

**Nashville Trail Community
Services District
Municipal Service Review and
Sphere of Influence Update
DRAFT**

December 2016

EL DORADO LOCAL AGENCY FORMATION COMMISSION

TABLE OF CONTENTS

I EXECUTIVE SUMMARY 2

II BACKGROUND 4

 A. Legislative Framework 4

 B. Relationship Between Spheres of Influence and Service Reviews 6

 C. Service Review Guidelines 7

III AGENCY DESCRIPTION 9

IV MSR DETERMINATIONS 21

V SOI DETERMINATIONS 26

VI ENVIRONMENTAL REVIEW 29

VII ENVIRONMENTAL JUSTICE 30

VIII REFERENCES AND SOURCES 33

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 Nashville Trail Community Services District, along with a subsequent update to its sphere of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing streets and highway 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 Pacific Municipal Consultants (PMC) to prepare the *Streets and Highway Municipal Services Review*, adopted by the Commission in December 2007, which reviewed all of the streets and highway service providers in the county. However, for the second cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides public services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which provide similar services, please refer to the *2007 Streets and Highway 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 Nashville Trail Community Services District, Sections IV and V contain the service review and sphere of

EL DORADO LOCAL AGENCY FORMATION COMMISSION

influence determinations, Sections VI and VII cover the environmental review and environmental justice determinations, Section VIII contains the references.

For each of the seven 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, and as amended effective January 1, 2012, states as follows:

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
 - (1) Growth and population projections for the affected area.
 - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
 - (4) Financial ability of agencies to provide services.
 - (5) Status of, and opportunities for, shared facilities.
 - (6) Accountability for community service needs, including governmental structure and operational efficiencies.
 - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.
 - (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.
 - (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
 - (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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.”

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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

C. Service Review Guidelines

The Governor's Office of Planning and Research (OPR) was directed by statute (§56430) to prepare guidelines to assist LAFCOs in complying with the new service review requirements. In that regard, the final *Local Agency Formation Commission Municipal Service Review Guidelines* was released in August 2003. 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.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- 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.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

III AGENCY DESCRIPTION

Nashville Trail Community Services District

Contact Information

Address: 5152 Metate Trail
Placerville, CA 95667
Phone: (530) 626-0571
Email: trlryder@pacbell.net
Website: N/A

Management Information

General Manager: Randy Hackbarth
Governing Body: Board of Directors
Board Members:
Ken Davis 12/4/2015 - 12/6/2019
Elaine Judd 12/6/2013 - 12/1/2017
Ted McGhee 12/4/2015 - 12/6/2019
Ken Miller 12/4/2015 - 12/6/2019
Gary Ward 12/6/2013 - 12/1/2017

Board Meetings: Quarterly
Staffing: General Manager (unpaid position)

Service Information

Empowered Services: Road and Road Maintenance
Services Provided: Road and Road Maintenance
Latent Powers: None
Area Served: 71 parcels, 1,534 acres
Population Served: 92 Registered Voters
Major Infrastructure: 5.75 miles of Roadway

Fiscal Information

Budget (2014-2015): \$105,087 (FY 2015-16 adopted budget)
Sources of Funding: Direct Assessments
Assessments: \$300 per Parcel (developed and undeveloped)
\$1,000 per High Traffic Business Parcel (properties with businesses that impact road traffic and are classified and licensed by the County as Wineries/Breweries or Riding Stables)

