

EL DORADO LOCAL AGENCY FORMATION COMMISSION

FINAL MUNICIPAL SERVICE REVIEWS

STREETS AND HIGHWAY SERVICES

DECEMBER 2007

PREPARED BY:



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1.0 EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY

The Municipal Service Review (MSR) and Sphere of Influence (SOI) update, also called the MSR/SOI Update, has been prepared to comply with requirements of the El Dorado Local Agency Formation Commission (LAFCO), as well as California State Law. The MSR/SOI is a document required by the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (California Government Code §56425 and §56430).

This document contains Municipal Service Reviews and Sphere of Influence updates for all streets and highway service providers within El Dorado County, including: Community Services Districts, two cities, Public Utilities Districts, and County Service Areas. The determinations and findings reached are based upon surveys of agency representatives, meetings, and assessments of existing documents.

COMMUNITY SERVICES DISTRICTS

Community Services Districts (CSDs) may be formed pursuant to the Community Services District Law, found in Government Code 61000 *et seq.* CSDs are independent special districts, which may be empowered to provide a wide variety of services including street maintenance and snow removal. The Arroyo Vista, Audubon Hills, Cameron Estates, Connie Lane, Cosumnes River, East China Hill, El Dorado Hills, Garden Valley Ranch Estates, Golden West, Grassy Run, Greenstone Country, Hickok Road, Hillwood, Lakeview, Marble Mountain Homeowners, Mortara Circle, Nashville Trail, Rising Hill Road, Showcase Ranches, Sierra Oaks, Springfield Meadows, and West El Largo CSD are analyzed in this MSR/SOI Update.

CITIES

The Cities of Placerville and South Lake Tahoe are analyzed in this MSR/SOI Update. The cities have jurisdiction over all public roadways, other than State Routes, that are located within their respective city limits. In addition, each city has the responsibility for planning roadways within their respective sphere of influence.

PUBLIC UTILITIES DISTRICTS

Public Utilities Districts (PUDs) are formed pursuant to Section 15501-18055 of the Public Utilities Code 15501-18055. PUDs are empowered to provide lighting, water, power, heat, transportation, telephone services, or other means of communication, or means for the collection, treatment, or disposal of sewage; construct facilities necessary for the generation, transmission, or distribution of electricity and construct, maintain, improve, and operate public recreational facilities appurtenant to any water reservoir owned or operated by the district. Kirkwood Meadows PUD is included in this MSR/SOI Update; however it does not provide streets and highways services.

COUNTY SERVICE AREAS

County Services Areas (CSAs) are dependent special districts, empowered to provide a wide range of services, including street maintenance and snow removal, under Government Code 25210.1 *et seq.* CSAs 2 and 9 are analyzed in this MSR/SOI Update. The El Dorado County Department of Transportation operates and provides services through these CSAs.

ORGANIZATION OF THE REPORT

Each report contains the following sections:

I. Setting. This section provides a description of the geographic service area and Sphere of Influence;

II. Growth and Population. This section presents information on the present and projected service area population, and describes land uses and significant growth areas.

III. Infrastructure. This section analyzes the sufficiency of physical infrastructure and facilities to serve present and projected needs of the area based on current and projected population growth.

IV. Financing Constraints and Opportunities. This section evaluates the finance plans, joint finance projects, and revenue sources of each service provider.

V. Cost Avoidance Opportunities. This section examines current practices, overlapping services, the transfer of costs to the public and inter-agency cooperation for the prospect of cost avoidance.

VI. Rate Restructuring. This section considers the current rate structure, including an analysis of frequency of rate updates.

VII. Opportunities for Shared Facilities. This section examines currently shared resources, facilities, personnel, and systems, as well as opportunities for expanded sharing.

VIII. Government Structure Options. This section reviews alternatives, such as formation and reorganization of new agencies and private sector opportunities. It also reviews previous restructuring efforts, as well as opportunities for and obstacles to restructuring.

IX. Evaluation of Management Efficiencies. This section reviews the current management structure, communication, and efficiency of the service providers

X. Local Accountability and Governance. This section analyzes the governing body, selection process, participation levels, and public access and interest of each district.

XI. Sphere of Influence Recommendations and Determinations. This section reviews the Sphere of Influence boundaries to determine whether any changes to the boundary should be made.

XII. Determinations. This section provides determinations with respect to the analysis factors described above.

SUMMARY OF SERVICE PROVIDERS AND ISSUES

Table 1.0-1 shows a summary of the financial status and any issues associated with the service providers analyzed in the MSR.

**TABLE 1.0-1
SUMMARY OF ROADWAY SERVICE PROVIDERS**

District	How Services Provided	Issues	Inadequate Roadway Funding
Arroyo Vista CSD	Private contractor		
Audubon Hills CSD	Private contractor		
Cameron Estates CSD	Private contractor		X
City of Placerville	City staff		X
City of South Lake Tahoe	City staff		X
Connie Lane CSD	Private contractor		X
Cosumnes River CSD	Private contractor		X
County Service Area 2	Private contractors		
County Service Area 9	Private contractors		
East China Hill CSD	Private contractor		
El Dorado Hills CSD	No road services		
Garden Valley Ranch Estates CSD	Private contractor		
Golden West CSD	Private contractor	Excessive Debt Maintenance of Private Roads Accountability Issues Provided Misleading Info	X
Grassy Run CSD	No road services		
Greenstone Country CSD	No road services		
Hickok Road CSD	Private contractor		
Hillwood CSD	Private contractor		X
Kirkwood Meadows PUD	No road services		
Knolls Property Owners CSD	Private contractor	Boundary revisions	
Lakeview CSD	Private contractor	Boundary revisions	
Marble Mountain Homeowners CSD	Private contractor		
Mortara Circle CSD	Private contractor	Recalled 3 board members	
Nashville Trail	Private contractor		
Rising Hill Road CSD	Private contractor	Boundary revisions	
Showcase Ranches CSD	Private contractor		X
Sierra Oaks CSD	Private contractor		
Springfield Meadows CSD	Private contractor		X
West El Largo CSD	Private contractor	Boundary revisions	

CONCLUSIONS

The MSR/SOI updates for the special districts of El Dorado County will serve as the primary document for El Dorado LAFCO in its determinations on the provision of road and road maintenance services in the county as a whole and within each agency reviewed in this report. This review will ensure that municipal and rural services are provided in the most efficient manner. This information will also be used by LAFCO to determine the appropriate Sphere of Influence for each agency, as well as to pursue changes to service or boundaries if necessary. Questions regarding the MSR/SOI update process can be directed to:

José C. Henríquez, Executive Officer
El Dorado LAFCO
550 Main St., Suite E
Placerville, CA 95667
(530) 295-2707

2.0 STREET AND HIGHWAY SERVICE PROVIDERS

2.1 ARROYO VISTA CSD

ARROYO VISTA COMMUNITY SERVICES DISTRICT

Contact Information

Address: 2061 Arroyo Vista Way
El Dorado Hills, CA 95762

Phone: (916) 933-0530

Email: WHWelty@aol.com

Management Information

Manager: None

Governing Body: Board of Directors

Board Members:

Michael Peters	Elected 2003 - 2007
Cathleen Klejwa	Elected 2005 - 2009
Garland E. Gagnon	Elected 2005 - 2009
Geoffrey S. Miller	Elected 2003 - 2007
William H. Welty	Elected 2003 - 2007

Board Meetings: Quarterly

Staffing: None, contracts for services

Service Information

Services Provided: Roadway maintenance

Latent Powers: Recreation and Parks maintenance

Area Served: 335 Acres

Population Served: 124 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$108,193

Sources of Funding: Property assessment and property taxes

Assessments: Developed Parcel: \$125, Undeveloped Parcel: \$100

Rate Structure: None

2.1 ARROYO VISTA CSD

I. SETTING

Arroyo Vista Community Services District (District) maintains the full length of the one-mile long Arroyo Vista Way. The District is located on the north side of Malcolm Dixon Road, approximately one mile east of Salmon Falls Road in the Salmon Falls area, north of El Dorado Hills.

The District was formed in 1983 to maintain Arroyo Vista Way, which provides access to residential homes located on parcels within the District's boundaries. Arroyo Vista connects to a public roadway, Malcolm Dixon Road, and dead-ends to the north. There are several privately maintained roadways within the District that bisect Arroyo Vista Way to provide more direct access to residential homes within the District not immediately adjacent to the primary roadway. These roadways include Rambling Trail, Lake Vista Lane, Covey Way, Dusty Trail, Winding Oak Land, Deerhorn Lane, Two Eagle Lane, Lovers Lane, Arbolado Lane, Red Mountain Road, and Doughty's Place.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120. Services provided do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to 66 parcels within the District's boundaries. **Figure 2.1-1** shows the District's current boundaries and Sphere of Influence. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. No significant growth or population increase is expected that will affect the District's ability to provide services. The District does not have any plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

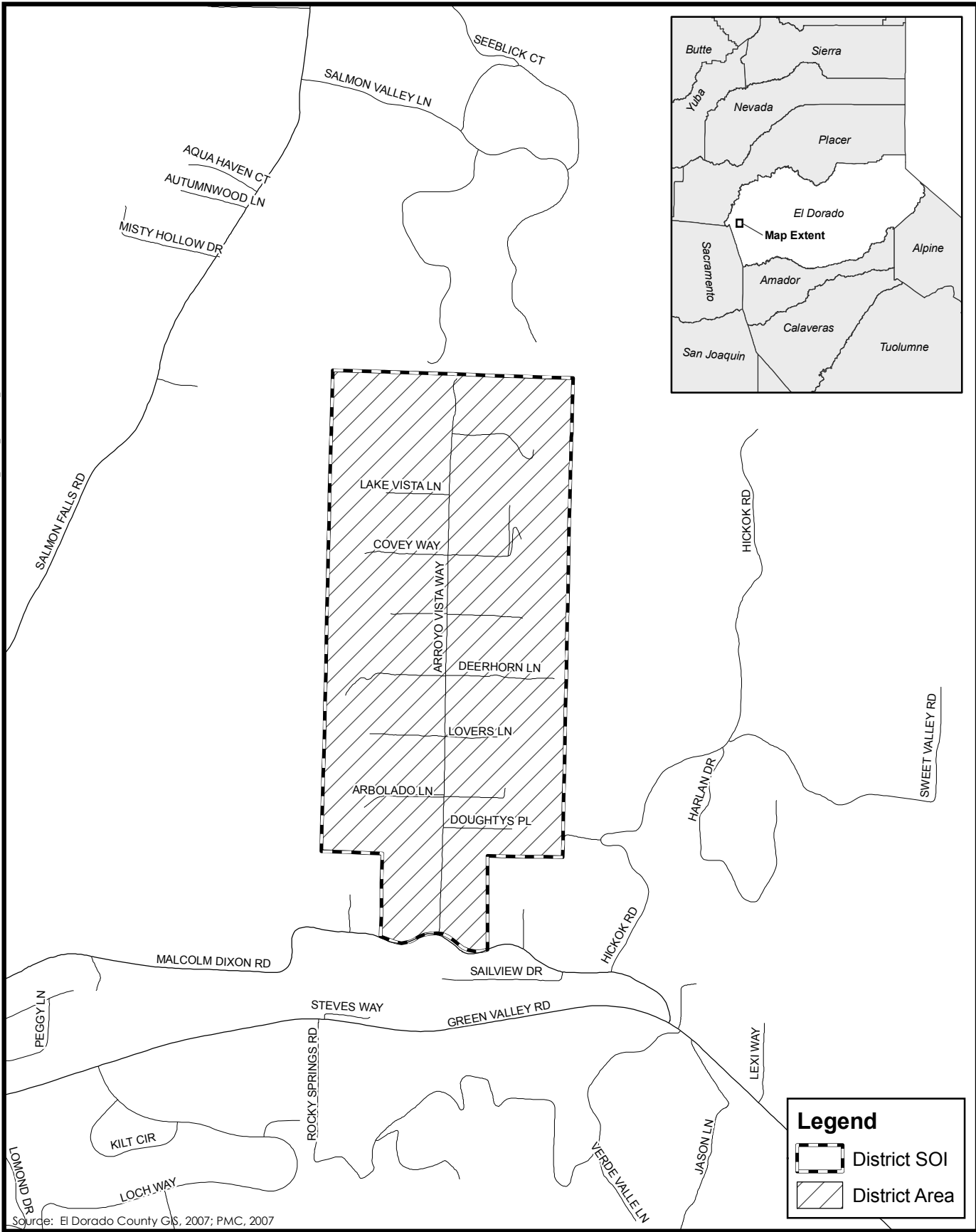


Figure 2-1.1
Arroyo Vista CSD

Major roadway maintenance is performed approximately every two to three years, depending on the current condition of the roadway and available funding. The District's board evaluates the current roadway each year in the spring to determine if repairs or overall maintenance are required. Repairs and maintenance are then put up to bid and are contracted out to private roadway maintenance service providers.

The District's current infrastructure consists of a one-mile roadway, Arroyo Vista Way. The District maintains an 8' by 6' rain shed, used primarily by school children waiting for the bus.

The District has indicated that the roadway is adequate for the current roadway usage. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The Arroyo Vista CSD is financed primarily through property taxes and property assessments. Improved (developed) properties are assessed \$125 annually, whereas unimproved (vacant) property is assessed \$100 annually. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from property taxes (\$8,364), direct assessments (\$7,825) and other miscellaneous income, totaling \$17,099. The carryover fund balance from the previous fiscal year is \$86,972, with total financing for the District of \$108,193. Major expenses budgeted include roadway chip seal (\$45,500), AB rock (\$4,000), grounds maintenance (\$4,000), insurance (\$3,281), and herbicide (\$3,000), with total expenditures of \$74,661. The FY 2007 budget totals \$108,193 and is expected to result in revenues greater than expenditures. Estimated revenues exceeding expenditures of \$33,532 are appropriated for contingencies.

In addition to budget information, Arroyo Vista Community Services District provided a financial audit from FY 1994-95 to FY 2000-01. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2000-01. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.1-1** provides a summary of Arroyo Vista Community Services District's revenues and expenditures and change in net assets from FY 1994-95 to FY 2000-01.

**TABLE 2.1-1
ARROYO VISTA COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1994-95 TO FY 2000-01**

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Total Expenditures¹	\$1,848	\$51,318	\$2,480	\$4,257	\$7,987	\$28,437	\$8,465
Revenues (Property Taxes)	\$11,946	\$12,203	\$11,931	\$12,332	\$14,033	\$13,425	\$13,761
Revenues (Other) ²	\$3,524	\$2,470	\$2,403	\$3,626	\$3,429	\$3,618	\$2,868
Total Revenues	\$15,200	\$14,673	\$14,334	\$15,958	\$17,462	\$17,043	\$16,629
Net Revenue (Deficit)	\$13,352	\$(36,645)	\$11,854	\$11,701	\$9,475	\$(11,394)	\$8,134
Net Assets (end of period)	\$80,021	\$43,376	\$55,230	\$66,931	\$76,406	\$65,012	\$73,176

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.1-1** shows general trends in the District's expenditures and revenues; however, there may be other factors that affect the District's financial stability. The District's audit includes supplementary information that gives a more detailed accounting of revenues and expenditures and will be summarized in the information immediately below. This information was reviewed to further assess the District's financial stability.

Table 2.1-1 shows the District's annual expenditures. District expenditures gradually increase over this time period. The District's supplementary information shows that the variations in annual expenditures in FY 1995-96 and FY 1999-00 were due to greater amounts spent on road maintenance. This is consistent with the District's stated roadway maintenance plans of resurfacing or repairing Arroyo Vista Way once every two to three years.

Table 2.1-1 shows that the District's annual revenues are relatively stable over time. There is an increase from year to year which seems to be due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents, and fixed assets such as equipment. As shown in **Table 2.1-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District seems able to recover from these periodic large increases in roadway maintenance expenditures.

The District accumulates funds annually. The District expended the accumulated funds for roadway maintenance every few years.

The District does not have any outstanding debt.

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.

Review of the District's budgets, audits, and financial information indicates that the District appears to be financially stable, leading to the District being able to provide adequate services. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out approximately every two or three years, depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

The District's service area is adjacent to Hickok Road Community Services District. Both districts provide similar roadway maintenance services. A possible cost saving opportunity may involve both districts collaborating to jointly issue requests for proposals for roadway maintenance services. This arrangement may offer both districts reduced costs due by allowing the private provider to bid on a larger work area and attracting more bidders.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section considers the potential benefits of facilities sharing on the finances and operations of the District. The District is currently contracting out roadway maintenance services. Since the District does not own any facilities beyond the roadway and the shed, there are limited opportunities for shared facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District.

California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Arroyo Vista CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

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

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

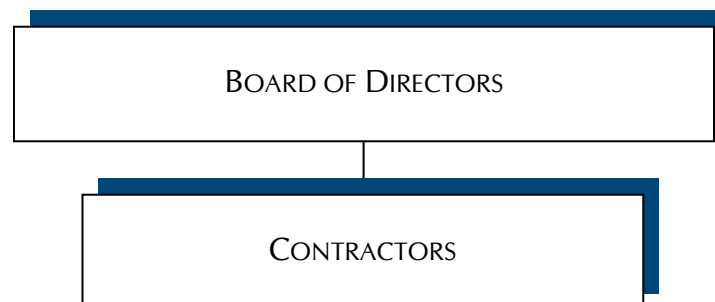
Consolidation of the Arroyo Vista Community Services District and the Hickok Road Community Services District is possible, as both districts have been formed under the same principal act, both districts are providing similar services, and both districts are adjacent to each other. However, a consolidation is unlikely to result in significant efficiencies due to the costs associated with the change of organization. The cost, time, and administrative complexity of such a transition may negate the efficiencies gained. The current governmental structure is appropriate to provide adequate services.

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary. **Figure 2.1-2** shows the District's current organization structure.

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

FIGURE 2.1-2
ARROYO VISTA CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. Terms for 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 board president maintains a "complaint/suggestion" box on a fencepost located on his property for District residents to comment. District residents are encouraged by the board to attend board meetings. The District is active in reviewing and commenting on the County's roadway operations in the area. The District's residents are active in Board activities and decisions.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed. Meeting announcements are posted on public mailboxes 72 hours prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are residential. 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 is adequate to serve the existing community.

- 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 area. Nearby communities include the Salmon Falls area and El Dorado Hills.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

This section of the MSR contains the nine mandatory municipal service review determinations pertaining to the service provider, pursuant to Government Code 56430.

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Arroyo Vista Community Services District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Arroyo Vista Community Services District's infrastructure and facilities consists of a one-mile roadway, Arroyo Vista Way, and a bus shelter. The District does not own major roadway maintenance equipment and utilizes contract services for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

The Arroyo Vista Community Services District is financed by assessment and property taxes, which appear to be adequate for the District. The District does not have outstanding debts. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. The District's annual revenues have remained relatively stable over time.

Rate Restructuring

The Arroyo Vista Community Services District does not charge any rates for services; appropriate for the type of services provided. The District is financed by property assessments and property taxes.

Cost Avoidance Opportunities

The Arroyo Vista Community Services District appears to be utilizing a sufficient range of cost avoidance opportunities, including utilizing a competitive bid process for contracted services. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Arroyo Vista Community Services District does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Arroyo Vista Community Services District is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation

in an efficient and effective manner. The District's service boundaries are appropriate for the current services provided. If an alternative government structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Arroyo Vista Community Services District is able to operate under its existing structure. The District's annual revenues are relatively stable over time. The District does not currently employ any staff and contracts for services when needed. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts.

