the current and past boards have used creative solutions and personal labor and finances as a method of enhancing the resources available to the district, this sentiment may not be shared by a future board. The financial and time commitments may pose an impediment to recruiting Kelsey residents that might otherwise be willing to sit on the board.

When recruiting for new board members, it may be beneficial to implement a more aggressive community outreach program to residents who share a common interest in the Kelsey Cemetery. An ad placed in the local newspaper, periodically or as necessary, may assist in recruiting individuals who may be interested in serving as a member of the board or donating their time, equipment and skills for cemetery maintenance.

Although the ability to generate ongoing revenue is currently limited, there are several options that KCD can consider to increase revenue in the future: negotiate a higher proportion of the property tax increment, establish a new exaction on the Kelsey residents or apply for grant revenue.

Negotiate a Higher Property Tax Increment

KCD receives an average property tax increment of 0.1195% from each parcel within its service area, which amounts to slightly more than one cent of every ten dollars collected in property tax revenue. This brought in a total of \$1,566 in property tax revenue to the district in FY 07-08. Conversely, the one other public cemetery district in the county has a property tax increment that is approximately six times higher. However, renegotiating the property tax increment for the entire district can only be done through a change of organization (such as a dissolution to a successor agency) or through special legislation.

Establish a New Exaction

In general, governmental exactions fall into three broad categories: taxes, assessments and fees. The following is a summary of options for KCD which addresses each of these:

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Special Benefit Assessments

A special benefit assessment is a charge upon real property to pay for a capital improvement or a service that is of special benefit to that property; general enhancement of property value does not constitute 'special benefit.' Initiating a new assessment would most likely not be the preferred method for the KCD to raise additional district revenue for two reasons:

- 1) Generally speaking, programs that benefit people, rather than specific properties, cannot be financed by special assessments. It would be very difficult to provide substantial evidence making a correlation between the assessment revenue and the additional benefit received by the residents of Kelsey. The services provided by KCD fall into the "general government benefits" category more so than those defined as "special benefit of service."
- 2) New assessments require an engineer's report by a registered professional engineer certified by the State of California, which would undoubtedly create an additional, unnecessary financial burden on the district, which is already experiencing fiscal difficulties.

Special Taxes

A special tax is any tax imposed by a general-purpose or special-purpose entity (such as a cemetery district) that is earmarked or restricted for a specific purpose. If the board were interested in establishing a new revenue stream from district residents a special tax would be the recommended method of exaction for the KCD.

According to the El Dorado County Elections Department (County Elections), there are three general steps required to initiate a special tax:

- 1) The district area in which the tax will be levied must be defined. County Elections would need to examine the assumed KCD boundaries and compare the included parcels against the tax rate areas within that territory. This is required to correctly determine the names and addresses of all registered voters within the district that would be eligible to vote on the proposed tax.
- 2) County Elections would require the KCD Board to submit a resolution calling for the election and explicitly outlining the amount of the financial charge that the district is seeking, including how the special tax will be calculated (for example via some type of formula or rate and method of apportionment). It also should define the period of time for which the tax is to be collected.
- 3) County Elections is responsible for creating a non-biased publication that outlines the arguments for and against the special tax, designing the ballot layout and conducting the election. In order to pass, special taxes must receive an affirmative two-thirds vote of the eligible registered voters in the district area.

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The measure could be added to the next general election ballot, assuming the process is initiated at least 125 days prior to the election date. Although County Elections would prepare most of the election materials and conduct the election, the district would be responsible for reimbursing Elections for its share of the costs. Costs are determined by the number of districts with measures included on that particular ballot and the total cost is shared between the districts. Although County Elections could not provide an estimate of actual costs, the most recent example provided was a cost of approximately \$5,000 to a district for the inclusion of a measure on a general ballot back in 2002.

Implementing a special tax as low as \$3 per parcel would net KCD increased revenue of approximately \$3,000 annually, which would more than double the total incoming revenue for KCD while imposing only a minimal property tax increase amount on KCD residents.

Fees

KCD charges for services are consistent with, although somewhat lower than, the average amounts charged by other public cemetery service providers in the county. In order to comply with new State laws regarding endowment care fees, the district is expected to raise its endowment care fees in the near future. The board has also indicated that it would like to revisit its current fee schedule at that time as well.