EL DORADO LOCAL AGENCY FORMATION COMMISSION

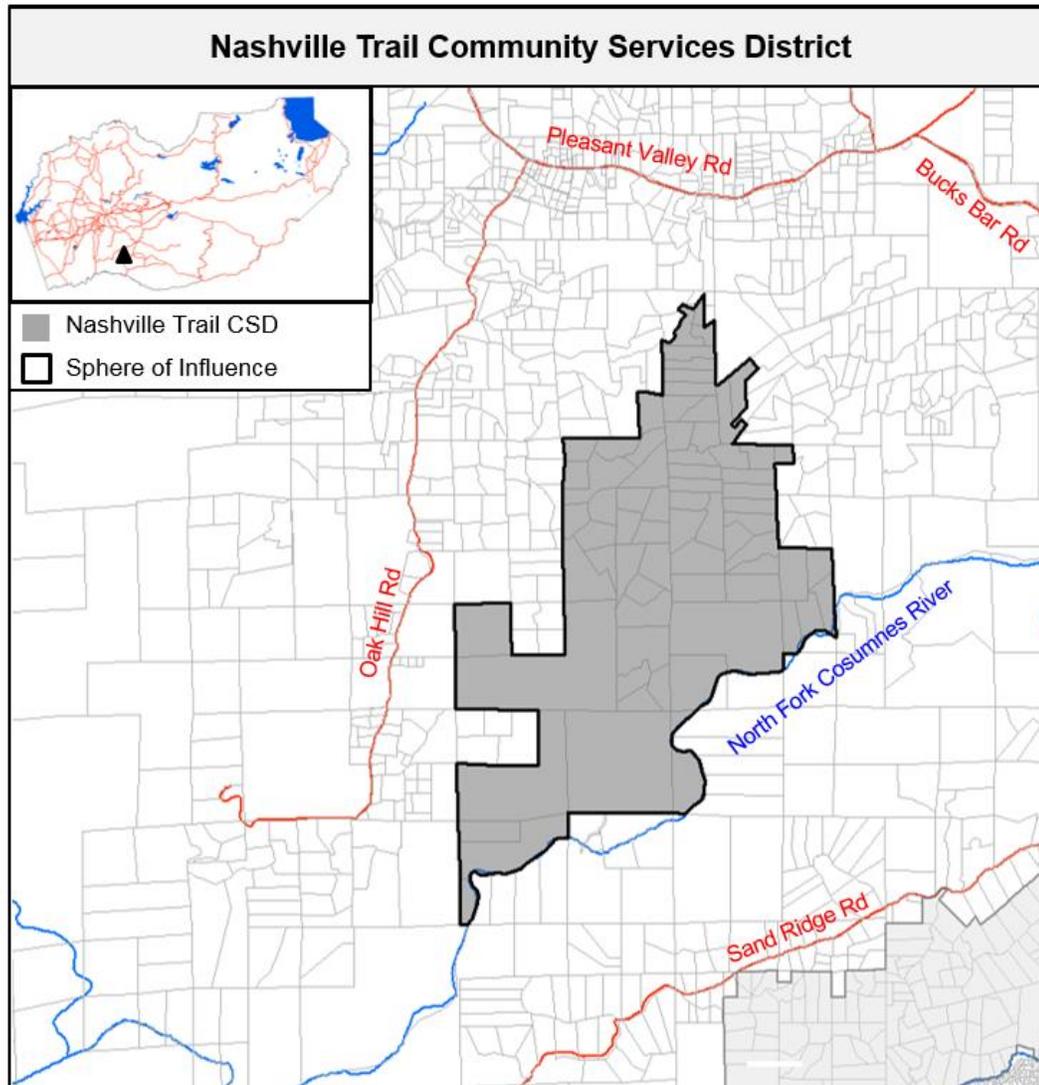
Background and Services Provided

Nashville Trail Community Services District was formed in 1991 to provide road and road maintenance services. The District maintains one primary and eight secondary roadways which provide access to rural residential and limited agricultural parcels within the District's boundaries. The District is located southeast of the Diamond Springs and El Dorado areas, approximately one mile south of Pleasant Valley Road, off Hanks Exchange Road. **Map 1** shows the District's current boundaries and sphere of influence.

The District is a single-purpose special district empowered and regulated by Government Code 61101-61120 for Community Services Districts. The District does not provide additional non-roadway services outside of its enabling legislation nor does it provide service beyond designated service boundaries. Additionally, the District is not contracted to provide service to other service providers.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Map 1



Population and Growth

The District is currently providing roadway services to approximately 1,534 acres within the District's boundaries. The District's service area includes 71 parcels, 23 of which are currently undeveloped according to County records. Of these undeveloped parcels, three are owned by the U.S. Bureau of Land Management and two are owned by the American River Conservancy, leaving 18 parcels which could likely be developed in the future. While the District does not currently anticipate any significant future growth or expansion beyond the current service boundaries, the population could increase somewhat due to the number of vacant parcels within the District's boundaries. However, development potential is limited due to topography

EL DORADO LOCAL AGENCY FORMATION COMMISSION

and current zoning, which calls for large rural and limited agricultural parcels (parcels within the District are zoned Rural Lands 10- and 40-acre, and Limited Agricultural 40-acre). Future development would not be likely to result in a significant number of new lots or vehicle use.

Personnel and Staffing

The District has no paid employees. It does have an active general manager, an unpaid position appointed by the Board of Directors. The current General Manager is a previous District Director, with previous experience and knowledge of the District. Occasionally, community volunteers within the District perform general maintenance activities to help mitigate damages to the District's gravel roadways.

Administration and Management

Board of Directors

The District's governing Board of Directors is composed of five officials, elected by voters within the District to four-year terms. Board elections are held every two years; however, if the election is uncontested the County Board of Supervisors fills the seats by appointment. Terms for the board members 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.

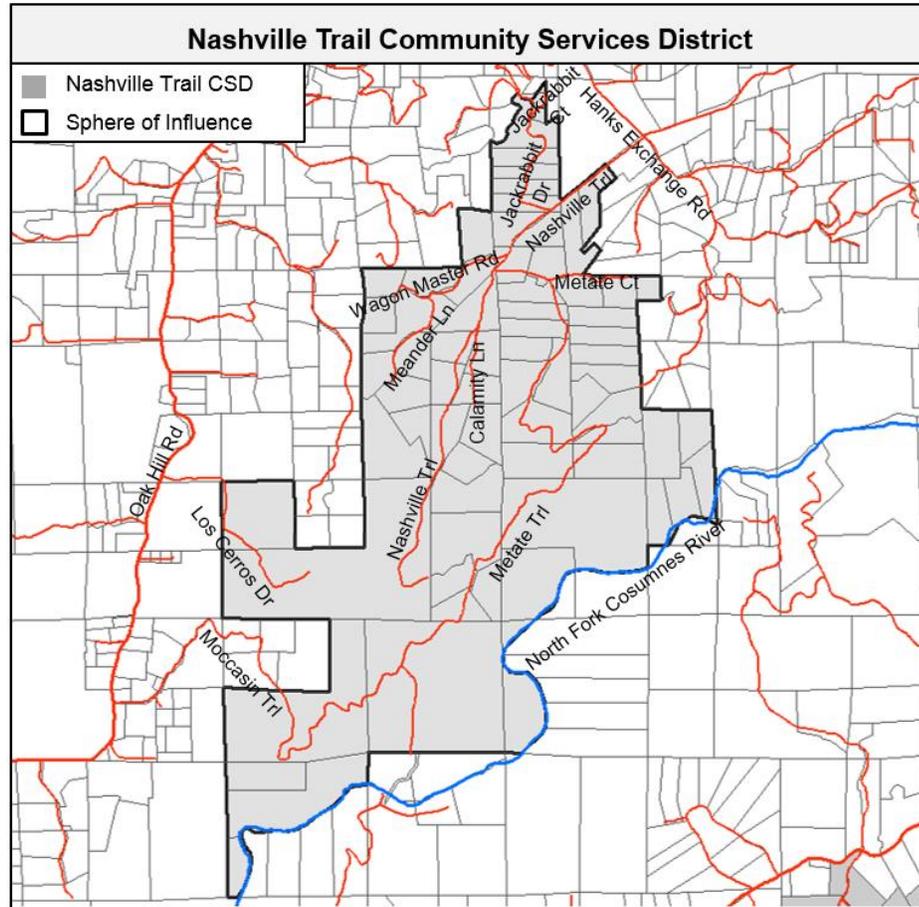
The CSD Board meets regularly at least four times per year, which is consistent with the Brown Act requirement that public meetings be held at least once per quarter. This has improved since the 2007 MSR, which noted that the Board only met twice per year. Meetings are held at the home of a board member in the evenings and meeting announcements are posted in advance on mailboxes and on sign posts at road branches within the District.