Local Accountability

The Arroyo Vista's Community Services District's Board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Arroyo Vista Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 2000-01

Correspondence and personal communication with William (Bill) H. Welty, Board Member, Arroyo Vista Community Services District

2.2 AUDUBON HILLS CSD

AUDUBON HILLS COMMUNITY SERVICES DISTRICT

Contact Information

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

Phone: (530) 644-3855

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: Inge Clark BOD Appointed 2007 – 2007
William Brozo Elected 2005 – 2009
James Mc Carthy Elected 2003 – 2007
Michael Fennessy Elected 2005 – 2009
Robert Matheson BOD Appointed 2006 – 2007

Board Meetings: Third Thursdays of each month at 7:00pm

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 4 square miles

Population Served: 227 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$77,419

Sources of Funding: Property assessment and property taxes

Assessments: \$75 per parcel

Rate Structure: None

2.2 AUDUBON HILLS CSD

I. SETTING

Audubon Hills Community Services District (District) maintains approximately 10 miles of roadway within District boundaries, including providing snow plowing services during colder weather. The District is located south of North Canyon Road, northeast of the City of Placerville and approximately 1.25 miles north of the Camino area in El Dorado County. **Figure 2.2-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1972 to maintain roadways and provide snow plowing to allow access to residential homes located on parcels within the District's boundaries. Audubon Drive, the District's primary roadway, connects to a public roadway, North Canyon Road, and dead ends to the west. The District has 14 secondary roadways that connect to the primary road; secondary roads include Blackbird Lane, Condor Lane, Falcon Lane, Grayhawk Lane, Heron Lane, Nighthawk Way, Kittywake Lane, Skylark Lane, Kingfisher Lane, King Bird Lane, Lark Lane, Mockingbird Lane, Tanager Lane, Thrush Lane, Blackbarri Drive, Waxwing Lane, Warbler Court, Magpie Lane, Wren Court, and Audubon Court.

Roadway services provided are within the District's powers, as authorized in their enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

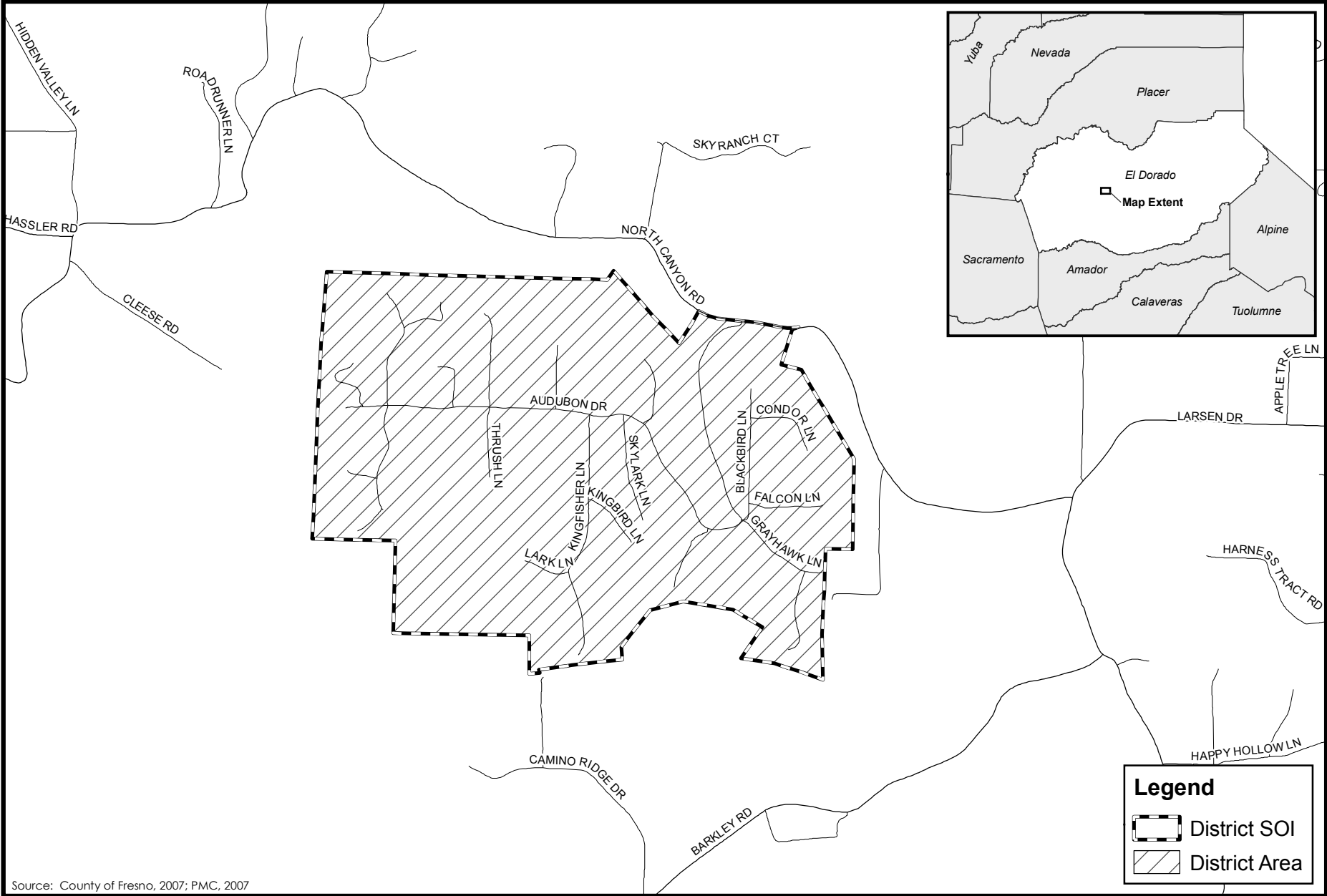
The District currently is providing roadway services to over 130 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. The District has no plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure is approximately ten miles of roadway, consisting of one primary and fourteen secondary roadways. Most of the roads within the District are paved, with resurfacing performed either as chip seal or asphalt. Services provided by the District include paving, culvert maintenance, snow plowing, sanding, and brush removal, all of which are contracted out to private providers.

T:\GIS\EL_DORADO_COUNTY\MXD5\LAFCON\NEW MAPS\AUDUBON HILLS_CSD.MXD - 8/10/2007 @ 9:49:10 AM



Source: County of Fresno, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-2.1
Audubon Hills CSD
PMC

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

The District does not own any additional facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and property assessments. Properties are assessed \$75 annually per parcel. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from property taxes (\$26,983) and direct assessments (\$10,500), totaling \$37,483. The carryover fund balance from the previous fiscal year is \$39,936, with total financing for the District of \$77,419. Major budgetary expenses include roadway maintenance (\$10,000), culverts (\$10,000), paint (\$2,280), district insurance (\$1,900), grounds maintenance (\$1,700), Board insurance (\$1,600) and snow removal (\$1,022); with expenditures totaling \$31,042. \$46,377 were appropriated for contingencies. The FY 2006-07 budget totals \$77,419 and is expected to result in a balanced budget, with revenues equal to expenditures. All services are budgeted at the District's March and May Board meetings.

In addition to budget information, District provided a financial audit from FY 2000-01 to FY 2004-05. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 2000-01 to FY 2004-05. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.2-1** provides a summary of the Audubon Hills Community Services District's revenues, expenditures and change in net assets from FY 2000-01 to FY 2004-05.

TABLE 2.2-1
AUDUBON HILLS COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 2000-01 TO FY 2004-05

	2000-01	2001-02	2002-03	2003-04	2004-05
Total Expenditures ¹	\$2,455	\$6,967	\$42,019	\$22,952	\$37,471
Revenues – Property Taxes	\$20,663	\$22,153	\$30,479	\$31,970	\$33,208
Revenues – Other ²	\$726	\$1,322	\$655	\$624	\$1,212
Total Revenues	\$21,389	\$23,475	\$31,134	\$32,594	\$34,420
Net Revenue (Deficit)	\$18,934	\$16,508	\$(10,885)	\$9,642	\$(3,051)
Net Assets – end of period	\$22,659	\$39,167	\$28,282	\$37,924	\$34,873

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses.

2 Revenues (Other) is the total revenue from fines, forfeitures and penalties, intergovernmental revenues and revenues from the use of money or property. The revenues are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.2-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information, summarized immediately below, gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.2-1 shows the District's annual expenditures. District expenditures vary significantly over this time period. The District's supplementary information shows that the variations in annual expenditures in FY 2002-03, 2003-04 and 2004-05 were due to large amounts spent on road maintenance.

Table 2.2-1 shows that the District's annual revenues are relatively stable over time. There is an increase from year to year resulting from normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash in the County Treasury, interest cash, and capital assets, such as equipment. As shown in **Table 2.2-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District accumulates funds annually. The District expended the accumulated funds for roadway maintenance every few years. The District seems able to recover from these periodic large spikes in roadway maintenance expenditures.

The County handles the District's fiscal administration. All of 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. Currently, the District does not have any outstanding debt.

A review of the District's budgets, audits, and financial information indicates that the District operates with a sound financial basis, and that revenues generated appear to be sufficient to cover the expenses of service provision. The District has stated that current funding is adequate for the District. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out to qualified and interested firms to generate options for the District. The competitive bid process appears to be effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

All of the services provided by the District's are contracted out to private providers, allowing the District to provide services without owning or maintaining any facilities or equipment.

Potential cost avoidance opportunities available were analyzed. No additional opportunities were identified that would result in a significant reduction in costs associated with service provision or operations of the District.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District is currently contracting out roadway maintenance, snow removal services and related services to private firms. Since the District does not own any facilities and, other than the County, the District is not in close proximity to any other local entity that provides similar services, there are no opportunities for shared facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District.

California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Audubon Hills CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

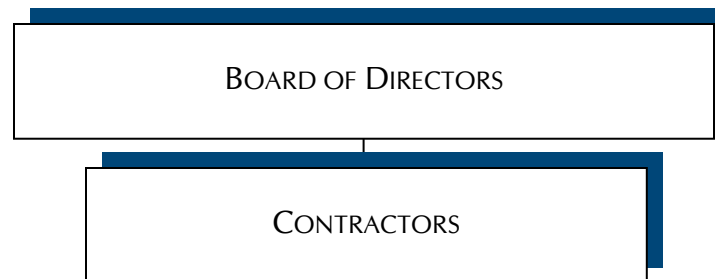
Transitioning the CSD to another government entity, such as another district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure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

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary. **Figure 2.2-2** shows the District's current organization structure.

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

FIGURE 2.2-2
AUDUBON HILLS CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. Board member terms are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District. Board positions are unpaid.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held on the third Thursdays of each month at 7:00 p.m. Meeting announcements are posted on the entry to the subdivision at least ten days prior to the board meeting. Board meetings and notices appear to be

consistent with Brown Act requirements which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District include rural residential uses. Present land uses surrounding the District include agriculture and a golf resort. 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 is adequate to serve the existing community.

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

Social or economic communities of interest in the area do not extend beyond the subdivision. A nearby community of interest includes the Camino area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

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

Infrastructure

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

roadway operations. The Audubon Hills CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

The Audubon Hills Community Services District is financed by assessment and property taxes, which are adequate for the District. The Audubon Hills CSD does not have outstanding debts. No additional significant financing opportunities have been identified. Fiscal year 2007 budgeted revenues are greater than expenses. The Audubon Hills CSD operates on a solid financial basis.

Rate Restructuring

The Audubon Hills Community Services District does not charge any rates for services; which is appropriate for the type of services provided. The District is financed by assessments and property taxes.

Cost Avoidance Opportunities

The Audubon Hills Community Services District appears to be utilizing a sufficient range of cost avoidance opportunities; including bidding of contracted services and utilizing contract services to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Audubon Hills Community Services District does not own any facilities and does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Audubon Hills Community Services District is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. Other than the County, no other public entity providing similar services is in close proximity. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Audubon Hills Community Services District is operating efficiently under its existing structure. Fiscal year 2006-07 budgeted revenues exceed expenditures. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The Audubon Hills Community Services District's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act.

There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Audubon Hills Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 2000-01 to FY 2004-05

Correspondence with Michael F. Fennessy, Board President, Audubon Hills Community Services District

2.3 CAMERON ESTATES CSD

CAMERON ESTATES COMMUNITY SERVICES DISTRICT

Contact Information

Address: P.O. Box 171
Shingle Springs, CA 95682

Phone: (530) 677-5889

Website: <http://www.cameronestates.net>

Management Information

Manager: Hope Leja

Governing Body: Board of Directors

Board Members: Dana Murphy BOS appointed 2007 – 2008
Doris Miller Elected 2006 – 2010
James Sholl Elected 2006 – 2010
John L. Lustig Elected 2004 – 2008
Mark S. Lewis BOD appointed 2006 – 2010

Board Meetings: 7:30 p.m. on the third Thursday of each month at Light of the Hills Lutheran Church, on 3100 Rodeo Drive in Cameron Park

Staffing: 1 part time

Service Information

Empowered Services: Roadway maintenance, definition of riding trails, water, fire, recreation & parks, police protection

Services Provided: Roadway maintenance

Area Served: Approximately 1,500 acres

Population Served: 549 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$140,000

Sources of Funding: Property assessment and property taxes

Assessments: \$250 per parcel

Rate Structure: None

2.3 CAMERON ESTATES CSD

I. SETTING

Cameron Estates Community Services District (District) maintains approximately 16.5 miles of roadway and three gates within the District. The District is located on the south side of US Highway 50 and Durock Road, approximately a quarter mile from Cameron Park Drive, in the Cameron Park area. The District is bounded by Highway 50, Rodeo Road, and Durock Road on the north, G3 Properties on the south, Shingle Lime Mine Road on the east, and Cambridge Road, Flying C Road, and Marble Valley on the west. District boundaries encompass 290 assessed parcels, approximately 1,600 acres. **Figure 2.3-1** shows the District's boundaries.

The District was formed in August 26, 1969, to provide access to residential homes located on parcels within the District's boundaries.

The District provides road maintenance services, by contracting out for road construction, repairs, and maintenance services. Services provided within the District's powers are authorized in their enabling legislation, codified in Government Code 61000-61220. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

The District has latent powers permitting the District to provide definition of riding trails, water, fire and police protection, public recreation, and parks services. The District has not expressed interest in activating the latent powers.

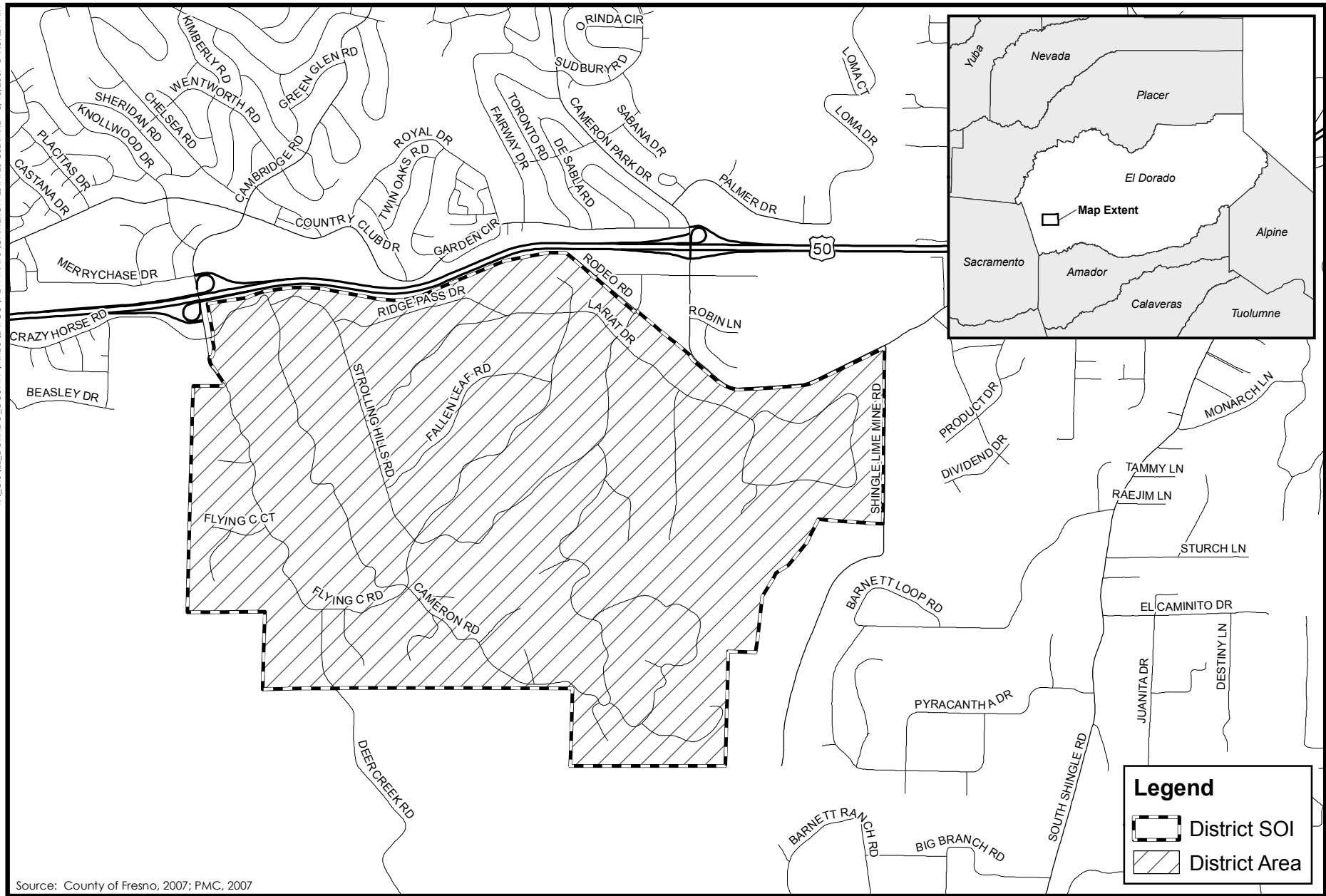
Typically, roadways financed by taxpayer funds and maintained by a public entity such as a special district are considered public roadways. Cameron Estates Community Services District's roadways are financed by taxpayer funds and maintained by the District, however, these roadways are gated and considered private. This is because Government Code 61105 (f) has specifically permitted the District to limit access to roads owned by the District only for the use by landowners and residents of the District. As a result, the District has exercised the rights to limit access to landowners and residents. In addition, the District's roadways have never been formally dedicated to the public.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to approximately 290 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses within District boundaries, as most of the parcels have been developed according to the designated zoning for the area. Twenty-six undeveloped parcels remain within the District's boundaries; the parcels can be developed into approximately 47 lots. No significant growth or population increases are expected to affect the District's ability to provide services. The District does not have any plans for future expansion.

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Source: County of Fresno, 2007; PMC, 2007

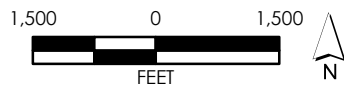


Figure 2-3.1
Cameron Estates CSD
PMC

The District has recently been advised of a possible annexation request of a small amount of lands into the District. District staff does not anticipate that the annexation will have a significant effect on the District.

There are parcels to the south, east, and west of the District that may request annexation. Annexation of lands into the District may increase demands to the existing infrastructure. District staff considers development and annexation of those large parcels to be speculative and not likely to occur in the next few years. It is uncertain if any annexations will occur until a landowner requests annexation.

If there is any significant growth in the District due to annexations or development, the County and District may require roadway improvements as part of the approval process.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of approximately 16.5 miles of roads, and gates at each of three main entrances.