The KCD fee schedule reflects a higher rate for customers outside of the district; however, in the past there have been instances where out-of-district customers have petitioned the board for in-district rates based on a historical family presence in the area. These petitions, and the subsequent board rulings, have not been without controversy. First, there is an issue of fiscal inequity. Families from outside the service area have not paid property taxes that go towards the ongoing maintenance of the cemetery. Part of the logic for differentiating the rates between in-district and out-of-district is so that lifelong (or long-term) residents, who have paid their fair share to maintain the cemetery with their property tax dollars, receive a lower burial rate. Further, a plot sold to an out-of-district resident deprives a lifelong KCD resident from being buried in that historical cemetery. The second issue relates to the evaluation guidelines. Without established criteria for the board to follow in such cases, it may be difficult to treat these requests on a consistent basis. To correct these issues, it is recommended that a "historical family rate" be established that is higher than the in-district fee but lower than the out-of-district fee. The board may establish more-detailed criteria, but generally those who would qualify for this proposed fee would be persons who are descendents of historical families from Kelsey, have resided outside of the KCD service area, but have a desire to be buried close to their ancestors. The proposed fee would allow for the district to correct the fiscal inequities discussed above and remove any potential allegations of arbitrary decisions on the boards' part when considering these types of petitions.

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Apply for Grant Revenue

It may be beneficial for KCD to look into the availability of grants, especially those that are awarded to preserve historic or heritage sites. Grants could provide supplementary, one-time revenue for necessary capital improvements or cemetery preservation projects. Various for-profit and non-profit entities such as local banks and historical or preservation societies may be willing to fund or partially fund non-routine projects that enhance the unique history of the cemetery and preserve or restore it to its original condition. Although researching and writing grant proposals can be very time consuming and there is no guaranteed payoff, this is a creative financing option that the district may wish to explore.

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.

There are no evident opportunities for KCD to share facilities with other public cemetery service providers that would result in a mutually beneficial relationship for both entities given the financial constraints the district is currently under. Some alternatives do exist for KCD to continue operations under a modified government structure, which are discussed below.

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.

Despite the above challenges and given the current fiscal restraints, the district appears to be operating openly and is accountable to the residents of Kelsey. Public meetings are properly noticed in compliance with the Brown Act, and in the event a citizen has a concern or complaint, a resident may approach the board directly during a meeting. However, because there is no district office, district records are currently maintained at the Old Kelsey School House, which could make it difficult for a private citizen to access the records without prior coordination for a director to meet them there.

As part of the 2006 MSR, the KCD Board members had expressed an interest to LAFCO staff in exploring various options for the continuation of public cemetery

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services to the Kelsey residents while preserving the strong sense of community that currently exists within the district. The new Board no longer shares this sentiment and indicated to LAFCO, as recently as August 26, 2009, that the directors have rejected any proposals that would lead to dissolution of Kelsey CD.

Consequently, the following is presented for discussion purposes only. Based on the current circumstances of the district, it can either continue current operations or dissolve. Any of the following government structures would allow for the continuance of public cemetery services in the Kelsey area:

Continue Current Operations

KCD could remain a stand-alone district and continue to provide public cemetery services, which is the Board of Directors' preferred option. If this instance, LAFCO encourages the board to address the ongoing revenue situation, based on the above options for financing opportunities. In addition, the board should utilize assistance from outside sources when necessary and available.

Dissolution

The district could only dissolve if another government entity mutually agreed to absorb the maintenance and operations functions for the Kelsey Cemetery as a designated successor agency. If another district or governing body were to assume responsibility for the cemetery, all existing and future revenue would be transferred for the exclusive use of cemetery operations. Although dissolution would disband the current KCD Board and reassign oversight accountability to another governing board, a cemetery advisory committee could be established composed of former KCD Board members for the sole purpose of providing suggestions on the Kelsey Cemetery. This proposal would be similar to the Georgetown Cemetery Advisory Committee, which makes recommendations to the Board of Supervisors regarding matters applicable to the Georgetown Cemeteries. An advisory committee does not have the authority to act upon operational matters; however, it can provide invaluable expertise to the governing body regarding issues of local importance.