Infrastructure

Nashville Trail CSD's current infrastructure is approximately 5.75 miles of roadway, consisting of one primary roadway and eight secondary roadways, shown in **Map 2**. The primary roadway is Nashville Trail from Hanks Exchange Road to the corner of Metate Trail. Secondary roadways are Nashville Trail beyond the Metate Trail intersection, Jackrabbit Drive, Jackrabbit Court, Wagon Master Road, Meander Lane, Metate Court, and Calamity Lane. Although portions of Los Cerros Drive and Moccasin Trail run through District boundaries, they are not part of the District roadway system.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Map 2



The District maintains both paved and unpaved roadways within its boundaries. The main roadway, Nashville Trail, is paved from the entrance off Hank's Exchange Road to Calamity Road; approximately the first half mile of Metate Trail is also paved. The remaining portions of Nashville Trail, Metate Trail and the eight secondary roadways are gravel.

At the time of the last MSR in 2007, Nashville Trail was the only paved road in the District; the increase in assessments in 2005 has allowed the District to add blacktop overlay to a portion of Metate Trail as well. The primary directive of the Board is to continue to improve and maintain the primary access road, Nashville Trail, to the Metate Trail intersection; the secondary roads are improved as funds are available.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Operations

The District Board evaluates the roadways to determine if repairs or overall maintenance is required; if so, repairs and maintenance services are then contracted out accordingly. All road services, including blacktop surfacing, resurfacing, road grading, and gravel laying, are contracted out on an as-needed basis to professional roadway maintenance service providers, which allows the District to provide services without owning or maintaining any facilities or equipment. Nashville Trail CSD utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out depending on the need and the availability of funds. The competitive bid process is effective in controlling costs, as it allows the District to select the lowest cost, qualified contractor to provide services.

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 Nashville Trail CSD Board to determine the extent of maintenance programs. The District has adopted policies regarding road maintenance responsibilities, management, contract administration, and road standards, determined by specified deed easements. A driving tour of the District-maintained roads corroborated that the roadways appear adequately maintained for the current users and existing demand.

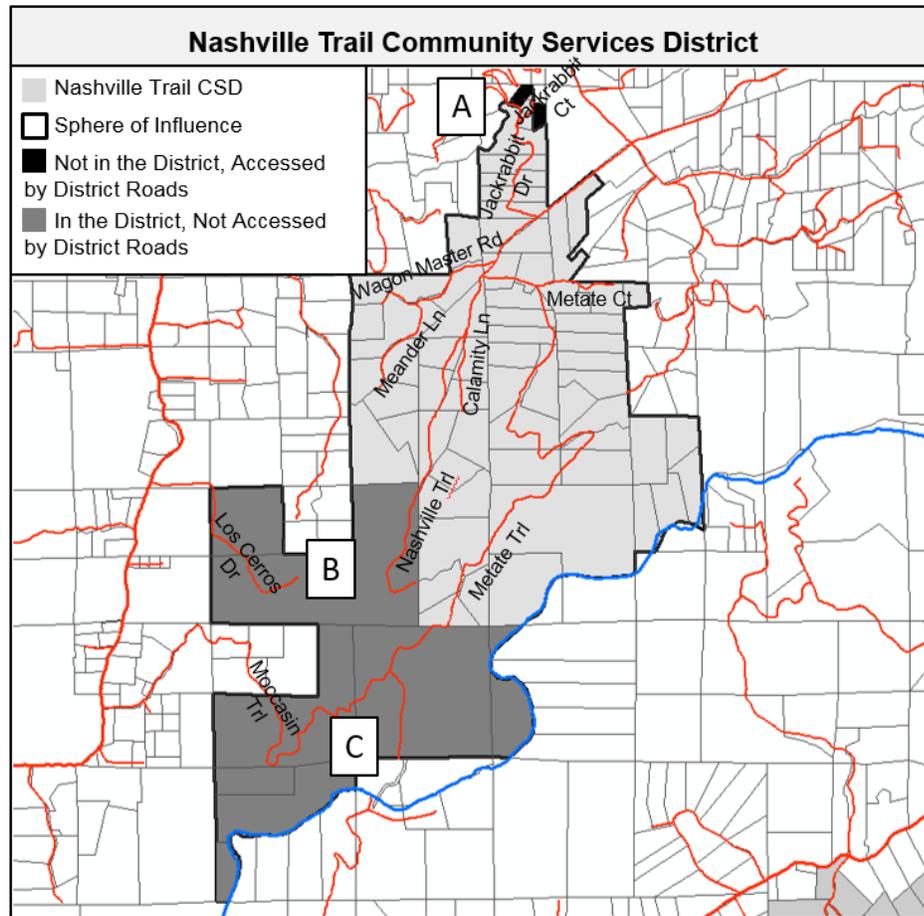
Service Area and Sphere of Influence

Nashville Trail CSD's sphere of influence (SOI) is coterminous with the its service boundaries; neither have changed since formation of the District in 1991.