The existing roadway infrastructure is considered by District staff to be deteriorating at a rapid rate due to limited available funding, but able to accommodate current residents. The District is restricted by the current funding available for needed upgrades to and maintenance of existing roadways. Maintenance and repairs are made on a priority basis, depending on need and funding available. Each year, the District repairs and patches the worst potholes, roadway drainage, and roadway shoulders. Extreme weather conditions, such as excessive rain, contribute to the breakdown of roadways, increasing maintenance demands.

The majority of the roads in the District were originally constructed as unpaved gravel roadways. Over the years, the District upgraded the roadways with chip seal/asphalt overlays, and constructed and improved roadway drainage ditches, and culverts. The District's roadways were not constructed based on County standards.

A report on the District's roadway conditions, *Roadway Condition Assessment*, was completed on May 18, 2006, and evaluated the roadways within the District. The report noted roadway needs or areas of concern. The report identified necessary roadway, shoulder, and drainage improvements to meet guidelines recommended within the report

The roadways in the District have different sub-base, traffic type and volume, and drainage issues, resulting in varying road conditions throughout the District. The District is pursuing possible solutions to this problem. After repairs are complete, the District plans to apply asphalt, fabric, and double chip seal to the repaired roadways.

The District is aware that the roadway maintenance practices of seasonal pothole repair, chip seal, and selected asphalt overlays result in a poor-to-fair roadway seal. The District indicated that a one-time capital improvement program is necessary to obtain the necessary funding to upgrade roadways and implement a yearly preventative maintenance program. In May 2006, it was estimated that meeting the guidelines contained in the roadway assessment report would cost in excess of \$3 million. In the November 2006 elections, voters within the District voted against an increase in assessments to facilitate these recommended roadway repairs.

Two of the roadways cross over a small creek, Deer Creek. The District does not anticipate any major upgrades or repairs to those two roadways.

There are three gated roadway entrances that residents within the District primarily utilize to access public roadways outside of the District. The gates were constructed in 2006. Two of the gates were financed by donations collected by a grassroots resident organization, ACCORD, and the gate at Flying C Road is paid for by the El Dorado Irrigation District (EID).

There are ongoing disputes about the legalities of the District being able to put up gates to restrict roadway access. The District's legal authority to lock the gates is currently being evaluated by the County Council. This issue is not anticipated to affect the provision of roadway maintenance services within the District.

The District has no plans to add additional roadways within the District. Property owners may construct additional roadways and request the District to maintain the new roadways. There are undeveloped parcels within the District that may be subdivided. Currently, the County requires the owner to pay for roadway improvements at time of subdivision, which will improve roadways to those parcels when and if subdivision occurs. The District is also considering a requirement, as a condition of annexation into the District, which the property owner would need to create or improve roadways.

IV. FINANCING AND RATE RESTRUCTURING

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. Audited financial statements from fiscal years (FY) 2003 through 2006 and annual financial statements from FY 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and property assessments. Properties are currently assessed \$250 annually per parcel. Property assessments have not been increased since 1986. Previous attempts to increase the assessments were not approved by voters. No rates are charged and no user fees are collected for roadway services. Because the District's roadways are private, the District suggests decals that are used to identify the cars belonging to the District's residents. The District does not charge for these decals. Unauthorized cars parked on private property are subject to removal.

The FY 2006-07 budget estimates revenues from secured property taxes (\$60,000), direct assessments (\$75,000), and other miscellaneous revenues, totaling \$152,475. The carryover fund balance from the previous fiscal year is \$134,394, with total financing for

the District of \$286,869. Major expenses budgeted include roadway maintenance (\$176,078), legal services (\$15,000), and building maintenance and improvements (\$12,000), with total expenditures of \$244,993. The District anticipates expenditures exceeding revenues in FY 2006-07. However, with the addition of the carryover fund balance, the District is able to appropriate \$15,000 for contingencies, resulting in a balanced budget.

Audited financial statements from FY 2005-06 indicated that the District has \$138,012 in cash in the County Treasury. The actual financial statements generally concur with the District's budgets. The District accumulates funds annually and expends accumulated funds for roadway maintenance when needed.

In addition to budget information, Cameron Estates Community Services District provided financial audits from FY 2002-03 to FY 2005-06. The District's audits each provide a statement of assets and liabilities and a statement of the District's revenues, expenditures, and change in net assets. The latter statement is an indicator of the District's ability to meet its annual expenditures with available funds. A continual decline in net assets indicates deficit spending and may mean the District will encounter future financial problems. The District has indicated that this can be controlled by decreasing discretionary expenditures.

Table 2.3-1 provides a summary of Cameron Estates Community Services District's revenues, expenditures, and change in net assets from FY 2002-03 to FY 2005-06.

TABLE 2.3-1
CAMERON ESTATES COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES, AND NET ASSETS
FY 2002-03 TO FY 2005-06

	2002-03	2003-04	2004-05	2005-06
Total Expenditures¹	\$53,633	\$259,803	\$47,162	\$258,002
Revenues – Property Taxes	\$57,859	\$61,949	\$63,122	\$73,092
Revenues – Direct Benefit Assessments	\$73,403	\$73,321	\$71,789	\$76,538
Revenues – Other ²	\$2,264	\$2,229	\$3,418	\$5,631
Total Revenues	\$133,526	\$137,499	\$138,329	\$154,991
Net Revenue (Deficit)	\$79,893	\$(122,304)	\$91,167	\$(103,011)
Net Assets – end of period	\$216,366	\$94,062	\$158,229	\$82,218

¹ Total Expenditures are included as one category, covering current operating expenditures for road maintenance materials and services.

² Revenues - Other is the total revenue from investment earnings and program revenues. These revenues are included as a sum instead of separate categories because neither are significant revenue sources for most of the years covered.

The information provided in **Table 2.3-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability, summarized immediately below.

Table 2.3-1 shows the District's annual expenditures. Annual expenditures vary due to changes in the amounts spent on road maintenance. Examples of variable expenditures

include materials and services, which vary from year to year, but account for a smaller portion of overall expenditures in most years.

The District's annual revenues increase each year (see **Table 2.3-1**). This increase seems to be due to normal increases in property taxes and direct assessments. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include invested capital assets, cash, special assessment receivables, and undesignated assets. As shown in **Table 2.3-1**, the District's net assets change significantly from year to year. In some years, the District has high expenses for roadway maintenance. It is not clear from the information provided whether or not the District is fully able to recover financially from these expenditures. The District has stated that they are able to maintain a balanced budget by limiting the road maintenance work to high priority areas and decreasing discretionary expenditures. The District does not have any outstanding debt.

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.

The District currently appears to be financially stable, as the District is able to provide services. The District has been able to achieve a balanced budget by limiting the roadway maintenance and repair work to high priority areas. Additional funding is needed to provide for deferred maintenance services. Additional financing opportunities include increasing the property assessments under Proposition 218, which requires a two-thirds voter approval in order to increase assessments. In the past few years, voters twice turned down an increase in property assessments. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to a service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are published, depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

Construction of the District's three gates was financed by donations collected by a grassroots resident organization (ACCORD) and through an agreement with the El Dorado Irrigation District.

Volunteers from the community are used occasionally to replace and repair road signs, paint stop sign stripes, identify needed repairs, and perform various other minor

maintenance tasks. Volunteers also assisted in the construction of the District's gates and are currently working on additional improvements at the District entrances.

The District charges the El Dorado Irrigation District a \$1,000 annual fee for use of private District roadways to access EID's wastewater facilities south of the District. The District is currently in negotiations with private utilities to charge roadway usage fees for the use of the District's private roads to access private utility towers located within the District.

The District's board has imposed a user fee for non-residents' use of District roads. These fees will help defer the costs for roadway maintenance, pursuant to Government Code section 61123(c).

The cost avoidance opportunities that the District utilized have been effective in controlling costs. No additional significant cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District is currently contracting out road construction, repairs, and maintenance services. Since the District does not own any facilities, and, other than the County, the District is not in close proximity to any other local entity that provides similar services, there are no opportunities to share facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Cameron Estates CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association may be able to continue to provide roadway maintenance services. A homeowners' association would allow residents to retain local control and could allow greater flexibility in increasing special assessments to provide additional funding. This may involve the dissolution of the District and transferring

roadway maintenance responsibilities to the new homeowner's association, or a contractual relationship in which the District and HOA continue to exist independently. Another alternative government structure which may offer similar levels of service is to revert to County maintenance of the District's roadway. The County of El Dorado provides similar services to surrounding roadways, including roadways adjacent to the District's road. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

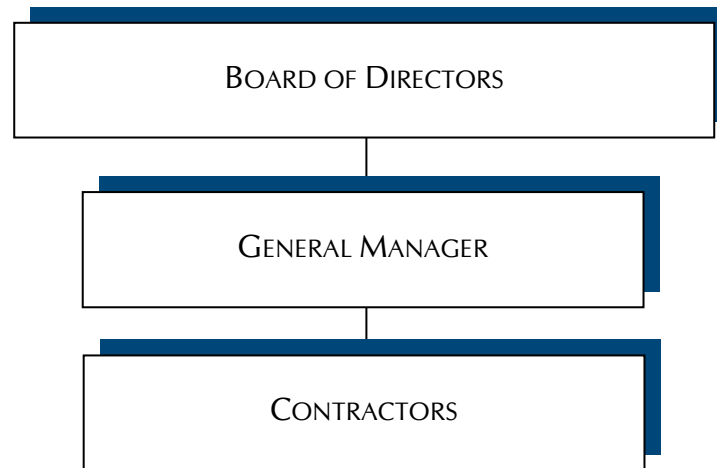
In addition, Government Code 61105 (f) specifically permits the District additional powers, allowing the District to limit access to roads owned by the District for the sole use by the landowners and residents of the District. Altering the current government structure may affect the District's additional powers to limit roadway access, a power not normally available to other government structures. A different governmental structure may result in the roadways being public, a loss of the special powers permitted under Government Code 61105 (f).

The District employs one half-time staff member, a General Manager/Secretary. In response to a questionnaire issued for preparation of this MSR, the District indicated that the workload associated with the District operations and management is beyond the abilities of one half-time manager. **Figure 2.3-2** shows the District's current organization structure.

Community volunteers are used occasionally to replace and repair road signs, paint stop sign stripes, identify needed repairs, and perform other miscellaneous tasks. ACCORD, a local group, raised funds and provided some volunteers to work in the construction of two of the main entrance gates. The group is also working on providing additional improvements at the District entrances.

The District has not expressed interest in changing the current District boundaries. Residents within the District are the primary users of the District's roadways, with a few exceptions. Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided.

**FIGURE 2.3-2
CAMERON ESTATES CSD ORGANIZATIONAL CHART**



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. Terms for the board members are staggered, with two or three terms maximum expiring at the same time. Currently, two terms expire in December 2008 and three in December 2010. Board members are comprised of registered voters within the District. Board members are paid \$80 per regular meeting and \$60 per additional meeting per month.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are regularly held at 7:30 p.m. on the third Thursday of each month at Light of the Hills Lutheran Church, located at 3100 Rodeo Drive in Cameron Park. Meeting announcements and notices are posted at the three main entrances to the District and published in the monthly newsletter sent to residents prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

The monthly newsletter sent to District residents contains information pertaining to District operations and actions taken by the board and encourages public comments. The District occasionally sends out surveys regarding various topics and always has a comment area where residents can and do voice their opinions. As of February 2007, a road work funding survey sent to residents in January 2007 yielded 57 replies out of 310 surveys mailed by the District. The Board plans to use the data collected in this survey to determine if residents were willing to increase the current roadway assessments.

A volunteer within the District maintains a District website, which can be accessed at <<http://www.cameronstates.net>>. The website is currently under development.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily residential. 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 roadway facilities and services are currently being met with varying levels of service. 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 roadway facilities provided is just adequate to serve the existing community.

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

Social or economic communities of interest in the area include the nearby communities of Cameron Park and Shingle Springs.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Cameron Estates CSD. There are parcels adjacent to the District that may request annexation into the District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Cameron Estates CSD's current infrastructure consists of approximately 16.5 miles of roads and gates at each of three entrances. The Cameron Estates CSD contracts for road construction, repair, and maintenance services. The existing roadway infrastructure is considered by District staff to be deteriorating at a rapid rate due to limited available funding for maintenance and repairs, but able to accommodate current residents, as determined by local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The Cameron Estates CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

The Cameron Estates CSD is financed by assessment and property taxes, which are currently adequate for high priority maintaining and repairs. Additional funding is necessary for roadway maintenance and repairs on all roadways. The District does not have outstanding debts. The District has accumulated some reserves for critical roadway maintenance. Fiscal year 2007 budgeted revenues are greater than expenses. The Cameron Estates CSD's budget is balanced. Audited financial statements generally concur with the budget. The Cameron Estates CSD has attempted to increase property assessments, but the increase was not approved by voters. No additional significant financing opportunities have been identified.

Rate Restructuring

The Cameron Estates CSD does not charge any rates for services, which is appropriate for the type of services provided. The District is financed by assessment and property taxes.

Cost Avoidance Opportunities

The Cameron Estates CSD appears to be utilizing a sufficient range of cost avoidance opportunities, including bidding of and utilizing contract services, use of volunteers, use of donations, and charging fees for access by non-residents onto District roadways to reduce or defray costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Cameron Estates CSD does not own any facilities and does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Cameron Estates CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Cameron Estates CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Cameron Estates CSD is operating efficiently under its existing structure with a balanced budget and the use of several cost reducing strategies. Fiscal year 2006-07 financing sources equal financing uses, with an appropriation for contingencies. The District currently employs one part-time staff member, utilizes volunteers, and contracts for services when needed.

Local Accountability

The Cameron Estates CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

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2.4 CITY OF PLACERVILLE

CITY OF PLACERVILLE

Contact Information

Address: 3101 Center Street
Placerville, CA 95667

Phone: 530-621-2489

Website: <http://www.ci.placerville.ca.us>

Management Information

City Manager: John Driscoll

Governing Body: City Council

Council Members: Mark Acuna
Carl Hagen
Pierre Rivas
Roberta Colvin
Patty Borelli

Council Meetings: Second and fourth Tuesdays of each month at 7:00 p.m. in Town Hall, 549 Main Street

Staffing: 32 people total, including engineers, technicians, maintenance workers, clerical staff, and other employees in the City's Public Works Department

Service Information

Services Provided: Roadway maintenance

Area Served: Over 4,900 acres

Population Served: 5,191 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: Public Works Department: \$5.6 million

Sources of Funding: The City's General Fund, property taxes, local sales taxes, local gas tax revenues and other special funds

Rate Structure: None

2.4 CITY OF PLACERVILLE

I. SETTING

The City of Placerville (City), incorporated in 1854, maintains all of the public roadways within the City's boundaries. The City is located in the western portion of El Dorado County, and is intersected by US Highway 50. The City is approximately 5.8 square miles in area.

The City's Public Works Department manages the general operations and maintenance of the City's streets, parking lots, water acquisition and delivery system, Water Reclamation Facility and collection system, storm drainage system. The Department is comprised of several divisions: Engineering, Streets and Roads, Water and Sewer, Lines, Water Reclamation Facility, and Downtown Parking. Two divisions, the Engineering and the Streets and Roads divisions, are responsible for maintaining and extending the City's roadway infrastructure and facilities.

Roadway services provided are within the City's powers as a general law city, governed by state law and local ordinances. Roadway maintenance service provided may occasionally extend beyond designated service boundaries with a partnership with the County. The City is not contracted to provide service to other service providers.

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

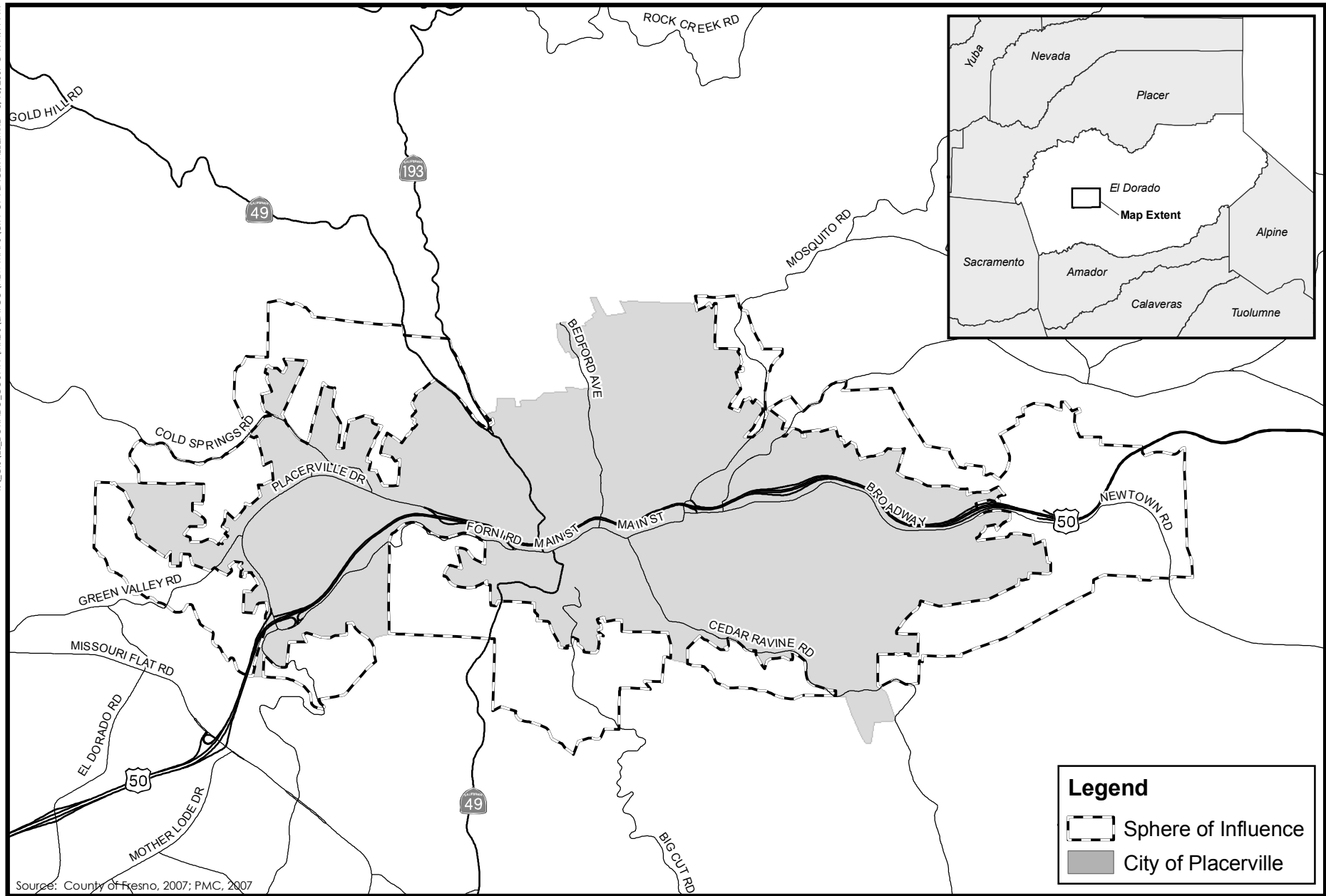
II. GROWTH AND POPULATION

The City currently is providing roadway services to residents within the City's boundaries. The City has anticipated future growth areas, as stated in the City's General Plan, which projects future land uses, population increases, and development over a time span of 20 years. **Figure 2.4-1** shows the City's current boundaries and Sphere of Influence.