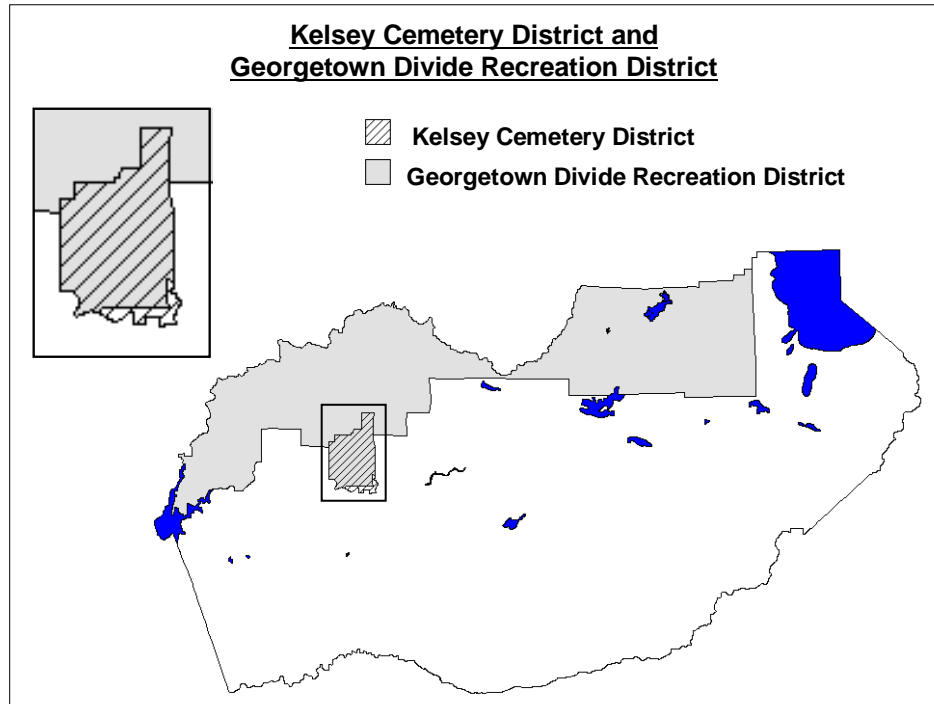
There are two possible options that KCD may have as successor agencies if it were interested in pursuing dissolution: the Georgetown Divide Recreation District or El Dorado County. However, despite previous sentiment, KCD board members recently expressed objections to dissolution.

- 1) The Georgetown Divide Recreation District (GDRD) could be converted into a community services district with cemetery services powers to maintain the Kelsey Cemetery. The GDRD's southern boundaries are almost coterminous with KCD boundaries (see Map 2 below) and the General Manager, Carl Clark, has stated that the proposal is an option that could warrant further consideration. Mr. Clark also indicated that an advisory committee for the Kelsey Cemetery would be ideal to assist the GDRD Board with decisions

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regarding the cemetery. From an operational standpoint, this option appears to be feasible.

Map 2: Kelsey Cemetery District and Georgetown Divide Recreation District



- 2) The County could accept responsibility for the Kelsey Cemetery under its General Services Department. It is unknown how well this proposal would be received by the County. In the immediate past, County staff has already expressed an intense reluctance to take on additional cemeteries, especially under the current economic conditions. There appears to be political support among some supervisors, however, and they have the power to override staff if a majority of the supervisors agree. The most feasible would be to form a zone of benefit under County Service Area 9, mirroring the Georgetown Cemetery Zone of Benefit. This would ensure that the Kelsey cemetery would retain its independent source of revenue and retain local participation through a Kelsey Cemetery Advisory Committee.

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:

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- Potential effects on agricultural and open space lands.

The majority of present land use in the Kelsey Cemetery District area includes rural residential and agricultural uses. Primarily residential areas within KCD are spread throughout the district; however, residential patterns loosely follow major road arteries, including Highway 193, Garden Valley Road, Garden Park Drive, Shoo Fly Road, Stewart Mine Road and Traverse Creek Road. Future land uses are expected to remain relatively unchanged, with population growth likely lower than the projections for other unincorporated portions of the Western Slope. The 2004 General Plan encourages future development to remain within the community regions such as Garden Valley. There are no known development proposals expected to occur outside of the cemetery district boundary within the immediate vicinity that may require a future amendment to the current KCD boundaries.