As shown in **Map 3**, there are two parcels on the northern end of the District which are not within the District but appear to have sole access through District maintained roads (Area A). Conversely, there are eight parcels in the southern portion of the District which are within the District's service area but are not primarily accessed by District maintained roadways (Areas B and C).

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Map 3



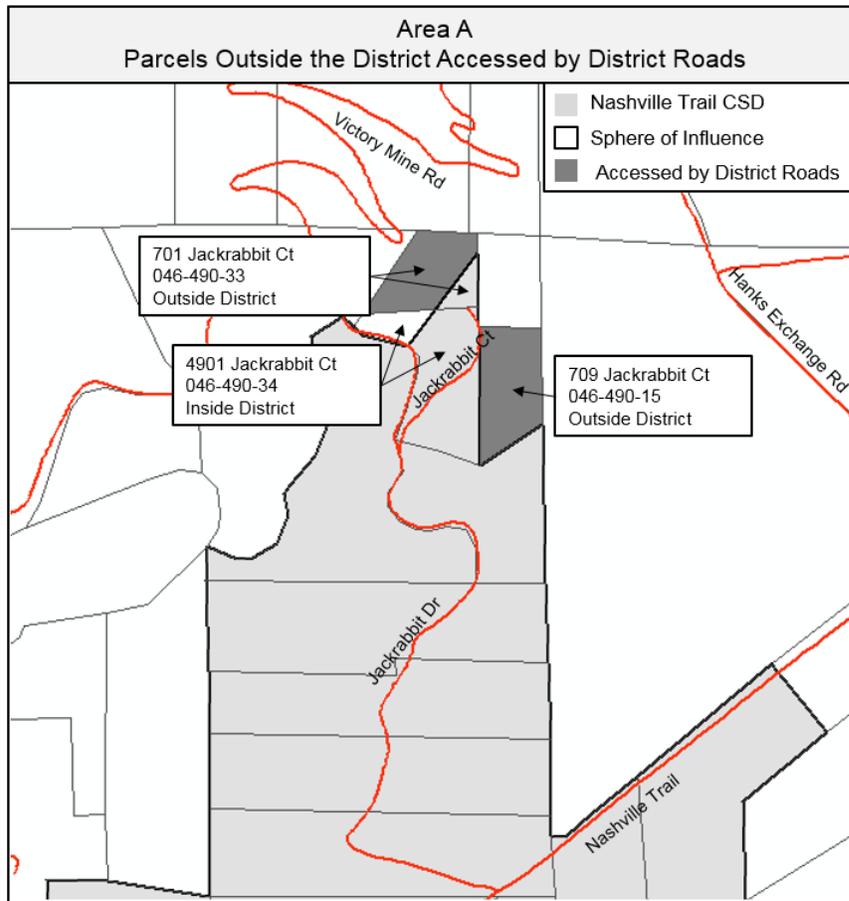
Area A

As shown in **Map 4**, there are two parcels located just outside the boundaries of the northern end of the District (APNs 046-490-15 and 046-490-33) which appear to have primary access from Jackrabbit Court, a District maintained roadway. However, these parcels are not included within the District and, therefore, do not pay an annual assessment to cover their fair share of the road maintenance costs. Given that these parcels are directly accessed through District roads, it would be reasonable to expand the SOI to include these parcels for possible future annexation into the District.

It should also be noted that the District boundaries and SOI do not exactly correspond with the current parcel lines in this area. Although the District's boundary was logical at the time of formation, two parcels on the northern end have since been combined and re-split to form new parcel lines which no longer follow the District boundaries (or the corresponding tax rate area lines). The end result is APNs 046-490-33 and 046-490-34 are split by District boundaries and tax rate areas.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Map 4



Areas B and C

As shown in **Map 5**, the parcels highlighted in 'Areas B and C' are accessed from Oak Hill Road to the west of the District, by way of Los Cerros Drive and Moccasin Trail, which are not part of the District road system.

The two parcels highlighted in 'Area B' are undoubtedly accessed primarily through Los Cerros Drive. Although the lower end of Nashville Trail does go through the larger parcel (APN 046-820-14), it does not provide direct access to the parcel (however, it may provide secondary access through a connecting unmaintained dirt road).

Similarly, the parcels highlighted in 'Area C' are primarily accessed from Oak Hill Road, via Moccasin Trail, which is also not within the District roadway system. The American River Conservancy (ARC) purchased APNs 046-032-26, -27, -28, -29, and 046-041-01 in 2007-2008, and later deeded three of them to the United States Bureau of Land Management (BLM).

EL DORADO LOCAL AGENCY FORMATION COMMISSION

ARC staff has verified that all of these parcels are exclusively accessed from Moccasin Trail and not Metate Trail. Moccasin Trail has a locked gate, but ARC and BLM staff have access to the combination. The Conservancy parcels are not open to the public, but they do occasionally host hiking tours on the properties. All access for these events is through Moccasin Trail. The parcels can also be accessed from Metate Trail, which is part of the District road system; however, the lower portion of Metate Trail turns to a dirt road, which appears to be unmaintained by the District. Metate Trail does not provide the primary access road for these parcels. In the past, owners of these properties have used Metate Trail as access and there is an access gate to Metate Trail. Metate Trail connects to Yearling Trail at the river and can be forded at low water, which serves as a potential emergency access road.