The current General Plan was adopted in January 1989 and serves as the overall guiding policy document for land use, development, and environmental quality for the City. The Land Use Element of the General Plan designates the general distribution and intensity of all present and future uses of land in the community. As part of the General Plan, the General Plan Diagram is the site-specific map that illustrates the desired arrangement and location of land uses. The City's transportation planning and determination of future improvement needs are based upon the General Plan that projects the locations and land use types of future growth within the City of Placerville. Development that occurs within the City must be consistent with the City's General Plan and the City's Zoning Ordinance.

The Zoning Ordinance and Zoning Map of the City of Placerville, Title 10 of the Placerville Municipal Code, provide specific development and land use regulations for the City of Placerville. The Zoning Ordinance is designed to implement the General Plan and promote, protect, and preserve the general public health, safety, and welfare of the residents of the City of Placerville.

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Source: County of Fresno, 2007; PMC, 2007

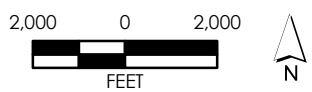


Figure 2-4.1
 City of Placerville
PMC

The environmental impact report for the City's General Plan analyzed the implications of the general plan and the planned land uses

The General Plan projected that the 1990 population of Placerville would be 8,232 and that the 2020 population would be 16,000. Current population trends indicate that the 2006 population for Placerville has increased by approximately one percent annually, since 2000. The City of Placerville has an official US Census year 2000 population of 9,610 residents¹.

The western slope of El Dorado County, which includes the City of Placerville and its Sphere of Influence, is also within El Dorado County's General Plan. According to the County's General Plan (2003), the population of the western slope of the County is projected to reach 200,000 persons in 2025. This area of the County is anticipated to experience a 2.3% annual increase in population growth between 2000 and 2010. The residential areas surrounding the City of Placerville are primarily rural in nature.

No significant growth or population increases are currently anticipated by City staff to affect the City's ability to adequately provide roadway maintenance services.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the City. The adequacy of the City's roadways is generally based on the City's self assessment, as determined by adherence to the City's own roadway repair and maintenance standards.

Current Infrastructure

The City's current roadway infrastructure is comprised of approximately 53 miles of roadway within the City's boundaries. Several city streets connect to major public roadways, including State Highway 49 and U.S. Highway 50, as well as various County-maintained thoroughfares. Pedestrian facilities include sidewalks, crosswalks, and pedestrian signals. The City's Department of Public Works maintains the roadway infrastructure and necessary facilities. The Department's Streets and Roads Division services the roadway by providing pavement patching, street striping, sign installation and removal, street sweeping, snow removal and street sanding, storm drain maintenance, weed abatement, tree trimming and removal, graffiti removal, and the annual lawn and leaf pick up program. The Department's Engineering Division administers the majority of the City's Capital Improvement Program projects.

The Department has their own equipment, tools, and materials to maintain the streets and to construct additional streets as necessary. The Department also maintains the storm drains that remove water from the streets. The Department provides snow plow services to City streets and sands icy roads, when necessary.

The overall quality of the roadway infrastructure within the City is mixed, depending on location and frequency of maintenance. Portions of the current roadway infrastructure

¹ California Department of Finance, Population Estimates for Cities, Counties and State, 2001-2007 (Table E-4)

are considered by the City to be aging and deteriorated, due to inadequate funding available to maintain the street system. The City considers most of the existing street system to be generally adequate to accommodate existing uses. However, the City anticipates that the current levels of funding for roadways are insufficient to halt the continued deterioration of the City's street system. The City has been unable to develop an effective road system improvement program, as revenues from the state for transportation needs are population based and do not account for the regional traffic received by the City.

The City has worked with the El Dorado County Transportation Commission to evaluate the condition of the City's street system and develop an updated pavement management program to guide future maintenance and repair efforts. With this evaluation, the City should be able to determine the roadways that are in need of repair and maintenance, and the funding needed to repair and maintain these roadways.

Future Infrastructure

As growth occurs within the City, the City anticipates that improvements to the collector and arterial street system will be necessary. The City has an existing traffic impact mitigation fee program established for the purpose of identifying those improvements necessary to accommodate traffic generated by new development. The program includes a method of estimating the costs to construct the necessary improvements and establishes the development's relative responsibility of the new development to finance the construction of necessary roadway improvements.

The City is currently improving many roadways within the city, with more improvements in the planning stages. Major roadway capital improvement projects include Streetlight Replacement (CIP #40309), Placerville Drive Bridge Widening (CIP #40320), Highway 50 Operations (CIP #40506), Blairs Lane Bridge Over Hangtown Creek (CIP #40604), TIM Fee Study (CIP #40612), Roundabout at Clay Street and Cedar Ravine Road (CIP #40617), Geographical Information System (CIP #40703), Placerville Drive Pavement Repair (CIP #40704), Western Placerville Drive Interchange-PS&E (CIP #40705), Update of Design Manual (CIP #40711), Sidewalk Repair Identification and Implementation (CIP #40712), Street Maintenance Management Plan (CIP #40713), and Storm Drain Improvements (CIP #40714). The City is beginning the design and construction of upgrades to the City's Corporation Yard (CIP #40415).

IV. FINANCING AND RATE RESTRUCTURING

This section analyzes the financial operations of the City, including annual financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the City.

The primary operating funds for the City's roadway infrastructure come from the City's General Fund, property taxes, local sales taxes, local gas tax revenues and other special funds. Additional funding may come from state and federal grant programs. Special revenue funds specifically for streets and highway include the Article 3 Fund, Article 8, Gas Tax Fund, Development Impact Fund, and the RSTP Fund.

Audited financial statements for the Fiscal Year (FY) ending June 30, 2005 were reviewed to determine the City's financial status. The City's total net assets for governmental activities were \$28.69 million, and the City's unrestricted net assets were \$3.97 million. At

the close of FY 2005, the City's governmental funds reported a combined ending fund balance of \$7.90 million, an increase of \$0.75 million, or 10.5% over the previous year. No significant financing issues regarding roadway maintenance were noted.

The City Council approves the annual operating budget for all of the city's operations. The City's adopted FY 2006-07 operating budget appropriated \$0.58 million from the General Fund for the general maintenance and operations within the Streets and Roads Division. The operating budget also appropriated \$0.96 million from the General Fund for the Engineering Division which administers the Streets and Roads division as well as all other divisions within the Public Works Department. The amount budgeted for the Engineering Division and the Streets and Roads Division has steadily grown over the years. In addition to appropriations from the General Fund, the City also appropriates approximately \$216,000 in Gas Tax revenues each year for street and road related capital replacement. The City Council appropriates one-time street and road related revenues streams (e.g., Article 3, Article 8, CMAQ, RSTP, TEA, etc.) for larger capital replacement projects as the revenues become available.

The Public Works Department establishes and maintains the budget for the city street system on an annual basis, providing for staffing, equipment, tools, and materials to maintain the current roadway infrastructure. The Department considers the current levels of funding for roadways to be insufficient to halt continued deterioration of the City's roadway infrastructure.

The City has a fee schedule and collects fees for services with respect to the permitting of development projects. No rates are charged and no user fees are collected from existing residents for the use of the City's roadways.

At the end of FY 2005, the City had \$1.3 million in long term debt in its Governmental funds, compared to no governmental long-term debt the previous FY. The \$1.3 million in long-term debt is the capital lease for tenant improvements to the new City Hall facility. While this debt affects the City's governmental funds and potential for future borrowing in general, it has little impact on road maintenance or the City's ability to borrow for such purposes. The City does not use its discretionary funds for streets and roads, nor can it legally bind its general fund to repay any long term debt for road and street improvements. Before it can do so, the City would have to identify some other revenue stream to repay that type of long term debt.

In 2005, the City worked with SACOG to receive an advance of approximately \$1.3 million in RSTP funding to construct a roadway rehabilitation project on the upper Main Street. Under the terms of the agreement, the City is obligated to repay this money to SACOG over a four-year period. Annual payments are \$315,000 per year.

A review of the City's budgets, audits, and financial information indicates that the City appears to be financially stable, with funding to provide a lower-than-desired level of roadway maintenance services. The City may issue additional bonds or take on additional loans for roadway improvements, but this does not increase the annual level of financing for the City. Additional financing is needed to improve the current level of roadway services provided; however, no additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The City has, in the past, been able to work cooperatively with the County's Department of Transportation on various maintenance activities. Occasional opportunities to work with the County occur when part of a stretch of roadway falls under both the City's and the County's jurisdiction because of current boundaries. The City limits are commonly jagged. A street may be within the City's boundaries for a distance, then within the County's boundaries, and then within the City's again. Working cooperatively with the County has provided cost avoidance to both parties due to a more efficient maintenance of an existing roadway.

The City contracts out for a number of services, including some engineering, surveying, financial, and construction inspection.

The City is a member of several joint powers authorities to reduce costs for insurance, including the Northern California Cities Self Insurance Fund and the Public Agency Risk Sharing Authority of California. The shared risk pool insurance covers workers compensation, and general liability.

Potential cost avoidance opportunities available were analyzed. No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section considers the sharing of facilities utilized by the City, and identifies any additional opportunities which are known to the City but not currently utilized.

The City has agreements with the El Dorado County Transportation Commission, a joint powers agency, for the purpose of engaging in regional transportation planning and the allocation of funds for transportation purposes.

The City does not currently share any major roadway facilities with other agencies or special districts. No additional opportunities for shared facilities have been identified by the City.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the City. California Government Code Section 34000 *et seq* enables cities to provide roadway services. The City of Placerville is a general law city, governed by state law and local ordinances.

The City, in its current legal form, is able to function under its current government structure. The existing structure of the City as a general law city is sufficient to allow the City to continue service provision in the foreseeable future.

Reorganizing the provision of roadway services under a different enabling legislation or government structure is not expected to significantly improve service. There are no legal or administrative limitations on the City for future service provision. It is unlikely that other government structures would result in a significant improvement in service. The current government structure is appropriate to provide adequate services.

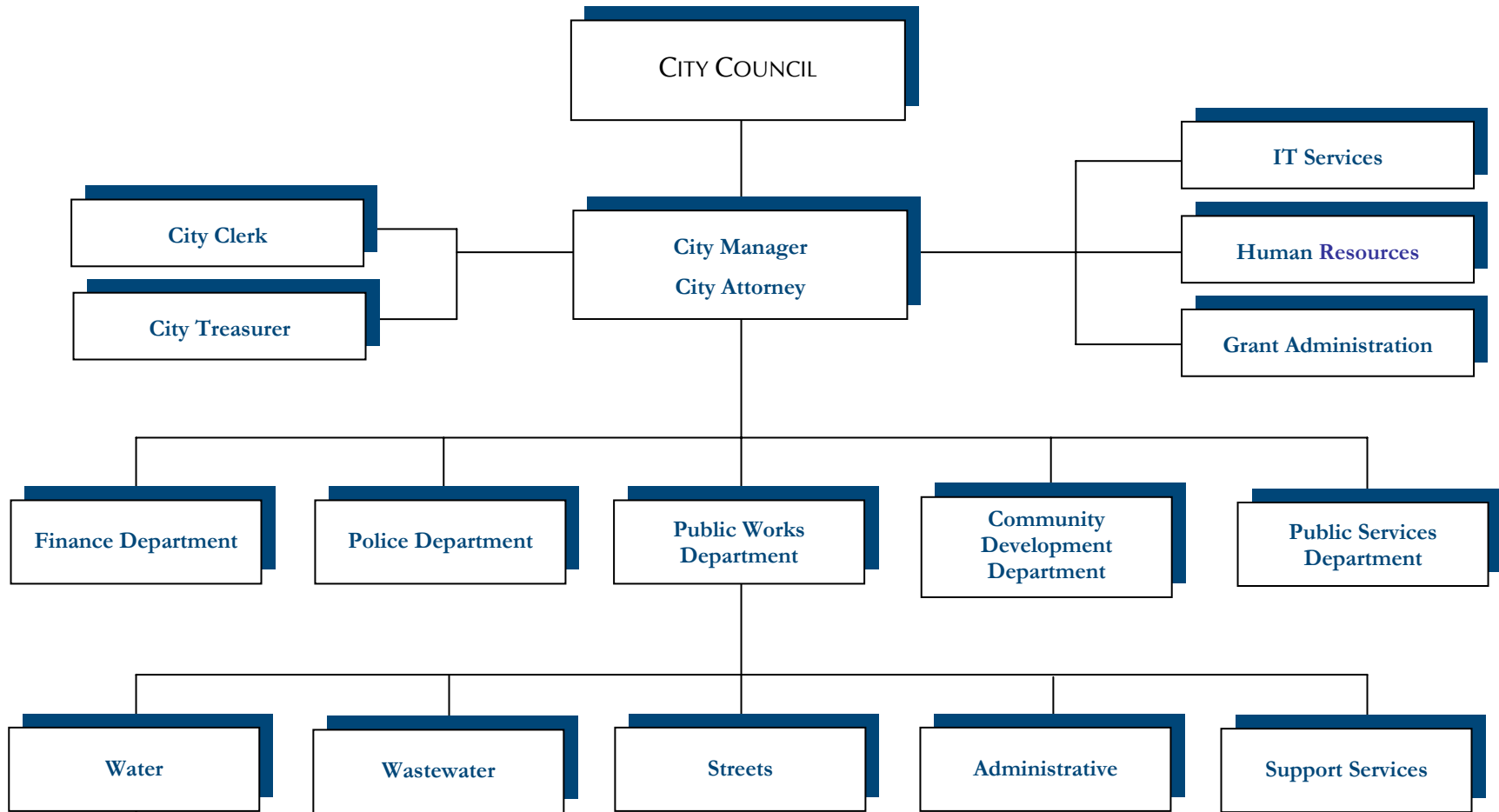
The City limits are currently irregular, due to various adhoc and/or uncoordinated annexations into the City over various years. The irregular boundaries can cause a single roadway to become under different jurisdictions due to areas of overlapping jurisdiction for that single roadway. There are a number of instances where city streets turn into county roads and become city streets, which then become County roads again. As a near-term alternative, the City's Public Works Department and the El Dorado County Department of Transportation have been engaged in discussions to develop a Memorandum of Understanding, whereby both the City and County can agree to their respective areas of responsibility and equitably divide maintenance activities to simplify roadway maintenance activities where overlapping areas occur.

Current staffing levels within the City's Public Works Department allocated to streets and roads are approximately 14 people, including engineers, technicians, maintenance workers, clerical staff, and other employees. It is unclear how many employees are directly involved in roadway maintenance and repairs because Department staff may also be involved in other service areas in addition to roadway maintenance, such as parking, water acquisition and delivery system, Water Reclamation Facility and collection system, and the storm drainage system. **Figure 2.4-2** shows the City's current organization structure relating to roadway services.

The Transportation Element of the City's General Plan has policies that provide guidance for, and promote the development of, a circulation system that is beneficial for all modes of transportation, correlated with the planned land use pattern in the City, and facilitates easy access through and within the City of Placerville.

The City has a Capital Improvement Plan which includes several roadway improvements projects. The current roadway capital improvement projects include the Streetlight Replacement (CIP #40309), Placerville Drive Bridge Widening (CIP #40320), Corporation Yard Improvements (CIP # 40415), Highway 50 Operations (CIP #40506), Blairs Lane Bridge Over Hangtown Creek (CIP #40604), TIM Fee Study (CIP #40612), Roundabout at Clay Street and Cedar Ravine Road (CIP #40617), Geographical Information System (CIP #40703), Placerville Drive Pavement Repair (CIP #40704), Western Placerville Drive Interchange-PS&E (CIP #40705), Update of Design Manual (CIP #40711), Sidewalk Repair Identification and Implementation (CIP #40712, Street Maintenance Management Plan(CIP #40713, and Storm Drain Improvements (CIP #40714).

FIGURE 2.4-2
CITY OF PLACERVILLE ORGANIZATIONAL CHART



The City has previously made attempts to develop a pavement management system to prioritize the expenditure of maintenance funds available. According to City staff, the pavement management system was never effectively utilized, due to the low amounts of maintenance funds available. Recently the City, in conjunction with the El Dorado County Transportation Commission, completed an evaluation of the condition of the City's street system and developed an updated pavement management program to guide roadway maintenance and repair efforts in the future.

The City is the only agency providing roadway maintenance services within its jurisdictional boundaries. Roadway maintenance services provided do not significantly overlap with another agency. The City has not expressed interest in significantly changing the current boundaries. The level of roadway service provided is sufficient for the current demands, but is deteriorating. Roadway services provided by the City do not extend significantly beyond designated boundaries. The City's service boundaries are appropriate for the current roadway services provided and demanded.

VIII. LOCAL ACCOUNTABILITY

The City operates under the City Council-City Manager form of municipal government. The governing body is the City Council, composed of five officials, elected by voters within the City. One of the five Councilmembers is elected mayor each year by the other Councilmembers. Each councilmember is elected to a four-year term, with elections staggered, so that three Councilmembers will be elected in one election year, and two Councilmembers will be elected in the subsequent election cycle.

The City Council meets on the second and fourth Tuesday night of each month at the City of Placerville Town Hall. Meetings are held at 7:00 p.m. in Town Hall, 549 Main Street. Agendas are posted in the front window at City Hall on Fridays. Agendas, as well as supporting materials, are available on the City's website, www.cityofplacerville.org, which also includes general information on the city and city services. Council meetings may be viewed on Comcast Cable 2, the government access channel. The meetings are rebroadcast on weekends. Meeting times, locations, and meeting agendas are properly posted in accordance with the requirements of the Brown Act.

The Public Works Department may receive direct public feedback via telephone, e-mail, and by mail. The Department also receives indirect feedback through the City Manager, and City Councilmembers, who all receive input from the citizens. There appears to be sufficient avenues for public comment.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyze the appropriateness of the City's SOI boundaries, relative to the capabilities of the service provider and future growth. These SOI recommendations are based on the City's ability to provide satisfactory roadway services to its residents.

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

Present land uses within the City of Placerville include residential, commercial, industrial, institutional, and open space. Planned land uses are anticipated to

remain similar to current land uses and are defined in the City's General Plan and Zoning Ordinance.

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

Present needs for public roadway facilities and services within the City of Placerville are currently being met at a minimum. The City anticipates that the City is able to meet probable needs for public roadway facilities and services.

- 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 the City of Placerville's public roadway facilities provided appears to be just sufficient to serve the existing community.

- 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 area besides the City of Placerville.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Population and growth projections for the City of Placerville are identified in the 1989 City General Plan. The City's General Plan and Zoning Ordinance plan for growth of the community with specific land uses. No significant growth or population increases are currently anticipated to affect the City's ability to provide of services.

Infrastructure

The City of Placerville's current roadway infrastructure is comprised of approximately 53 miles of roadway. The City considers portions of the current roadway infrastructure to be aging and deteriorated. The City has their own staff, facilities, equipment, tools, and materials to maintain and construct roadways. The City contracts for roadway services as needed. The City is able to provide sufficient roadway services.

Financing Constraints and Opportunities

The City of Placerville's Public Works Department receives funding from the City's General Funds and specific funds specifically for roadways. The City appears to be financial stable, with funding to provide for sufficient roadway maintenance services. The Public Works Department considers the current levels of funding for roadways to be insufficient. Additional financing is needed to improve the current level of roadway services provided. The City Council may adjust the level of funding for roadways in the City's annual operating budget.

Rate Restructuring

The City of Placerville does not charge any rates for roadway services; appropriate for the type services provided. Roadway maintenance is funded by the City's General Funds and by special funds specifically allocated for roadways.