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 Kelsey Cemetery District:

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

The majority of present land use in the KCD area includes rural residential and agricultural uses. Primarily residential areas within KCD are spread throughout the district; however, residential patterns loosely follow major road arteries, including Highway 193, Garden Valley Road, Garden Park Drive, Shoo Fly Road, Stewart Mine Road and Traverse Creek Road. Future land uses are expected to remain relatively unchanged, with population growth likely lower than the projections for other unincorporated portions of the Western Slope. The 2004 General Plan encourages future development to remain within the community regions such as Garden Valley. There are no known development proposals expected to occur outside of the cemetery district boundary within the immediate vicinity that may require a future amendment to the KCD sphere of influence.

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

The current population of the area within the KCD is approximately 2,000 people. Given the 2004 County General Plan population projections and the historically slower growth pattern in the Kelsey area, KCD can expect to serve fewer than 3,300 residents in the next 20 years. With this modest population increase, the estimated average mortality rate and estimated 300 ground plots still available, the district should have adequate capacity to serve the given area for at least the next 50 years.

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

The KCD Board has been very conservative with operational expenditures; only budgeting enough funds to cover the minimal operational costs. Despite the district's lack of employed staff and current fiscal challenges, it appears to be providing an acceptable level of service to its residents. KCD is adequately preparing for future cemetery maintenance with an established endowment care fund, which, if managed properly, should be sufficient to sustain the current level of maintenance once the cemetery reaches full capacity and is no longer able to generate funds through the sale of plots.

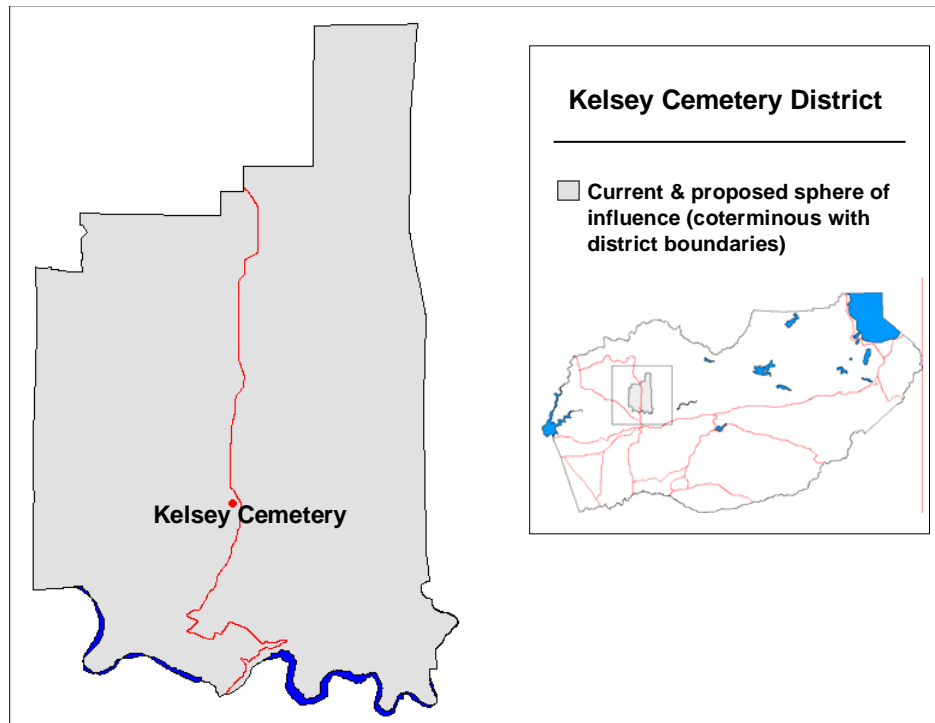
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4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Garden Valley is the only social or economic community of interest that is partially included within the KCD boundaries, which amounts to a relatively small portion of the district area.

Based upon the information contained in this report, it is recommended that the Kelsey Cemetery District sphere of influence be updated to affirm the original sphere (as shown in Map 3), which is coterminous with its current boundaries.

Map 3: Kelsey Cemetery District Proposed Sphere of Influence



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 Kelsey Cemetery 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.

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