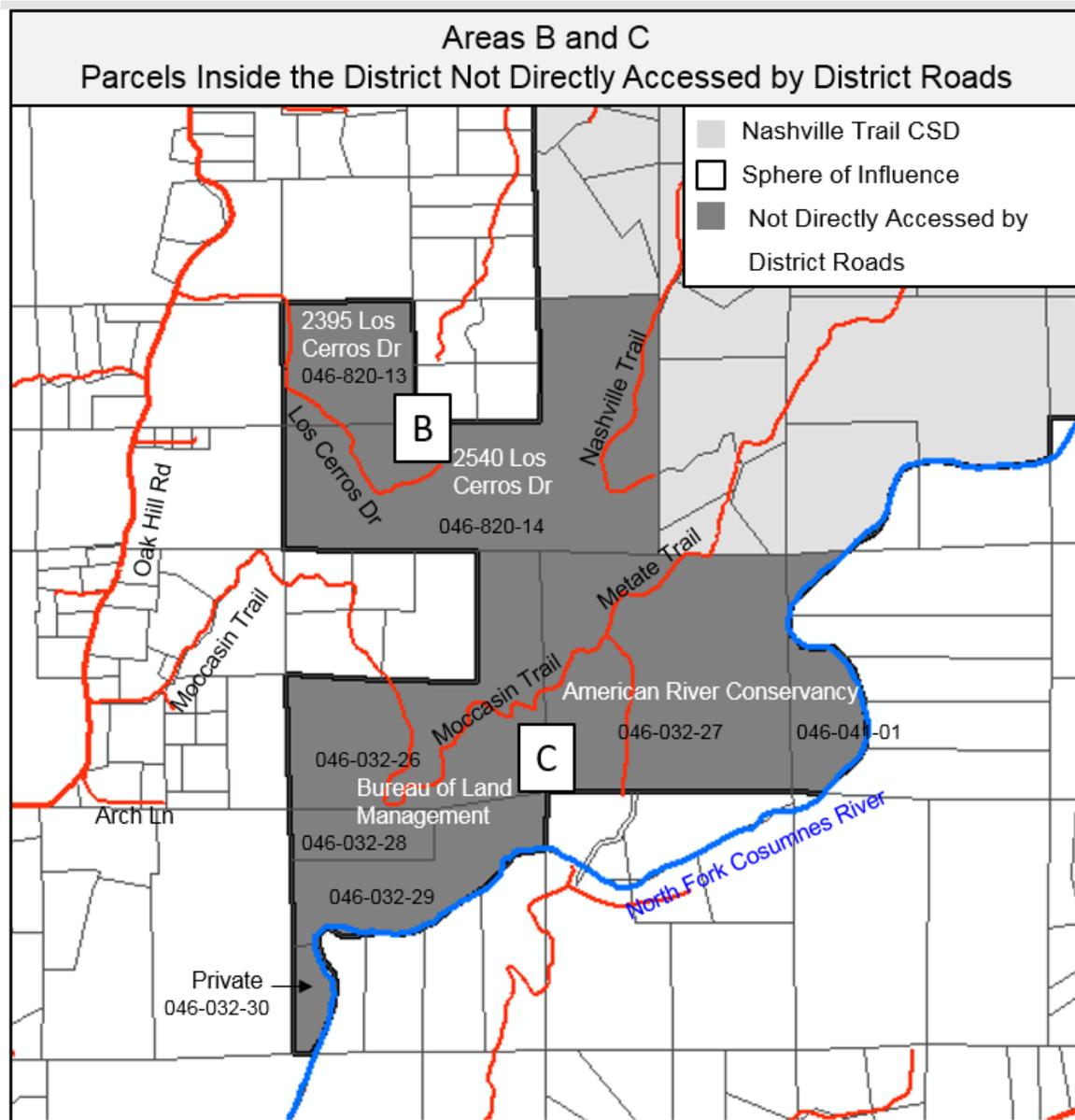
Because APNs 046-032-26, -28, and -29 are owned by the BLM, they are non-taxable and do not pay the annual assessment; the two ARC parcels do pay the annual \$300 assessment.

The southernmost parcel (APN 046-032-26) is privately owned and appears to have dirt road access from Arch Lane, which is also located off Oak Hill Road. This parcel also pays the annual assessment; however, there does not appear to be any secondary access available from Metate Trail or any other District-maintained roadway.

Given the established access through other, non-District roads, and the topography of access through District roads, it is unlikely that the property owners in Areas B and C benefit from being within the District. Therefore, it would be reasonable to reduce the District's SOI to exclude these parcels, setting the stage for possible detachment from the District in the future.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Map 5



Funding and Budget

This section analyzes the financial operations of the District, 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) 2015-16 budgetary information received from the County Auditor-Controller’s Office.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

The table below is taken from the Auditor-Controller's information and provides a summary of Nashville Trail CSD's revenues, expenditures and change in net assets from FY 2011-12 to FY 2015-16:

District Revenues, Expenditures and Net Assets – FY 2011-12 to 2015-16					
	2011-12	2012-13	2013-14	2014-15	2015-16 (Estimated- Not Actual)
Property Taxes	\$0	\$0	\$0	\$0	\$0
Direct Assessments	\$22,800	\$22,650	\$21,600	\$21,300	\$21,800
Penalties and Cost Delinquent Taxes	\$20	\$729	\$57	\$26	\$0
Interest Revenue	\$100	\$90	\$143	\$198	\$0
Total Revenues	\$22,920	\$23,469	\$21,800	\$21,524	\$21,800
Miscellaneous Expenses	\$0	\$0	\$0	\$0	\$20,000
Office Expenses	\$0	\$0	\$0	\$0	\$50
Professional and Specialized Services	\$0	\$0	\$0	\$0	\$6,000
Road Maintenance	\$32,605	\$1,800	\$18,835	\$0	\$78,907
Agency Admin. Fees	\$17	\$15	\$17	\$6,016	\$30
Publications and Legal Notices	\$83	\$38	\$45	\$76	\$100
Total Expenditures	\$32,705	\$1,853	\$18,896	\$6,093	\$105,087
Net Revenue (Deficit)	\$(9,785)	\$21,616	\$2,904	\$15,431	\$(83,287)
Fund Balance: \$47,151 June 30, 2011	\$37,365 June 30, 2012	\$58,982 June 30, 2013	\$61,885 June 30, 2014	\$77,317 June 30, 2015	\$78,311 June 30, 2016

Revenues

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. Nashville Trail CSD is financed solely from annual property assessments; the District does not collect an increment of the ad-valorem property taxes.