Cost Avoidance Opportunities

The City of Placerville appears to utilize a sufficient range of cost avoidance opportunities: including bidding of contracted services and cooperating with the County for similar services to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The City of Placerville does not currently share any major roadway facilities with other agencies or special districts; no additional opportunities for shared facilities have been identified.

Government Structure Options

The City of Placerville is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the City and the Public Works Department is sufficient to perform necessary services and maintain operation in an efficient and effective manner.

Evaluation of Management Efficiencies

The City of Placerville is able to operating efficiently under its existing structure. The City employs approximately 14 persons in the Public Works Department, which are responsible for roadway maintenance and construction. Additionally, the City of Placerville contracts for roadway services when necessary.

Local Accountability

The City Councilmembers are elected by voters within the City. City Council meetings are held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. Information regarding the City is readily available to members of the public.

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Correspondence with Randy Pesses, Public Works Director, City of Placerville, March 5, 2007

2.5 CITY OF SOUTH LAKE TAHOE

CITY OF SOUTH LAKE TAHOE

Contact Information

Address: 1901 Airport Road
South Lake Tahoe, CA 96150

Phone: (530) 542-6000

Website: <http://www.ci.south-lake-tahoe.ca.us>

Management Information

City Manager: David Jinkens

Governing Body: City Council

Council Members: Kathay Lovell
Mike Webber
Ted Long
Bill Crawford
Jerry Birdwell

Council Meetings: First and Third Tuesdays of the Month beginning at 9:00 AM, in the City Council Chambers, 1901 Airport Rd.

Staffing: 39 employees in the Public Works Department

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Area Served: 10.1 square miles

Population Served: 8,700 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$5.3 million for the Public Works Department

Sources of Funding: The City's General Fund, property taxes, local sales taxes, local gas tax revenues and other special funds

Rate Structure: None

2.5 CITY OF SOUTH LAKE TAHOE

I. SETTING

The City of South Lake Tahoe, incorporated in 1965, maintains all public roadways within the City's boundaries. The City is located in the northeastern portion of El Dorado County, bordered on the northwest by Lake Tahoe, and to the northeast by the California/Nevada state line.

The City's Public Works Department manages the general operations and maintenance of the City's streets, maintenance equipment, removes snow, maintains facilities, and provides engineering services. The Department is comprised of several divisions, Administration, Engineering, Streets Maintenance, Water Snow Removal, Equipment Maintenance, and Facilities Maintenance. The Public Works Department is responsible for the City's roadway infrastructure and facilities.

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

II. GROWTH AND POPULATION

The City is located within the Lake Tahoe Basin, a highly sensitive environment that is highly regulated by the Tahoe Regional Planning Agency (TRPA). TRPA has controlled growth in the basin since the 1970s. Through TRPA ordinance, there is a moratorium on any new subdivisions on previously undeveloped land. Consequently, no significant growth is anticipated by the City. **Figure 2.5-1** shows the City's current boundaries and Sphere of Influence.

According to the 2000 Census, the City had a population of 23,609. According to the City, the City had a population of 25,819 in 2005. This equates to a less than two percent population growth rate per year.

The City is currently considering the trade of undeveloped forest and stream environment zone (SEZ) to other public agencies for developable land that is located within the City limits. In addition, the City is considering the possibility of annexing Barbara Avenue into the City to allow construction of low income housing. Should this occur, Barbara Avenue may add approximately one mile of new street maintenance responsibility. This is not anticipated to significantly increase the city's population.

The City's transportation planning and determination of future improvement needs are based on the General Plan. The current General Plan was adopted in 1999 and serves as the overall guiding policy document for land use, development, and environmental quality for the City. The City, through this General Plan Land Use Element, is removing its traditional, parcel specific zoning and replaced zoning with the TRPA's Plan Area Statements (PAS).

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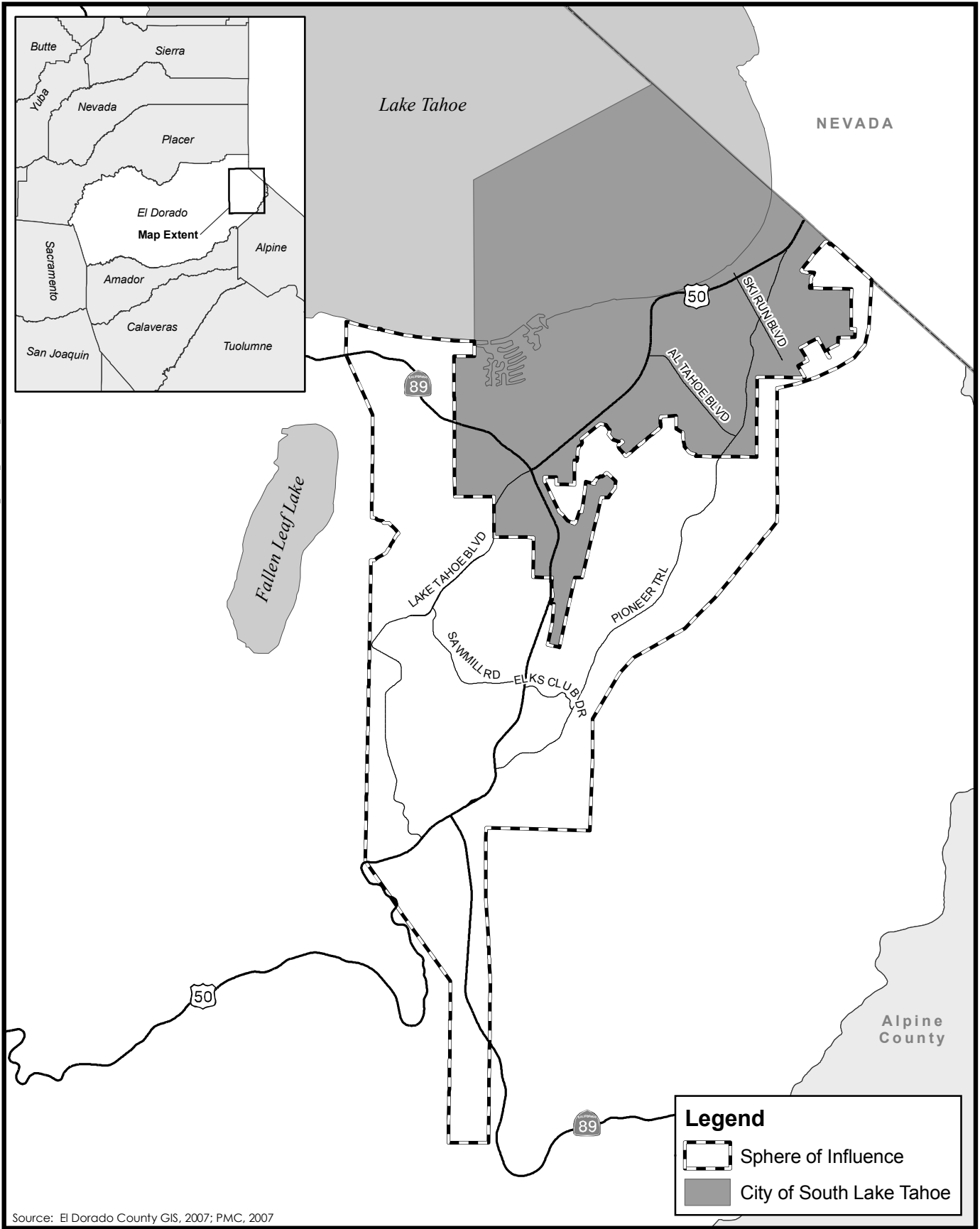


Figure 2-5.1
City of South Lake Tahoe



The TRPA uses a land use regulatory tool called the Plan Area Statements (PAS), combining many parcels of like uses into one land use classification. Specific goals, policies, programs, allowed uses, among other things, are then identified for each Plan Area. The City reduced this duplication and confusion of two different land use regulations by using PAS and creating a consistent method of land use regulation within its limits.

No significant growth or population increases are currently anticipated to affect the City's ability to provide of services. The City does not have any major plans for future expansion of boundaries.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the City. The adequacy of the City's roadways is generally based on the City's self assessment, as determined by adherence to the City's own roadway repair and maintenance standards.

The City's current roadway infrastructure includes approximately 130 centerline miles of roadway, which consists of 45 arterial, 126 collector, 657 residential/local, and 9 other sections, for a total of 837 pavement sections. Several of the City's streets connect to US Highway 50 and State Highway 89, which intersect the City. Most of the development in the City occurred prior to the City's incorporation, and prior to an adopted development code. Subdivisions were created without many of the various elements that are currently considered standard requirements. As a result, very few sidewalks, curb, gutter, or storm drain systems were constructed in many of the early subdivisions.

The City recently conducted a Pavement Management Study (PMS), determining the Pavement Condition Index (PCI) for the City streets. The City's streets average a score of 54, which is in the "fair" category. Forty-six percent of City streets fall into the "poor" or below category. The study recommended crack seals and surface treatments as a means of preventative maintenance for pavements in a "fair" condition, and overlays and reconstruction for pavements below a "fair" condition. City staff has stated that there is a lack of adequate funding to allow for sufficient street pavement maintenance. Improving the City's pavement conditions up to a sustainable level is estimated by the study and city staff to cost approximately \$21 million. In addition to the City's current budget allocation for street reconstruction or overlays, the report estimated a backlog of roadway maintenance work of approximately \$19.7 million.

The City's Public Works department's Street Maintenance Division and the Engineering Division had annually inventoried various City streets to determine which streets would be overlaid, however, as a result of the PCI ratings, the City recently retained a pavement management consultant to prepare a Pavement Management Program (PMP). The methodology for determining which streets will receive a pavement overlay, complete reconstruction, slurry seal, or other maintenance will now consider the results of the PMP instead of the annual field review that typically selected streets that were in the worst condition. The PMP employs a methodology that systematically raises the city-wide PCI. Street pavement maintenance is now predominately determined through the PMP.

Since the City is in the process of changing the pavement maintenance selection methodology, city staff has indicated that the question of whether existing infrastructure is sufficient is not immediately apparent. The city staff has stated that the PCI

methodology does not provide for extensive maintenance on streets that are in poor condition. Additional street maintenance may be necessary to keep the streets that are in poor condition from totally failing.

TRPA has established roadway specific levels of service (LOS) goals for the City. The City funds alternate transportation modes to meet the LOS goals, rather than constructing new roadways or larger intersections to reduce the congestion.

The City owns and operates major roadway maintenance equipment, including a paving machine, used to lay approximately 1,500 tons of asphalt each summer; a pavement grinder, that allows grinding along curbs and gutters and along pavement seams; dump trucks, used to haul hot mix asphalt from the local asphalt mixing plant; and other roadway equipment. The City's Street Maintenance Division personnel and equipment conducts nearly all the paving operation within the City.

The City's snow removal equipment is currently considered by city staff to be aging and prone to greater frequency of break downs. Purchase of new snow removal equipment may be cost prohibitive.

The City appears to have a sufficient roadway infrastructure and equipment to provide roadway maintenance services. The City has no major plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

This section of the MSR 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.

Primary operating funds for the City's roadway infrastructure comes from the City's General Fund, property taxes, local sales taxes, local gas tax revenues and other special funds. Additional funding may come from state and federal grants. Special revenue funds specifically for streets and highways include the Gas Tax Fund and permit fees.

Audited financial statements for the Fiscal Year (FY) ending September 30, 2006 were reviewed to determine the City's financial status. The City's unrestricted net assets were negative \$43.3 million. At the close of the FY 2006, the City's governmental funds reported a combined ending fund balance of \$19.7 million, an increase of \$4.3 million, or 28%, from the previous fiscal year. Total revenues were \$63.3 million, with total expenses of \$45.4 million. Total net assets increased to \$5.7 million, from a negative \$12.3 million in 2005. This was the first time in several years that net assets have been positive. No significant financing issues regarding roadway maintenance were noted.

The City Council approves the annual operating budget for all of the city's operations. The approved FY 2006-07 annual operating budgets for the Public Works Department totaled \$5.3 million, a slight increase over the past years, with significant funding from the City's general fund.

The City also has allocated \$3.5 million in 10 different roadway Capital Improvement Projects (CIP). The CIP projects include roadway improvements, street overlays, pavement repair, bike trails, and intersection improvements.

The City collects fees for services with respect to the permitting of development projects and snow removal services. No rates are charged and no user fees are collected for the use of the City's roadways.

The Public Works Department staff considers the current levels of funding for roadways to be insufficient to allow for the necessary street pavement maintenance. Improving the City's pavement conditions up to a sustainable level is estimated by city staff to cost millions of dollars in addition to the City's current budget allocation for street reconstruction or overlays. Projections provided as a part of the PMP indicate substantial investment will be necessary to bring the street conditions to a sustainable condition. The report recommended that the City increase its current funding level to at least \$2.8 million per year specifically for roadway maintenance. Various funding mechanisms have been identified in the pavement management study to help finance the roadway maintenance services.

The City has 17 different outstanding long-term debts, consisting of various loans and bonds. The latest bond is due serially in 2035. At the FY ending September 30, 2006, the City had \$124.9 million in long-term debt, compared to \$127 million the previous FY, a decrease of \$2.1 million, or 2%. In 2006, the city issued \$23.2 million in Refunding Revenue Bonds to reduce the long-term aggregate debt service.

The City appears to be financial stable, with funding to provide roadway maintenance services. The City Council may adjust the level of funding for roadways in the City's annual operating budget. Additional financing opportunities are needed, but have not been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The City utilizes a competitive bid process for specific services which has been effective in controlling costs. The annual pavement overlay project is contracted out and is typically limited to available budget. After determining which streets are in most need of a pavement overlay, project specifications and bid documents are prepared. The pavement overlay project is awarded to the lowest responsible bidder.

Caltrans uses City streets to haul snow that is removed from U.S. Highway 50 and State Route 89 to the snow storage facility, resulting in damages to Sierra Boulevard. **However**, Caltrans has agreed to compensate the City for damages caused by the snow trucks, allowing the City to avoid costs associated with repairing Caltran-related damages to the City's roadways.

South Tahoe Public Utility District (STPUD) is in the process of replacing water mains that are located within City street rights-of-way, requiring the digging of trenches through city streets. In response, the City now requires repaving of the entire travel lane that is cut to replace water mains. This allows the City to avoid costs associated with patchwork repairs to the City's roadways.

Potential cost avoidance opportunities available were analyzed and no additional opportunities were identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

The City does not currently share any major roadway facilities with other agencies or special districts. No additional opportunities for shared facilities have been identified by the City.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

California Government Code section 34000 *et seq* enables cities to provide roadway services. The City of South Lake Tahoe is a general law city, governed by state law and local ordinances.

The City, in its current legal form, is able to function under its current government structure. The existing structure of the City as a general law city is sufficient to allow the City to continue service provision in the foreseeable future.

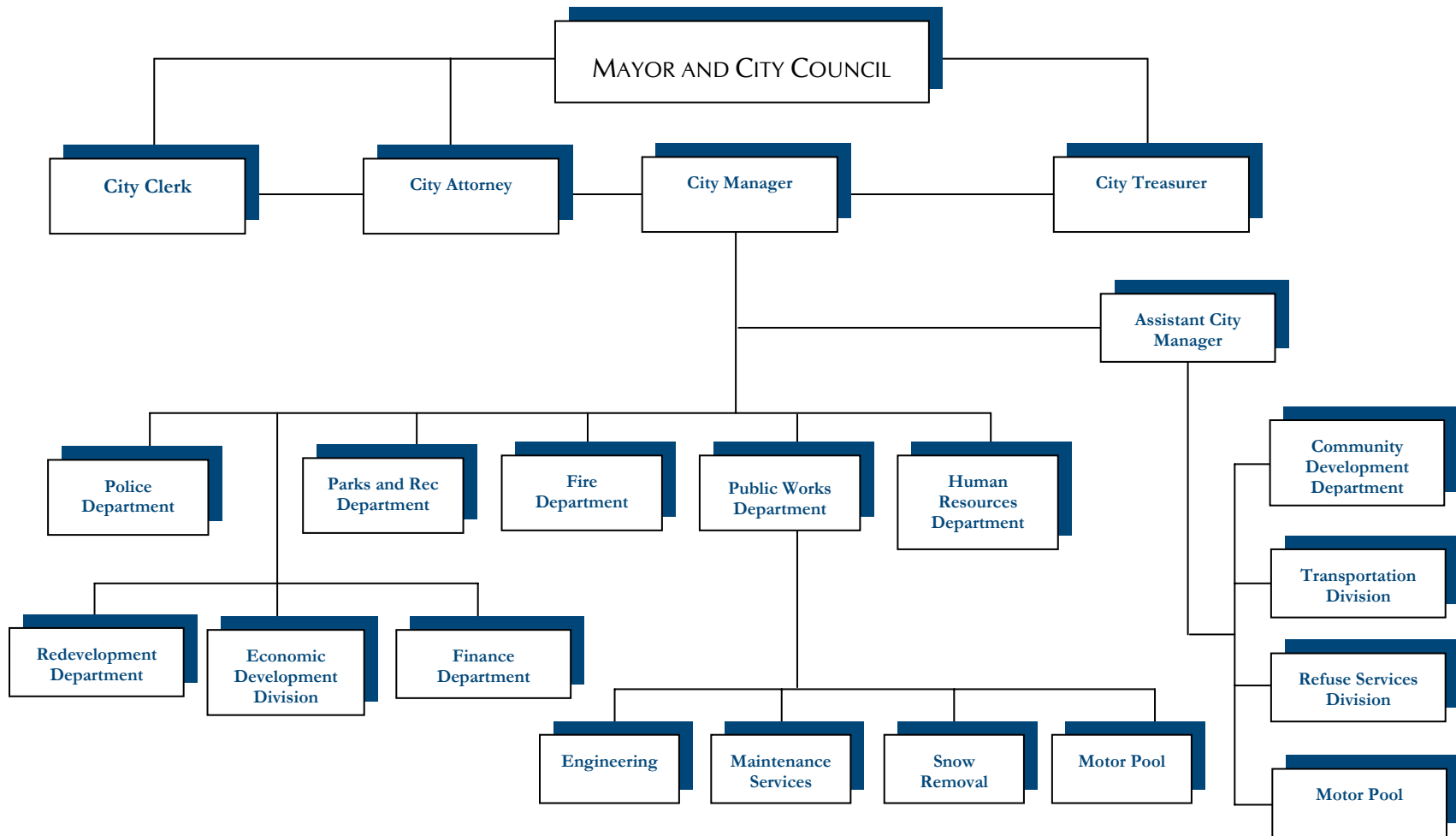
Reorganizing the provision of roadway services under a different enabling legislation or government structure is not expected to significantly improve service. There are no legal or administrative limitations on the City for future service provision. It is unlikely that other government structures would result in a significant improvement in service. The current government structure is appropriate to provide adequate services.

Current staffing levels within the City's Public Works Department are approximately 39 full-time staff in six divisions, including engineers, technicians, maintenance workers, clerical staff, and other employees. **Figure 2.5-2** shows the City's current organization structure relating to roadway services. It is unclear how many employees are directly involved in roadway maintenance and repairs, as staff within the Department may perform other duties for other service areas, in addition to their roadway maintenance duties. City staff has stated that the City's current staffing levels are a "bare minimum," because the streets are in marginal to poor condition.

The City is the only agency providing roadway maintenance services within its jurisdictional boundaries. Roadway maintenance services provided do not overlap with another agency.

The City has not expressed interest in significantly changing the current boundaries, beyond the limited annexation discussed previously. According to the United States Census Bureau, the City has a total area of 10.1 square miles. Roadway service provided are sufficient for current demands, but requires additional funding to bring up the roadway conditions to a fair level. Roadway services provided by the City do not extend beyond designated boundaries. The City's service boundaries are appropriate for the current roadway services provided and demanded.

FIGURE 2.5-2
CITY OF SOUTH LAKE TAHOE ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The City operates under the City Council-City Manager form of municipal government. The governing body is the City Council, composed of five officials, elected by voters within the City. One of the five Council members is elected mayor each year by the other Council members. Each councilmember is elected to a four-year term, with elections staggered, so that three Council members will be elected in one election year, and two Council members will be elected at the next election year. A municipal election in the subsequent election cycle.

The City Council meets biweekly on the first and third Tuesdays at the City of South Lake Tahoe's City Administrative Center. Meetings are held at 9:00 a.m. in the City Council Chambers, 1901 Airport Road. Agendas are posted at the City Administrative Center. Agendas, as well as supporting materials, are also available on the City's website, <http://www.ci.south-lake-tahoe.ca.us>, which also includes general information on the city and city services. Meeting times, locations, and meeting agendas are properly posted in accordance with the requirements of the Brown Act.

The City maintains a "Citizen Report" comment sheet that is filled out when residents call to express a concern. Public comments are encouraged at the City Council meetings. The public is also able to share their concerns with City Council members, which in turn are discussed with the City Manager, who then notifies the Director of Public Works. There appears to be a sufficient avenues for public comment.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

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

Present land uses within the City of South Lake Tahoe include residential, commercial, industrial, recreational, and open space land uses. 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 roadway facilities and services within the City of South Lake Tahoe are currently being met. Probable needs for public roadway facilities and services are anticipated to be met by the City.

- 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 the City of South Lake Tahoe's public roadway facilities provided appears to be adequate to serve the existing community.

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

Social or economic communities of interest in the area other than South Lake Tahoe include the nearby communities of Angora, Lake Valley, Fallen Leaf Lake and the community of Stateline in the State of Nevada.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Population and growth projections for the City of South Lake Tahoe are not expected to significantly change, as growth within the Lake Tahoe region is highly regulated by the Tahoe Regional Planning Agency. There is a moratorium on any new subdivisions on previously undeveloped land. No significant growth is anticipated by the City of South Lake Tahoe. Future land uses are anticipated to primarily remain the same as current land uses.

Infrastructure

The City of South Lake Tahoe's current roadway infrastructure includes approximately 130 centerline miles of roadway. Most of the development in the City of South Lake Tahoe occurred before the City of South Lake Tahoe was incorporated, resulting in very few sidewalks, curbs, gutters, or storm drain systems as a part of the roadways. The City of South Lake Tahoe recently conducted a Pavement Management Study, which determined that the Pavement Condition Index for the City streets had average an average score of "fair" and 46% of streets in the "poor" or below category. The City of South Lake Tahoe owns and operates major roadway maintenance equipment. The City of South Lake Tahoe appears to have a sufficient roadway infrastructure and equipment to provide roadway maintenance services. Roadway services provided are currently sufficient for the current demand. The City has no major plans for future expansion of services or major infrastructure and facilities.

Financing Constraints and Opportunities

The City of South Lake Tahoe's Public Works Department receives funding from the City's General Funds and specific funds specifically for roadways. The Public Works Department considers the current levels of funding for roadways to be insufficient. Additional funding is required to maintain the City's roadways. Additional financing alternatives are identified in a recent pavement management study. The City has 17 outstanding long-term debts, consisting of various loans and bonds, totaling \$124.9 million in September 30, 2006. The City of South Lake Tahoe appears financially stable. The City Council may adjust the level of funding for roadways in the City's annual operating budget.

Rate Restructuring

The City of South Lake Tahoe does not charge any rates for roadway services; appropriate for the type services provided. Roadway maintenance is funded by the City's General Funds and by special funds specifically allocated for roadways.

Cost Avoidance Opportunities

The City of South Lake Tahoe appears to utilize a sufficient range of cost avoidance opportunities: including bidding of contracted services, reimbursements for damages to

roadways, and requiring repaving of streets after construction. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The City of South Lake Tahoe does not currently share any major roadway facilities with other agencies or special districts; no additional opportunities for shared facilities have been identified.

Government Structure Options

The City of South Lake Tahoe is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the City and the Public Works Department is sufficient to perform necessary roadway maintenance services and maintain operations.

Evaluation of Management Efficiencies

The City of South Lake Tahoe is able to operating efficiently under its existing structure. The City employs approximately 39 persons in the Public Works Department, which is also responsible for roadway maintenance and construction. Additionally, the City of South Lake Tahoe contracts for roadway services when necessary.

Local Accountability

The City Council members are elected by voters within the City. Board meetings are held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. Information regarding the City is readily available to members of the public.

XI. BIBLIOGRAPHY

City of South Lake Tahoe, *Fiscal Year 2006/2007 Annual Operating Budget*, adopted October 3, 2006

Maze & Associates, *Basic Financial Statements for the Year Ended September 30, 2006*, February 19, 2007

City of South Lake Tahoe, City of South Lake Tahoe's Website, <http://www.ci.south-lake-tahoe.ca.us>, Date accessed: April 23, 2007

City of South Lake Tahoe, *City of South Lake Tahoe General Plan*, 1999

Correspondence and personal communication with Stan Hill, Managing City Engineer, City of South Lake Tahoe, April 23 to May 11, 2007

2.6 CONNIE LANE CSD

CONNIE LANE COMMUNITY SERVICES DISTRICT

Contact Information

Address: 1520 Swag Drive
Shingle Springs, CA 95682

Phone: (530) 676-8278

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: Kenneth Campbell Elected 2005 – 2009
Roger Lydon Elected 2003 – 2007
Elizabeth Byer BOS appointed 2006 – 2007
Tim Randstrom Elected 2005 – 2009
Gary Drago Elected 2003 - 2007

Board Meetings: Not regular, at a household within the District

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 49 acres

Population Served: 85 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$21,110

Sources of Funding: Property assessment and property taxes

Assessments: \$50 per parcel

Rate Structure: None

2.6 CONNIE LANE CSD

I. SETTING

Connie Lane Community Services District (District) maintains approximately two miles of roadway that serve 38 residential parcels. The District is located on the west side of French Creek Road, approximately two miles south of Mother Lode Drive in the Shingle Springs area, in the western portion of El Dorado County. **Figure 2.6-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1978 to maintain roadways providing access to residential parcels within the District's boundaries. Connie Lane is the primary roadway and connects to public roadways French Creek Drive and Trotter Lane; however, only the portion of Connie Lane that is between French Creek Drive and Storm Haven Way is within and served by the District. Secondary roadways that the District maintains, each providing access to two or more parcels, include Lora Lane, Minglewood Lane, Mardis Drive, Swag Drive, and Lone Pine Road.

The provision of roadway services are within the District's powers, as authorized in their enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of its enabling legislation and does not extend services beyond the designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

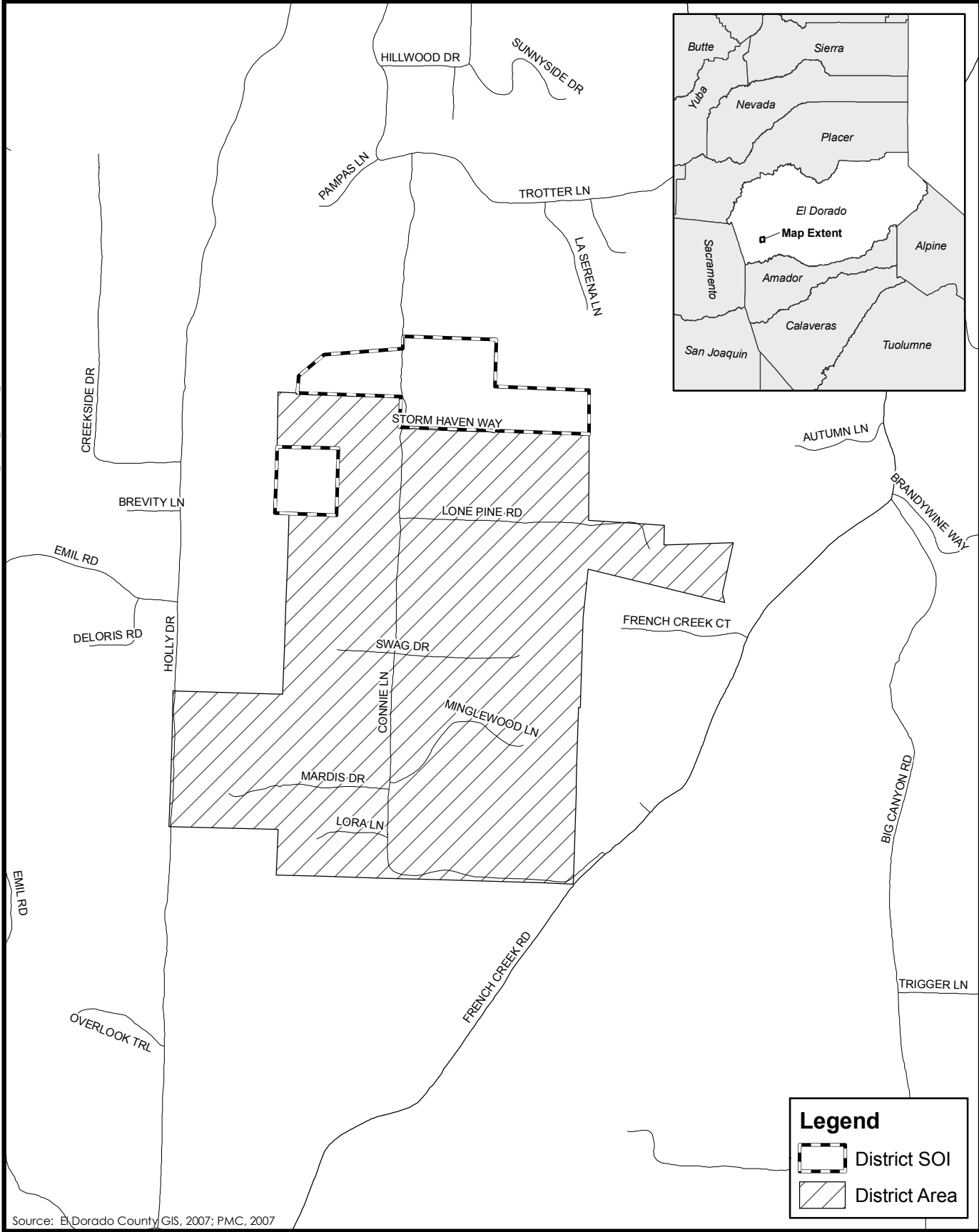
The District currently is providing roadway services to 38 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area.

No significant growth or population increases is expected, and the District's ability to provide services will not be affected. The District does not have any plans for future expansion.

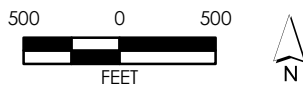
III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

I:\GIS\EL DORADO COUNTY\MAPS\LAFCON\NEW MAPS\CONNIE LANE CSD.MXD - 8/10/2007 @ 10:10:53 AM



Source: El Dorado County GIS, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-6.1
 Connie Lane CSD
PMC

The District's current infrastructure consists of one primary roadway, Connie Lane, less than one mile in length, and five secondary roadways (Lora Lane, Minglewood Lane, Mardis Drive, Swag Drive, and Lone Pine Road) with a total length greater than one mile.

The primary roadway was damaged in the severe winter storm of 2005-2006, and the District made the necessary repairs afterwards. The secondary roadways were last repaired approximately eight years ago and currently are in need of spot maintenance and sealing. The District anticipates the repair of secondary roads not repaired in 2006 to occur within three to four years, when the District expects to have sufficient funds available. As explained below, it is currently unknown how the District's current financial situation will affect the District's ability to provide adequate roadway services within the next four years.

In the past, the roadways have required road maintenance approximately every eight to ten years. Due to the topography, the roadways conditions and maintenance are affected by the amount of rainfall that occurs. Above-average rainfall conditions cause roadways to require maintenance that is more frequent. Roadway repairs are done as needed when the District has accumulated sufficient reserves for repairs. Based on current budgetary practices, the District is anticipated to have sufficient funds for repairs approximately every seven to eight years.

Repairs and maintenance are contracted out on an as-needed basis to private roadway maintenance service providers. Maintenance and repairs are prioritized based on the number of parcels served; roadways that serve more parcels receive higher priority. The District has indicated that the current roadway infrastructure is adequate for the current users and existing demand.

Approximately every five years, the District contracts out services to trim tree limbs and remove roadside brush on an as-needed basis to reduce potential roadway hazardous.

The District currently has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is primarily financed through property assessments and ad-valorem property taxes. Improved (developed) and unimproved (vacant) properties are assessed \$50 annually per parcel. Property assessments have never been increased and have remained at \$50 since the District's inception in 1978. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected.

The FY 2006-07 budget states that revenues are expected to come from property taxes (\$5,200), direct assessments (\$1,900) and other miscellaneous income, totaling \$7,100. The budgeted carryover fund balance from the previous fiscal year is \$14,010, with total financing for the District of \$21,110. Major expenses budgeted include road

maintenance (\$21,000) and publications and legal notices (\$100), with total expenditures of \$21,110. The FY 2007 budget totals \$21,110 and is expected to result in current year expenditures equal to current year funds available.

In addition to budget information, Connie Lane Community Services District provided a financial audit from FY 1994-95 to FY 2001-02. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2001-02. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.6-1** provides a summary of Connie Lane Community Services District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2001-02.

TABLE 2.6-1
CONNIE LANE COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1994-95 TO FY 2001-02

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Total Expenditures¹	\$560	\$5,637	–	\$7,965	\$29,690	–	–	\$3,407
Revenues – Property Taxes	\$4,495	\$4,697	\$4,699	\$4,838	\$5,097	\$5,167	\$5,427	\$5,323
Revenues – Other ²	\$291	\$619	\$856	\$1,320	\$1,519	\$809	\$1,167	\$1,584
Total Revenues	\$4,786	\$5,316	\$5,555	\$6,158	\$6,616	\$5,976	\$6,594	\$6,907
Net Revenue (Deficit)	\$4,226	\$(321)	\$5,555	\$(1,807)	\$(23,074)	\$5,976	\$6,594	\$6,907
Net Assets – end of period	\$(147)	\$(468)	\$5,087	\$3,280	\$(19,794)	\$(13,818)	\$(7,224)	\$(3,724)

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses..

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.6-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.6-1 shows the District's annual expenditures. District expenditures vary significantly over this time period. The District's supplementary information shows that the variation in expenditures is due to variation in the amounts spent on road maintenance.

Table 2.6-1 shows that the District's annual revenues are relatively stable over time. There is an increase from year to year attributable to normal increases in property taxes. There are no additional factors expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. As shown in **Table 2.6-1**, the District's net assets change from year to year, in part because 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. The District seems unable to recover financially from roadway maintenance expenditures. The District's assets are negative for six out of the eight years from FY 1994-95 to FY 2001-02. Despite the net revenue for many of the years in this period, the District's assets may continue to decline.

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.

In addition to the declining net revenues, the County, from 1990 to 2005, has incorrectly calculated the District's ad-valorem property taxes and has overpaid the District. The calculation error was revealed in a 2005 county audit. The County Auditor, as required by law, corrected the calculation error and required the District to reimburse the County for the overpayment incurred. Adjusting the calculation error, which had accumulated to \$59,535 over 15 years of overpayment, left the district with \$13,447 prior to the 2005-2006 year assessment. The District expects to have sufficient funds available for roadway repairs in approximately three to four years.

Additional financing opportunities may be necessary for the District to adequately provide services. Current financing opportunities available may include increasing the property assessments, presently at \$50 per parcel, to a level sufficient for the District to continue at the current service level. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

Costs not directly related to road maintenance have been reduced through the donation of access to office equipment and office supplies by district residents.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

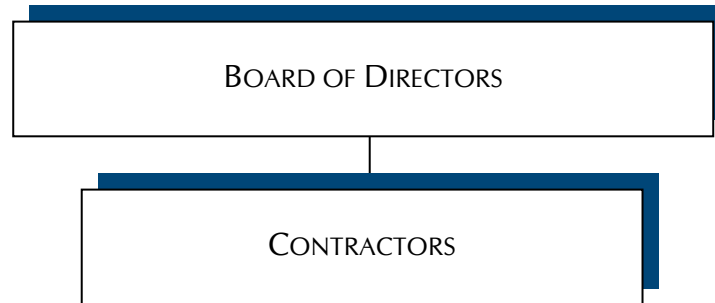
Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for services when necessary. **Figure 2.6-2** shows the District's current organization structure.

The District has not expressed interest in changing the current District boundaries. Residents within the District appear to be the primary users of the District's roadways. Some residents adjacent to the District occasionally utilize the District's roads. The District

does not have plans to expand the District's boundaries to include the four parcels currently within the District's existing Sphere of Influence. Services provided are adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

**FIGURE 2.6-2
CONNIE LANE CSD ORGANIZATIONAL CHART**



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. 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 board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed at a household within the District, approximately two to three times per year. Meetings typically have been held at 7:00 p.m. on weeknights. Meeting notices are posted at the entrance of the District's primary access road, Connie Lane, a minimum of seven days prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies, although the infrequency of meetings indicates that the District is not meeting the Brown Act requirement that public meetings be held at least once per quarter. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily residential, with some 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 is sufficient for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include the Shingle Springs area.

As shown in **Figure 2.6-1**, the District's Sphere on Influence extends beyond the District's current service area. Shrinking the District's Sphere of Influence to be concurrent with the current boundaries may be appropriate, based on their limited abilities to expand roadway services.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

This section of the MSR contains the nine mandatory municipal service review determinations pertaining to the service provider, pursuant to Government Code 56430.

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by the Connie Lane CSD. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Connie Lane CSD's infrastructure consists of approximately two miles of roadway. The secondary roadways are in need of maintenance and repairs. The District does not own major roadway maintenance equipment and contracts with private providers for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Services provided by Connie Lane CSD are financed primarily by assessments and ad-valorem property taxes. Assessments have not been increased since the District's inception in 1978. Fiscal year 2007 budgeted expenses are greater than revenues. In 2005, the County Auditor discovered and corrected the ad-valorem tax overpayment error paid to the District, leaving Connie Lane CSD with a low account balance. It is unknown how significant the corrected ad-valorem tax payment will be to the District in

the future. Current account balances are less than sufficient for Connie Lane CSD to provide major maintenance services for several years until sufficient reserves are accumulated. Additional financing methods are necessary, and include raising property assessments. The District has attempted to accumulate reserves every year to be expended for roadway maintenance every few years when needed. At the present rate, the District's assets may continue to decline.

Rate Restructuring

No rates are charged by Connie Lane CSD, which is appropriate for the type of services provided. The District is financed by assessments and property taxes.