Direct Assessments – Subject to voter approval, special districts have the option to levy an additional assessment upon the parcels within their boundaries. In 2005, registered voters within the District voted to raise the roadway assessment from \$200 to \$300 per parcel per year for all parcels within the District, and assess an additional \$700 per parcel per year for parcels containing businesses that significantly impact roadways.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

The majority of parcels within the District (both developed and undeveloped) pay an assessment of \$300. Parcels identified as High Traffic Business Parcels, defined as properties with businesses that impact road traffic and are classified and licensed by the County as Wineries/Breweries and Riding Stables, pay an annual assessment of \$1,000. There are currently only two parcels within the District which are identified as containing businesses that significantly impact roadways. Three parcels within the District do not pay an assessment because they are owned by the Bureau of Land Management and are non-taxable.

Direct assessments amounted to \$21,524 in FY 2014-15. This annual revenue stream is relatively stable and does not fluctuate from year to year; there are some fluctuations from year to year, which are likely attributable to delayed payments of property assessments.

Interest – The District collects a small amount annually 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

District expenditures vary significantly from year to year, due to variation in the amounts spent on road maintenance annually. Nashville Trail CSD expends accumulated funds for roadway maintenance every few years. In FY 2015-16, the District allocated approximately \$79,000 for road maintenance.

Fund Balance

The District’s net assets change from year to year, due to the fact that some years the District has higher expenses for roadway maintenance. The District accumulates funds annually and spends the accumulated funds for roadway maintenance every few years.

Fiscal Administration

The County handles the District’s fiscal administration. All the District’s funds are deposited into the County Treasury. The County Auditor’s office manages the District’s receivables and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors.

Audits

In addition to budget information, LAFCO staff reviewed a financial audit from FY 2003-04 to FY 2007-08, which is the most recent audit available for the District. The County Auditor’s Office is responsible for preparing audits for the District and is currently working on an updated audit of the District for FY’s 2008-09 to present.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

IV MSR DETERMINATIONS

As explained in the Executive Summary, State Law requires the Commission to make certain determinations in an MSR (Government Code §56430) and prior to establishing an SOI (Government Code §56425). The Commission's Policies & Guidelines Section 4.4 also requires additional determinations prior to establishing a sphere. To the extent that is feasible, both sets of determinations will be addressed in this section.

1. Growth and population projections for the affected area.

Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.

Information in this section addresses #3 and #4 of LAFCO Policy 4.4, which are:

- Topographic factors and areas of social and economic interdependencies.
- Existing and planned land uses, land use plans and policies, consistency with county and city general plans, and projected growth in the affected area.

The District does not anticipate significant future growth or expansion beyond the current service boundaries; however, there is potential for a slight increase in population due to the number of vacant parcels within the District's boundaries. The District's service area includes 71 parcels, 18 of which are currently undeveloped and could potentially be developed according to zoning in the future. However, development potential is limited due to topography and current zoning, which calls for large rural and limited agricultural parcels (parcels within the District are zoned Rural Lands 10- and 40-acre, and Limited Agricultural 40-acre). Future development would not be likely to result in a significant number of new lots or vehicle use.

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

Purpose: To identify the communities within the agency's service area or sphere of influence that have been traditionally unserved or underserved.

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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

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

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

Although the United States Census collects demographic information at all levels, it does not publish demographic information related to income data below the tract level, in order to protect peoples’ privacy.

Consequently, for this report LAFCO relied on data from the following sources:

- GIS layers from the State Department of Water Resources (DWR), based on income data at the Census Block level; and
- The US Census’ DataFERRETT (FERRETT stands for Federated Electronic Research, Review, Extraction, and Tabulation Tool), which allowed LAFCO staff to extract demographic data at the Census Tract level

GIS Layers from the State Department of Water Resources

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Census Information from DataFERRETT

DataFERRETT only contains information at the census tract level, which is one level higher than census block group. Nashville Trail CSD falls into tract 315.04, encompasses the area south of Pleasant Valley Road in between Union Mine Road and Bucks Bar Road, down to the North Fork of the Cosumnes River. According to DataFERRETT, the medium household income in Tract 315.04 is \$52,708.

According to US Census data, the statewide median household income for 2010-2014 is \$61,489, making the median household income for a disadvantaged community as defined by the Water Code \$49,191 (defined as 80% of the median household income). Therefore, neither US Census income data at the tract level, nor DWR's data at the block level, indicates the presence of DACs in Census Tract 315.04.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

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

Information in this section addresses #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.

Nashville Trail CSD's infrastructure consists of approximately 5.75 miles of roadway, including two primary paved roads and six secondary gravel roads. The District contracts with private providers for roadway repairs and maintenance on an as-needed basis and as funding is available, which allows the District to provide services without owning or maintaining any facilities or equipment. Nashville Trail CSD does not have plans for expansion of infrastructure or facilities.

The District has adopted standards for roadway repair and maintenance, which it relies on for roadway quality, repair frequency, and overall roadway operations. The roadways appear to be in good condition relative to adopted standards and resident preferences and expectations.

As detailed in Determination #2, there is no evidence pointing to the presence of a disadvantaged community within or contiguous to the Nashville Trail CSD sphere of

EL DORADO LOCAL AGENCY FORMATION COMMISSION

influence. The area is predominantly within the El Dorado Irrigation District, though most parcels receive water through private domestic wells. The area is entirely within the El Dorado County Fire Protection District which provides structural fire protection services; there are no needs or deficiencies regarding water service or structural fire protection within or adjacent to the Nashville Trail service area.