Cost Avoidance Opportunities

Connie Lane CSD appears to utilize a sufficient range of cost avoidance opportunities, including bidding for services and receiving donations. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The District does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

Connie Lane CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the Connie Lane CSD is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The District's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

Connie Lane CSD is able to operate under its existing structure. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The District's Board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, although meetings do not appear to be held at least once per quarter, as required under the Brown Act. There appear to be ample opportunities for public involvement and input. No other significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Cosumnes River Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 2001-02

Correspondence with Tim Ranstrom, Board Member, Connie Lane Community Services District

2.7 COSUMNES RIVER CSD

COSUMNES RIVER COMMUNITY SERVICES DISTRICT

Contact Information

Address: P.O. Box 133
Somerset, CA 95684

Phone: (530) 622-2868

Website: <http://www.cosumnesrivercsd.com>

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: Michael Juliff Elected 2005 - 2009
Kirk Daugherty Elected 2007 - 2011
Ripley Howe Elected 2005 - 2009
Jodie Moran Elected 2007 - 2011
Dominic Montez Elected 2005 - 2009

Board Meetings: First Saturday of every even-numbered month, at 1 pm in the District's Swim Hole Park

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance, park maintenance

Services Provided: Roadway maintenance, park maintenance

Latent Powers: None

Area Served: Approximately 1,349 acres

Population Served: 217 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$47,095

Sources of Funding: Property assessment and property taxes

Assessments: \$150 per parcel

Rate Structure: None

2.7 COSUMNES RIVER CSD

I. SETTING

Cosumnes River Community Services District (District) maintains approximately 13 miles of gravel and paved roadways. The District is located south of Sand Ridge Road and north of the Middle Fork of the Cosumnes River, approximately one mile southwesterly of Bucks Bar Road in the Somerset area of El Dorado County. **Figure 2.7-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1983 to maintain a community park and roadways that provide access to residential homes within the District's boundaries. Several roadways within the District connect to Sand Ridge Road, a public roadway. There are several privately maintained roadways in addition to the district-maintained network within the District's boundaries.

This Municipal Service Review will focus on roadway services provided by the District. Recreation and park services provided by the District are analyzed in El Dorado LAFCO's General Government Services Municipal Service Review.

The provision of roadway services are within the District's powers, as authorized in their enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation and the provision of services does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

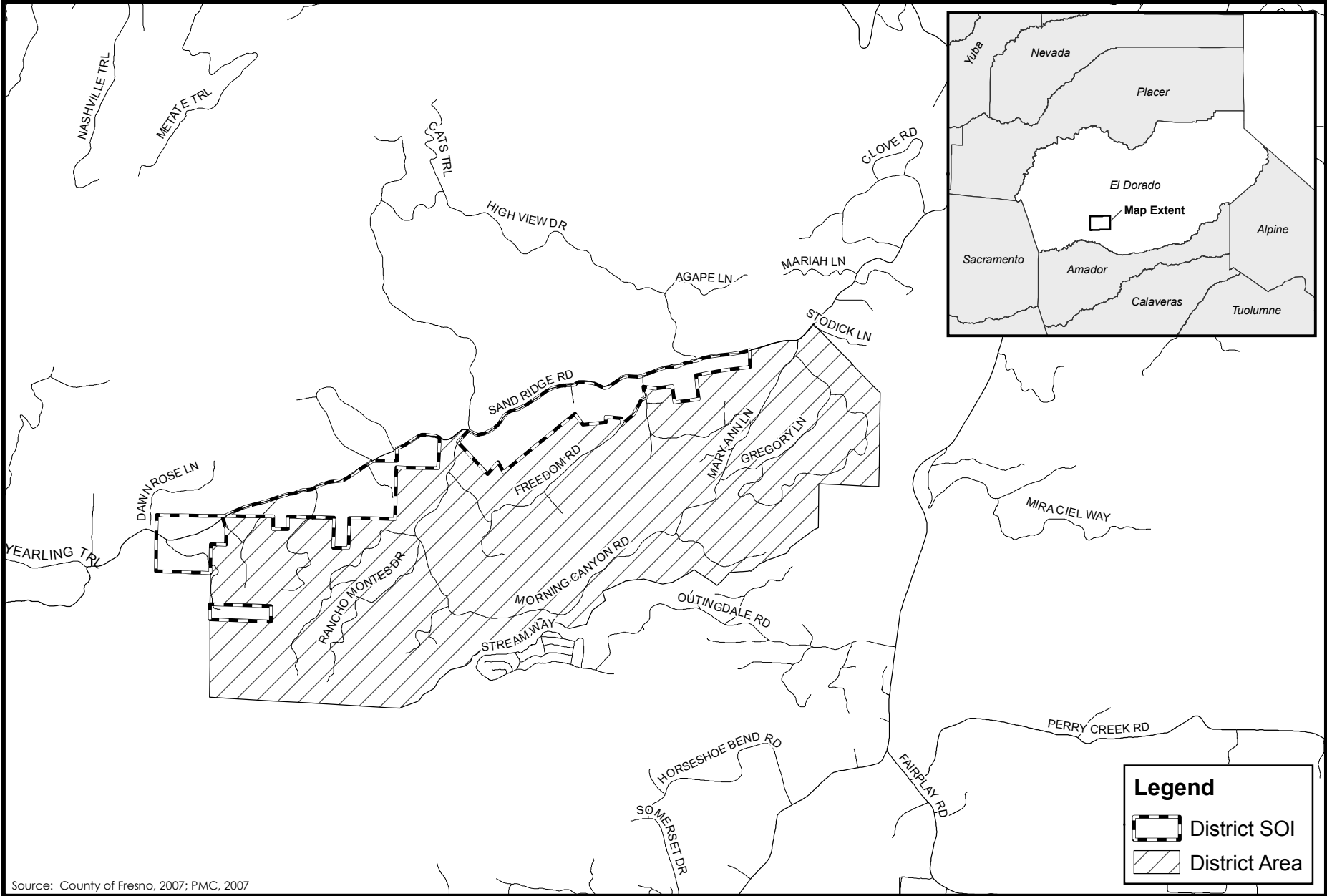
II. GROWTH AND POPULATION

The District currently is providing roadway services to 191 parcels (1,349 acres) within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. No significant growth or population increases are expected that will affect the District's ability to provide services. The District does not have any plans for future expansion.

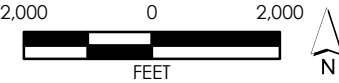
III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

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Source: County of Fresno, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-7.1
Cosumnes River CSD
PMC

The District's current infrastructure consists of approximately 13 miles of paved and gravel roadway. Approximately six miles of the District's total roadways are currently paved. The District has plans to pave one gravel roadway per year.

Roadway maintenance and repairs are currently prioritized and ranked using three levels of criteria: usage, damage, and the ability to maintain drivability throughout the upcoming winter. The District's roadways are susceptible to damage from winter storms each year, requiring maintenance after severe weather. The District's roadways are also susceptible to damage from speeding automobiles, as the District's gravel roadways are not designed for excessive speeds. (The current speed limit is 15 miles per hour.) Every year, the District repairs potholes and erosion.

New private roadways are currently being constructed within the District's boundaries. District staff has stated that the owners would have to petition the District to include those roads for maintenance by the District. The District is not interested in maintaining additional roadways, due to a limited budget and no increase in funding to maintain new roadways.

IV. FINANCING AND RATE RESTRUCTURING

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. Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and property assessments. Properties are currently assessed \$150 annually per parcel. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates major revenues from property taxes (\$7,520) and direct assessments (\$29,948) and other miscellaneous income, totaling \$37,468. The carryover fund balance from the previous fiscal year was a deficit of \$15,904. The District's budget includes appropriating \$25,532 from reserves, with total financing for the District of \$47,095. Major expenses budgeted include roadway maintenance (\$35,033), accounting (\$3,878), and insurance (\$3,235), with total expenditures of \$43,095. The FY 2007 budget totals \$47,095 and is expected to result in expenditures greater than current FY revenues. Financing sources available exceed current year expenditures, with \$4,000 appropriated for contingencies.

In addition to budget information, Cosumnes River Community Services District provided a financial audit from FY 2000-01 to FY 2004-05. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 2000-01 to FY 2004-05. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.7-1** provides a summary of Cosumnes River Community Services District's revenues, expenditures and change in net assets from FY 2000-01 to FY 2004-05.

TABLE 2.7-1
COSUMNES RIVER COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 2000-01 TO FY 2004-05

	2000-01	2001-02	2002-03	2003-04	2004-05
Total Expenditures ¹	\$30,044	\$29,655	\$43,354	\$29,055	\$48,044
Revenues –Property Taxes	\$33,798	\$35,488	\$34,798	\$35,489	\$35,113
Revenues – Other ²	\$853	\$1,221	\$745	\$468	\$910
Total Revenues	\$34,651	\$36,709	\$35,543	\$35,957	\$36,023
Net Revenue (Deficit)	\$4,607	\$7,054	\$(7,811)	\$6,902	\$(12,021)
Net Assets – end of period	\$16,509	\$23,563	\$15,752	\$22,654	\$10,633

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses.

2 Revenues (Other) is the total revenue from intergovernmental revenues, other revenues, fines, forfeitures and penalties and revenue from use of money or property. They are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.7-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

The District's annual expenditures vary from year to year, with significantly greater expenditures in FY 2002-03 and FY 2004-05. Supplementary information from the financial audits shows that the greater expenditures in those years are due to increased amounts spent on road maintenance.

Table 2.7-1 shows that the District's annual revenues are relatively stable over time. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash with County Treasury and imprest cash. As shown in **Table 2.7-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District accumulates funds every year to be expended for roadway maintenance every few years. However, the District's assets are generally decreasing over time; therefore, the District may not be able to financially recover from future roadway maintenance expenditures. Additional financing opportunities are needed to support the anticipated maintenance demands.

District staff have indicated that the District's revenue funds available are "barely adequate" for the provision of services. This is supported by the low balances and reserves of the District, relative to the service demands associated with roadway maintenance demands. The District needs to obtain additional funding for roadway services.

Property assessments were last raised in 1995 and have remained at \$150 annually per parcel since 1995. The District has previously attempted to raise property assessments in 2005. Voters were asked to vote on an increase of an additional \$75 per parcel, plus an annual increase of \$15 per year for the succeeding five years. The voters rejected the increase in property assessments.

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. The District currently does not have any outstanding debt.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out and advertised in the newspaper, depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

Community members within the District have also been able to reduce district road maintenance costs by volunteering to perform minor roadway maintenance activities instead of waiting for the District to perform this task.

The District is currently pursuing reimbursement from the Federal Emergency Management Agency (FEMA) for roadway repairs due to the spring 2006 storms. District staff has indicated that there is a potential for 100% reimbursement by FEMA.

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority. This membership has resulted in a reduction of the District's insurance costs through pooling insurance with other special districts.

The District appears to utilize a sufficient range of cost avoidance measures to avoid or defray costs. No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section considers the potential benefits of facilities sharing on the finances and operations of the District. The District does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Cosumnes River CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

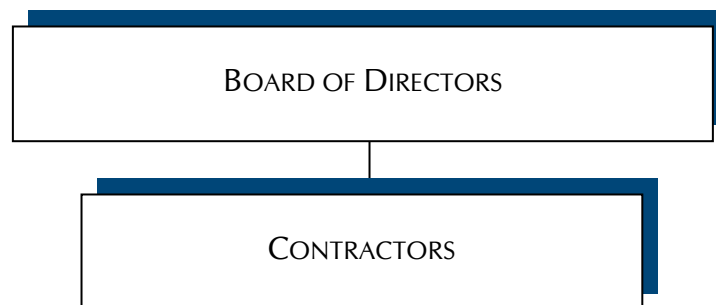
The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary. **Figure 2.7-2** shows the District's current organization structure.

**FIGURE 2.7-2
COSUMNES RIVER CSD ORGANIZATIONAL CHART**



The District has not expressed interest in changing the current District boundaries. Residents within the District appear to be the primary users of the District's roadways. Other users of the District's roadways include visitors to the District's park. The greatest impact to the District's roadways is caused by severe weather and speeding on gravel roadways. Service provided is adequate within the District's existing boundaries and

services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. Terms for 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 Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held on the first Saturday of every even-numbered month, at 1:00 p.m. in the District's Swim Hole Park, located within District boundaries. Meeting announcements are posted prior to the board meeting on the District's website, <http://www.cosumnesrivercsd.com>, and on signs located at the entrances to the five largest roads leading into the District. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies. There appears to be ample opportunities for public involvement and input at meetings.

Approximately once a year, the District mails a newsletter to residents within the District, which includes news and updates about the District, the District's budget, and board member contact information.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily rural residential. 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, although at limited levels of service. 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 is barely adequate to serve the existing community, although roadway improvements are limited based on available financing and priorities established by the District.

- 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 area. Nearby communities include the Somerset area.

As shown in **Figure 2.7-1**, the District's Sphere of Influence extends beyond the District's current service area. Shrinking the District's Sphere of Influence to be concurrent with the current boundaries may be appropriate, based on their limited abilities to expand roadway services. Any changes to the District's Sphere of Influence should reflect all services the District provides, as the District provides additional services that are analyzed in the General Governmental Services Municipal Service Review.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

The Cosumnes River CSD indicates that demands for roadway services are not increasing. No significant growth or population increases are anticipated by the Cosumnes River CSD. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Cosumnes River CSD's current infrastructure consists of approximately 13 miles of paved and gravel roadway. Cosumnes River CSD does not own major roadway maintenance equipment and contracts for roadway maintenance services which are provided adequately for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Cosumnes River CSD does not have plans for expansion of roadway infrastructure or facilities.

Financing Constraints and Opportunities

The Cosumnes River CSD is financed by assessments and property taxes, which are considered barely adequate by District staff. The District does not have outstanding debts. The District has attempted to increase property assessments, but the increase was rejected by voters in 2005. No additional significant financing opportunities have been identified. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. Fiscal year 2007 budgeted expenses are greater than revenues, but less than total financing available. The District's assets are generally decreasing over time and the District may not be able to financially recover from future roadway maintenance expenditures. Additional financing opportunities are needed.

Rate Restructuring

The Cosumnes River CSD does not charge any rates for roadway maintenance services; appropriate for the type of services provided. The District's roadway maintenance service is financed by assessments and property taxes.

Cost Avoidance Opportunities

The Cosumnes River CSD appears to be utilizing a sufficient range of cost avoidance opportunities, including bidding of contracted services, utilizing contract services, utilizing community volunteers for minor maintenance services, applying for reimbursements from

FEMA, and pooling of insurance to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Cosumnes River CSD does not own any roadway facilities and does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Cosumnes River CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Cosumnes River CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Cosumnes River CSD is able to operate under its existing structure. The District is able to provide adequate services with limited funds. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The Cosumnes River CSD's Board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. The Cosumnes River CSD is able to inform the public via the District's website and newsletter mailed to residents. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Cosumnes River Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 2000-01 to FY 2004-05

Correspondence with Ripley Howe, District President, Cosumnes River Community Services District

2.8 COUNTY SERVICE AREA NO. 2

COUNTY SERVICE AREA NUMBER 2

Contact Information

Address: 2441 Headington Road
Placerville, CA 95667

Phone: (530) 642-4954

Website: <http://www.co.el-dorado.ca.us>

Management Information

Manager: Elizabeth Zangari

Governing Body: El Dorado County Board of Supervisors

Board Members:

Rusty Dupray	Elected 2004 - 2009
Helen Baumann	Elected 2004 - 2009
James R Sweeney	Elected 2004 - 2009
Ron Briggs	Elected 2006 - 2011
Norma Santiago	Elected 2006 - 2011

Board Meetings: Weekly, every Tuesday at 8:00 am at the Board of Supervisor's Meeting Room, located at 330 Fair Lane, Bldg A, in Placerville

Staffing: 1.5

Service Information

Empowered Services: Roadway maintenance, drainage improvement, and snow removal

Services Provided: Roadway maintenance, drainage improvement, and snow removal

Area Served: Approximately 2,039 acres

Population Served: Not provided

Major Infrastructure: None

Fiscal Information

Budget: \$81,895

Sources of Funding: Property taxes and property assessments

Assessments: Varies according to each Zone of Benefit

Rate Structure: None

2.8 COUNTY SERVICE AREA 2

I. SETTING

County Service Area Number 2 (CSA 2) maintains approximately 15.62 miles of roadways within its boundaries. CSA 2 is located at the northwest side of the intersection at Luneman Road and Coloma/Lotus Road, on the east side of the South Fork of the American River, in the portion of the county known as the Gold Hill/Coloma-Lotus area. **Figure 2.8-1** shows the current boundaries and Sphere of Influence of CSA 2.

CSA 2 was formed in 1963 to provide an alternative method of furnishing extended governmental services and the levy of taxes. The current boundaries encompass approximately 2,039 acres.

Within CSA 2, there are two Zones of Benefit. A Zone of Benefit is a geographic area formed under County Service Area law to provide extended services not already being provided by any other entity. Extended services that can be provided include road maintenance and improvement services, drainage facilities, landscaping, and lighting maintenance. The two Zones of Benefit and services within CSA 2 are shown in **Table 2.8-1**.

TABLE 2.8-1
COUNTY SERVICE AREA 2 ZONES OF BENEFIT

Zones
Arrowbee / A
Hidden Lake / B

The provision of roadway maintenance and related services are within the powers of CSA 2, as authorized in its enabling legislation, codified in Government Code 25210.1 - 25211.33, for County Service Areas. CSA 2 does not provide additional services outside of its enabling legislation. Services provided do not extend beyond designated service boundaries. CSA 2 is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

CSA 2 currently provides roadway services only to roadways serving residents within the two Zones of Benefits, the boundaries of which have not been subject to change since 1971. Following District formation, CSA 2 annexed additional territory in 1967 and 1971. No recent annexations have occurred.