4. Financial ability of agencies to provide services.

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

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

- Financial capabilities and costs of service.

Road maintenance services provided by Nashville Trail CSD are financed entirely by property assessments, which were last increased in 2005. The District accumulates reserves every year to be expended for major roadway maintenance every few years, as needed. The District appears to be financially stable with the recent increase in property assessments. No additional financing opportunities have been identified.

Nashville Trail CSD utilizes a sufficient range of cost avoidance opportunities; including bidding for services and utilizing volunteers from the community for minor roadway maintenance. No additional significant cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

Nashville Trail CSD uses a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out to known qualified companies depending on the need and the availability of funds. 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.

Community volunteers within the District perform general roadway maintenance activities, including filling potholes, clearing culverts, and other maintenance activities. Volunteers have been effective in avoiding additional costs for minor roadway maintenance.

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

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

Nashville Trail CSD contracts out roadway maintenance and related services to private contractors; the District does not own any facilities and does not share any facilities with another service provider. Given its relatively isolated location, Nashville Trail CSD is not in close enough proximity to another CSD or County Service Area Zone of Benefit which provides similar services; there does not appear to be a potential opportunity for shared facilities for the District.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

6. Accountability for community service needs, including governmental structure and operational efficiencies.

Purpose: To consider Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers; an evaluation of management efficiencies; and local accountability and governance.

Information in this section addresses #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.

The District appears to operate sufficiently under its existing structure; the current governmental structure is appropriate to provide necessary services and operate in an efficient and effective manner. Nashville Trail 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.

District Board meetings are held quarterly and noticed consistent with Brown Act requirements and appear to provide ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

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

Purpose: To determine the extent in which the provision of services by the agency, or its potential expansion of services, impact agriculture and open space, both on lands within the agency or surrounding it.

Information in this section addresses #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;” Nashville Trail CSD is not located within a Community Region or Rural Center. Approximately half of the District is designated as Natural Resources and zoned as Limited Agricultural or Rural Lands; three of these parcels are owned by the U.S. Bureau of Land Management and two are owned by the American River Conservancy. Additionally, at least two parcels within the CSD are actively used for agricultural uses (vineyard and horse boarding). It is unlikely that the District’s services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand, so there should be no additional impacts to the economic viability of surrounding agricultural operations.

V SOI DETERMINATIONS

The sphere of influence (SOI) recommendations analyze the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth. 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 Nashville Trail CSD:

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

Present land uses in the area include residential, limited agricultural and commercial, vacant residential and open space. Planned land uses are anticipated to remain the same as current land uses.

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 present capacity of public facilities provided appears to be sufficient for the current level of service demanded by District residents.

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

There are no social or economic communities of interest in the immediate area. Nearby communities include the El Dorado and Somerset areas.

Currently, Nashville Trail CSD's sphere of influence (SOI) is coterminous with its service boundaries; the last update to the Nashville Trail CSD SOI was in 2007. Based upon the information contained in this report, it is recommended that the Nashville Trail CSD SOI be amended to 1) include the two parcels directly north of the District which are not currently within the District but have exclusive access through District maintained roads, and 2) remove the eight parcels in the southern portion of the District which are within the District's service area but do not have primary access through the District's maintained road system. (See **Figure 6**)

EL DORADO LOCAL AGENCY FORMATION COMMISSION

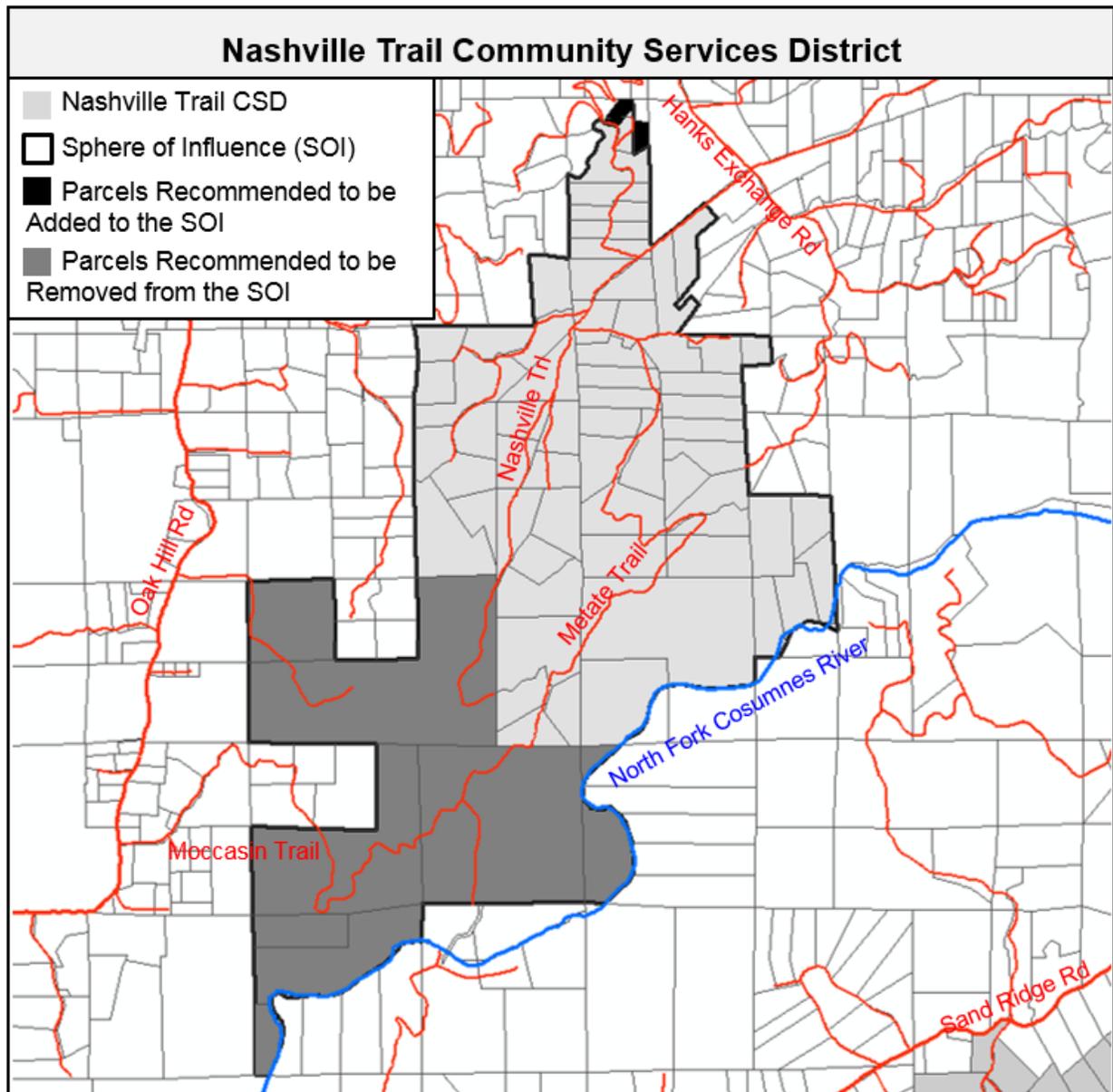
The parcels recommended to be added to the SOI are:

046-490-15 046-490-33

The parcels recommended to be removed from the SOI are:

046-820-13 046-820-14 046-032-26 046-032-27
046-032-28 046-032-29 046-032-30 046-041-01

Map 6



EL DORADO LOCAL AGENCY FORMATION COMMISSION

The recommended amendments to the SOI will not change the service boundaries of the District; that could only be done at the initiation of either the landowners or the District. Rather, the SOI update would reflect the appropriateness of the District's SOI boundaries, acknowledging areas where it would be logical for the District to expand or contract its service area in the future.

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 Nashville Trail 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 ENVIRONMENTAL JUSTICE

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

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

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

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

Demographic data for the study area is limited and generally does not clearly distinguish between population groups of different races, cultures, and incomes. The most recent data available, from the 2010-2014 American Community Survey conducted by the US Census, is displayed in the Table below. At the tract level, the Census area boundaries encompass an area much larger than the Nashville Trail CSD boundaries, but the data provides a demographic framework for the evaluation of environmental justice issues in the general area.

Nashville Trail CSD is within census tract 315.04, which encompasses the area south of Pleasant Valley Road in between Union Mine Road and Bucks Bar Road, down to the North Fork of the Cosumnes River. The Census data shows that within this census tract, whites comprise the largest racial group with over 93% of the population; the second largest group is Hispanic/Latino of any race at approximately

EL DORADO LOCAL AGENCY FORMATION COMMISSION

13.7% of the population (from a racial standpoint, anthropologists and demographers categorize most Latinos as white unless a person’s primary ancestry can be traced back to Africa).

Census Tract 315.04 Population by Race:

Area	Total	RACE							Hispanic or Latino (Of Any Race)
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	
Census Tract 315.04, El Dorado County	5,365	5,000 (93.2%)	0 (0.0%)	185 (3.4%)	48 (0.9%)	0 (0.0%)	115 (2.1%)	17 (0.3%)	734 (13.7%)

Source: 2010-2014 American Community Survey 5-Year Estimates
Percentages may not add due to rounding

Data is available from the California Department of Education regarding ethnicity of student populations within school districts and individual schools. These statistics are based on school attendance areas and school districts. The community of Nashville Trail CSD is within the Gold Oak Union School District, which only includes one elementary school and one middle school. For the Gold Oak Union School District in the (2015-16) academic year, whites comprise the largest racial group with approximately 85% of the student population; the largest ethnic minority population is Hispanic/Latino with just above 10% of the student population. This demographic data somewhat matches the data from the Census, which suggests that this unincorporated portion of county is relatively homogenous with low numbers of racial or ethnic minorities counted.

Income data available from the 2010-2014 Census indicates the median household income in census tract 315.04 is \$52,708, which is lower than the statewide median household income of \$61,489. Income data available from the census may suggest that there are low income population concentrations in the countywide study area. While service levels vary greatly within the county, no specific ethnic or economic neighborhoods could be identified by LAFCO staff that are underserved by public facilities. Infrastructure and housing distribution is relatively even throughout the developed areas of the county with much lower levels of infrastructure and housing in the more outlying communities. No low income/minority neighborhoods were identified where facilities and uses pose a significant hazard to human health and safety.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Finally, the 2004 County General Plan does not address environmental justice directly. Although the Environmentally Constrained Alternative did contain related land use and housing policies, the 1996 Alternative and the 2004 General Plan do not contain those sections. The 2004 General Plan Housing Element includes Goal HO: "To provide housing that meets the needs of existing and future residents in all income categories." The housing element also discusses the following special needs groups: people with disabilities, seniors, agricultural employees, female heads of households, homeless persons, and large families and households. Consequently, the extent that the County's planning documents address environmental justice is in its discussion of these special needs groups.

VIII 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:

Government Code, Division 3 (Community Services District Act)

Nashville Trail Community Services District:

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

Correspondence with Randy Hackbarth, General Manager, Nashville Trail Community Services District, September – November 2016

County of El Dorado, Independent Special Districts Fiscal Budgets, Nashville Trail Community Services District Budget Actuals, Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, and 2015-16

County of El Dorado, Balance Sheet Report Summary, Nashville Trail Community Services District, Year-End Reports (June 30) 2011, 2012, 2013, 2014, 2015, and 2016

County of El Dorado, Nashville Trail Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 2003-04 to FY 2007-08