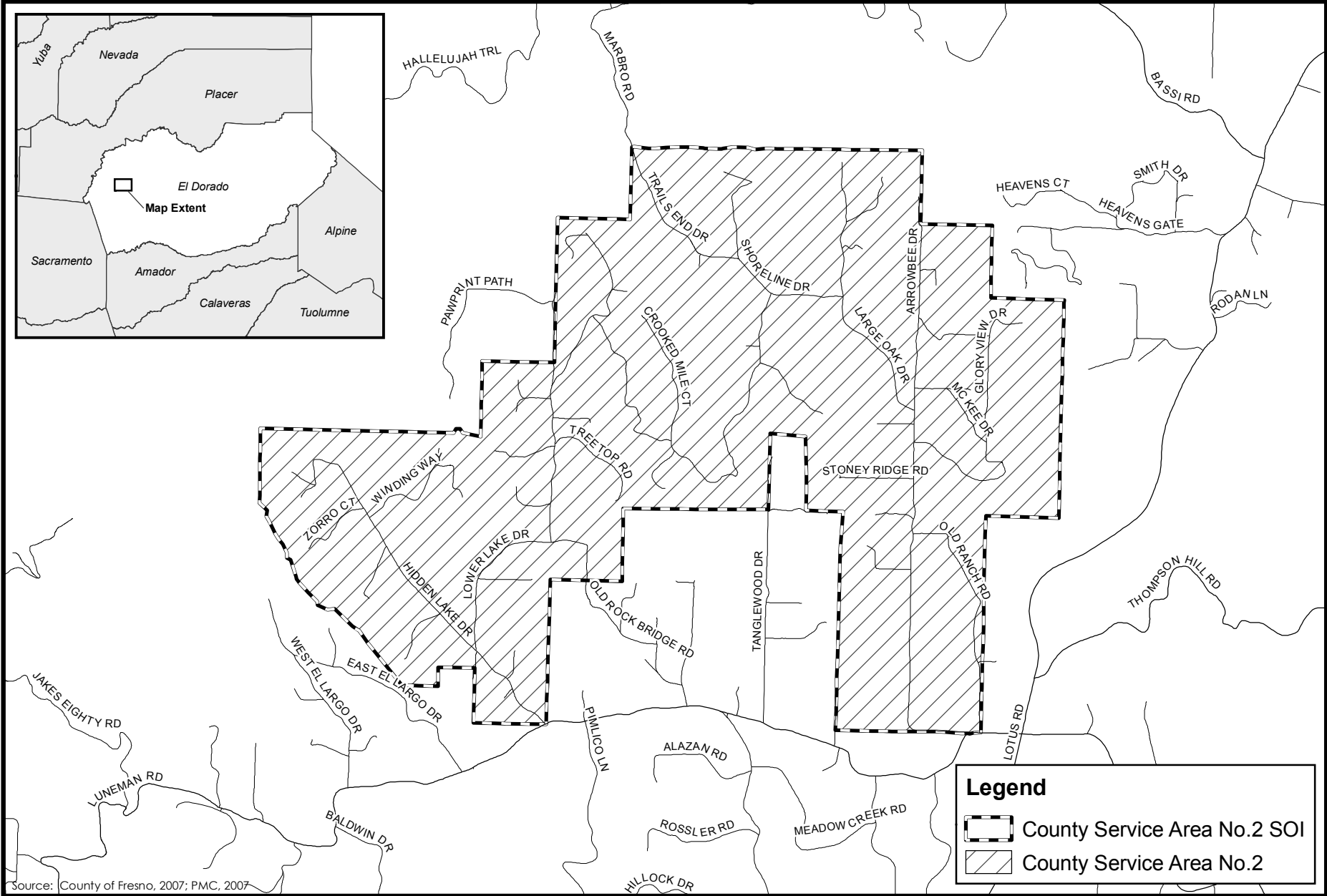
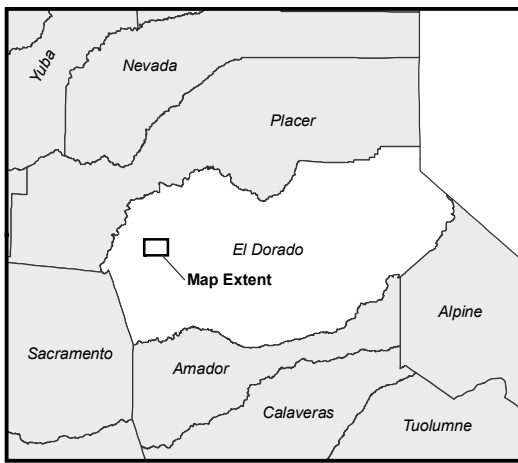
El Dorado County has anticipated future growth areas in the County's 2004 General Plan, which projects future land uses, population increases, and development over a time span of 20 years. The County has land use jurisdiction over unincorporated portions of the County, which include the areas within CSA 2.

The General Plan serves as the overall guiding policy document for land use, development, and environmental quality for the County. The Land Use Element of the General Plan designates the general distribution and intensity of all present and future uses of land in the community. As part of the General Plan, the General Plan Land Use Diagram is the site-specific map that illustrates the desired arrangement and location of land uses. Development that occurs within unincorporated portions of the County must be consistent with the County's General Plan and the County's Zoning Ordinance.



The County's Zoning Ordinance and Zoning Map, Title 11 of the El Dorado County Municipal Code, provide specific development and land use regulations for the County. The Zoning Ordinance is designed to implement the General Plan and promote, protect, and preserve the general public health, safety, and welfare of the residents within the County.

No significant growth or population increases are currently anticipated by CSA 2 staff to affect their ability to adequately provide roadway maintenance services. Any expansion of CSA 2's service area would involve the creation of a separate, self contained Zone of Benefit to provide services to that area. Thus, any new areas created would not impact existing Zones of Benefit.

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Legend

-  County Service Area No.2 SOI
-  County Service Area No.2

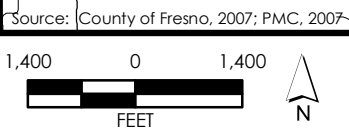


Figure 2-8.1
County Service Area No.2
PMC

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the CSA. The adequacy of the CSA's roadways is generally based on a 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 each agency to determine the extent of maintenance programs. The roadways maintained by CSA 2 are not required to be in conformance with the County's roadway standards. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

CSA 2 does not own any infrastructure, equipment, or facilities. CSA 2 requires that new developments within its boundaries provide an irrevocable offer of dedication for road and public utility easements, to be granted to the County. CSA 2 only maintains the County owned roads within the Zones of Benefit.

CSA 2 maintains approximately 15.62 miles of roadway, with roadway surfaces ranging from asphalt to dirt. CSA 2 has approximately 0.8 miles of gravel or dirt roadway, with the remaining 14.82 miles being a combination of chip sealed and asphalt concrete. In the long established road zones of benefit, roadway conditions range from fair to poor.

An Advisory Committee, appointed by the County Board of Supervisors, directs and determines the roadway maintenance required within each Zone of Benefit. The Advisory Committees develop a maintenance plan based on input from the residents within the zone and upon the available maintenance budget. The Advisory Committees send their recommendations to the Board of Supervisors, who are responsible for approving or denying the recommendations and authorizes contracted services. The roadways maintained by each Zone of Benefit are not required to be in conformance with the County's roadway standards.

All maintenance work is performed by private contractors and volunteers. Maintenance varies annually based on the goals of each individual zone, and is generally limited to pothole patching and applications of chip seal or slurry seal. The Advisory Committees would prefer to have asphalt paved or chip sealed road surfaces, however these wishes are not being met due to limited funds available. None of the Zones of Benefit have a comprehensive Maintenance Plan or a Capitol Improvement Plan. Although CSA 2 is staffed and managed by the County, County maintenance staff is not authorized to perform roadway maintenance work within Zones of Benefit with an Advisory Committee, which currently includes all Zones within CSA 2. The maintenance work must be performed by private contractors or volunteers.

CSA 2 does not own any road maintenance equipment or facilities. Each Advisory Committee contracts out all roadway maintenance services to other providers. Each Advisory Committee may also rent equipment for the use by volunteers, in accordance with the Volunteer Work Plan approved and authorized by the Board of Supervisors. Such equipment may be rented upon approval by the County, which includes rollers, sweepers, and tampers. However all rental agreements are negotiated through County administration on behalf of the Zones of Benefit.

CSA 2 staff has indicated that the current roadways are generally adequate for the current roadway usage. It may be difficult to require all the Zones of Benefit to adhere to

the County's roadway maintenance standards, as the Zones of Benefit have limited funding. The advisory committees determine which aspects of their roadways are most important that requires regular maintenance. CSA 2 has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

This section analyzes the financial operations of the CSA, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District. Annual financial statements from fiscal years (FY) ending June 30, 2006, 2005, and 2004 as well as the FY 2006-07 budget were reviewed to determine the fiscal status of CSA 2.

County Service Areas in El Dorado County can typically rely upon property taxes, benefit assessments, special taxes, and volunteers to provide roadway maintenance services. CSA 2 is financed primarily through benefit assessments. Benefit assessments vary according to each of the Zones of Benefit. The taxes are calculated by the County and transferred to CSA 2. No rates are charged and no user fees are collected.

The FY 2005-06 actual budget states that the major sources of revenues were from special assessments of \$67,187. Other minor financing sources, along with the carryover fund balance from the previous fiscal year resulted in a total financing source of \$125,872.

Services and supplies for roadway maintenance accounted for a significant portion of CSA 2's expenditures, totaling \$25,799. Along with other minor expenses, total expenditures equaled \$38,158, resulting in a greater fund balance.

Table 2.8-2 shows the tax revenues for the FY 2007-2008.

**TABLE 2.8-2
COUNTY SERVICE AREA NUMBER 2 TAXES
FY 2007-2008**

Zone of Benefit	Benefit Assessments	Tax Increments
Arrowbee / A	\$41,800	\$15,394
Hidden Lake / B	\$25,800	\$6,598

Any increase in the benefit assessment is equitably distributed based upon the benefits derived by each parcel. A proposal to increase benefit assessments is required to be accompanied by a report prepared by a licensed engineer explaining the benefit received by each parcel. Parcel owners within the zone boundaries vote on the proposed assessment. Responses are weighted, based on the acreage and assessed value of the property. If a majority of the weighted ballots received protest the assessment, the increased cannot be levied.

The FY 2005-06 actual budget states that the major sources of expenditures resulted from \$25,627 for road maintenance and construction. Total expenditures, including other minor expenses, totaled \$38,158. This resulted in a fund balance of \$87,714.

CSA 2 provided current financial statements of Year-to-Date actual revenue and expenditures from 7/1/2006 through 8/18/2007 for each Zone of Benefit. A general summary of each Zone of Benefit is provided since each zone generally encompasses a small area and is considered separate from the other zones in the County Service Area. Table 2.8-3 shows a summary of the information provided. The total revenue includes the fund balance.

TABLE 2.8-3
COUNTY SERVICE AREA NUMBER 2 REVENUES AND EXPENDITURES
YEAR-TO DATE ACTUAL REVENUE AND EXPENDITURES FROM 7/1/2006 THROUGH 8/18/2007

Zone of Benefit	Total Revenue¹	Total Expenditures²	Balance
Arrowbee / A	\$108,238	\$66,172	\$42,066
Hidden Lake / B	\$69,556	\$32,132	\$37,425

1 Total Revenues are included as one category, covering special assessments, interest and the fund balance.

2 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and management, as well as the retirement of long-term debt and other expenditures.

The information provided shows revenues greater than expenditures. Beyond the basic information listed above, there are additional factors which affect the District's financial stability. Roadway maintenance expenditures vary from year to year, depending on the amount of roadwork recommended by each Advisory Committee and approved by the Board of Supervisors. Funds in each Zone of Benefit are accumulated annually to be used for extensive roadway maintenance every few years. The Zones of Benefit appear to have sufficient funds available to perform necessary roadway maintenance.

The County handles the District's fiscal administration. By law, zone funds cannot be used for any purpose other than approved work in the zone and costs associated with operation and administration of the zone. All of the District's funds are deposited into the County Treasury. The County Auditor's office manages the receivables and payables of CSA 2. Contracts are established between the Contractors and the County on behalf of the CSA. All contract administration is managed by the County. Once a project has been completed, payment for the contract work is made from the respective Zone of Benefit funds by the County Auditor Controller, which sends payments to contractors.

Although CSA 2 is a separate legal entity from the County, its financial audits are included within the County's financial statements as a blended component unit. For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon activities taken by the County Board of Supervisors, which includes CSA 2. Financial audits solely for CSA 2 are not available.

CSA 2 appears to be financially stable, as the budgets are balanced and CSA 2 is able to provide adequate services. As indicated before, the Advisory Committees would prefer to have all roadway surfaces asphalt paved or chip sealed, however these wishes are not being met due to limited funds available. Current funds allow for basic roadway maintenance sufficient for current demands. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

A staff of one full-time and one part-time employee currently manages all the County Service Areas within the County. This sharing of employees allows CSA 2 to share costs with other County Service Areas for similar management and administration services.

CSA 2 utilizes volunteers to perform some basic roadway maintenance work, as specified under the Volunteer Work Plan approved and authorized by the Board of Supervisors. Volunteers must obtain written approval from the County in order to perform any volunteer roadway maintenance work. Each Advisory Committee may also rent equipment for use by volunteers under this plan.

CSA 2 participates in a pooled insurance policy that covers multiple Zones of Benefit within the County, including those within other CSAs. Pooling of insurance helps reduce the costs of insurance by capitalizing on economies of scale. The Zones of Benefit where roads are included in the County Maintained Mileage system are covered under the County's self-insurance. This allows CSA 2 to avoid insurance costs associated with these zones.

CSA 2 utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out to bid, depending on the need and the availability of funds. Contracts for services under \$30,000 are developed from a scope of work that is negotiated between the contractor and the zone of benefit advisory committee. Contracted work that exceeds \$30,000.00 must be informally bid upon. The bids are opened by the County Purchasing Agent and evaluated against the budget in each Zone of Benefit. Projects that exceed \$120,000 must be formally bid; however, no single zone has had a maintenance budget that would allow a contract in excess of \$120,000. The competitive bid process has been effective in controlling costs, as it allows CSA 2 to select the lowest cost, qualified contractor to provide services.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for CSA 2 to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations.

CSA 2 currently shares space within two County-owned facilities. Two offices in the Department of Transportation Maintenance Division Building are used by CSA 2 Zone of Benefit staff, one in the Maintenance Division and the other in Construction Engineering. No other significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section of considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the County Service Area.

California Government Code Section 25210.1 - 25211.33 enables the formation of County Service Areas to provide roadway services. County Service Area Number 2 is a dependent special district governed by another legislative body, the County Board of Supervisors.

CSA 2, in its current legal form, is able to function under its current governmental structure. The existing structure of CSA 2 as a county service area is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations affecting CSA 2's future service provision.

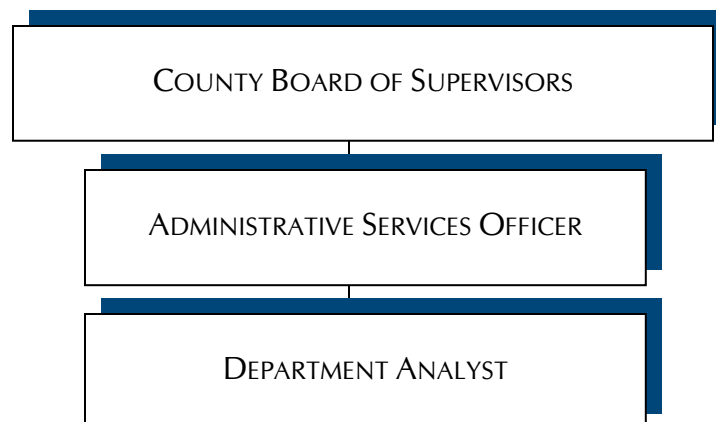
Transitioning CSA 2 to another government entity, such as another special district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure is appropriate to provide adequate services.

Combining CSA 2 with another similar service provider, such as County Service Area Number 9 (CSA 9), could result in some administrative efficiency. CSA 2 and CSA 9 utilize shared staff who oversee all CSA activities within the County. In addition, CSA 2 is entirely within CSA 9's boundaries. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure.

Services provided are adequate within the District's existing boundaries and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded, although combination of CSA 2 and CSA 9 may result in a more logical and orderly boundary for roadway service provision.

CSA 2 currently has one full-time Department Analyst, dedicated to the county service area Zone of Benefit program, with direct funding provided collectively by all of the road Zones of Benefits within the county. One Administrative Services Officer provides program oversight. **Figure 2.8-2** shows CSA 2's current organization structure.

FIGURE 2.8-2
COUNTY SERVICE AREA NUMBER 2 ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

CSA 2 is a dependent special district that is governed by the County's Board of Supervisors. The County Board of Supervisors is composed of five officials, elected to four-year terms. The board elections are held every two years. Terms for board members are staggered, with a maximum of two or three terms expiring at the same time. Board members are comprised of registered voters within the County and are paid \$54,051 per year.

The County Board of Supervisors appoints an Advisory Committee that serves in an advisory capacity to direct and determine the roadway maintenance required within each Zone of Benefit. The Advisory Committees are also subject to the same provisions regarding open meeting laws that govern the Board of Supervisors.

The Advisory Committees make service-related recommendations to the County Board of Supervisors, which approves or denies the recommendations. The Advisory Committees are required to meet at least four times each year. All Advisory Committee meetings are open to the public and must be noticed accordingly. All property owners and residents of the Zone of Benefit have the right to speak and vote on issues. The Advisory Committees develop a recommended budget, including specific projects to be completed and any changes to the assessment or tax to be levied. These recommendations are then forwarded to the Board of Supervisors for approval or denial.

The Board of Supervisors creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held every Tuesday at 8:00 am in the Board of Supervisor's Meeting Room, located at 330 Fair Lane, Building A, in Placerville. Additional meetings are held as necessary. Meeting announcements are posted at the County office and on the County's website. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies. There appears to be ample opportunities for public involvement and input at meetings.

Additional information regarding CSA 2 may be found on the County's website at <<http://www.co.el-dorado.ca.us>>.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within CSA 2 are primarily residential land uses. Planned land uses are defined in the County's general plan land use designations.

- 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.

- 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 is considered adequate for the current level of service demanded. Desired levels of service are not met through existing mechanisms.

- 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 area. Nearby communities include the Gold Hill/Coloma-Lotus area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Population and growth projections within County Service Area Number 2 are identified in the County's 2004 General Plan. The County's General Plan and Zoning Ordinance plan for growth of the community with specific land uses. No significant growth or population increases are currently anticipated to affect the District's ability to provide of services.

Infrastructure

County Service Area Number 2 currently maintains approximately 15.62 miles of roadway owned by the County. 14.82 miles are a combination of chip sealed and asphalt concrete and 0.8 miles are gravel or dirt roadways. The Advisory Committees prefer to have all road surfaces asphalt paved or chip sealed. CSA 2 contracts with private providers for roadway services as needed. CSA 2 is able to provide sufficient roadway services.

Financing Constraints and Opportunities

County Service Area Number 2 is financed by benefit assessments. Assessments are adequate for CSA 2 to provide service. No additional significant financing opportunities have been identified.

Rate Restructuring

County Service Area Number 2 does not charge any rates for services; appropriate for the type services provided. CSA 2 is financed by benefit assessments.

Cost Avoidance Opportunities

County Service Area Number 2 is currently utilizing cost avoidance opportunities available, including a competitive bid process, use of volunteers, and pooling of insurance, and sharing of staff to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

County Service Area Number 2 does not own any facilities and shares staff with CSA 9. No significant opportunities for shared facilities have been identified.

Government Structure Options

County Service Area Number 2 is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of CSA 2 is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The service boundaries of CSA 2 are sufficient for the current services provided, although a more logical and orderly organization would be combining the service areas of CSA 2 and CSA 9. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of CSA 2.

Evaluation of Management Efficiencies

County Service Area Number 2 is able to operating efficiently under its existing structure. CSA 2 jointly employs one full-time and one part-time person jointly with the other County Service Areas in El Dorado County. Additionally, CSA 2 contracts for roadway services when necessary.

Local Accountability

The members of the County Board of Supervisors are elected by voters within the entire County. Board meetings are held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. Information regarding the City is readily available to members of the public.

XI. BIBLIOGRAPHY

County of El Dorado, Special District Budgets for Fiscal Year 2006-2007

County of El Dorado, Department of Transportation Management Reports, Special Districts ZOB, for services and supplies posted through 7/1/2007 – 8/18/2007, Report ran on August 28, 2007

Correspondence and personal communication with Elizabeth Zangari, Department Analyst, El Dorado County Department of Transportation

County of El Dorado's website, <<http://co.el-dorado.ca.us>>

2.9 COUNTY SERVICE AREA NO. 9

COUNTY SERVICE AREA NUMBER 9

Address: 2441 Headington Road
Placerville, CA 95667

Phone: (530) 642-4954

Website: <http://www.co.el-dorado.ca.us>

Management Information

Manager: Elizabeth Zangari

Governing Body: El Dorado County Board of Supervisors

Board Members:

Rusty Dupray	Elected 2004 - 2009
Helen Baumann	Elected 2004 - 2009
James R Sweeney	Elected 2004 - 2009
Ron Briggs	Elected 2006 - 2011
Norma Santiago	Elected 2006 - 2011

Board Meetings: Weekly, every Tuesday at 8:00 am at the Board of Supervisor's Meeting Room, located at 330 Fair Lane, Bldg A, in Placerville

Staffing: 1.5

Service Information

Empowered Services: Roadway maintenance, drainage improvement, and snow removal

Services Provided: Roadway maintenance, drainage improvement, and snow removal

Area Served: Approximately 981,850 acres

Population Served: Not provided

Major Infrastructure: None

Fiscal Information

Budget: \$940,900

Sources of Funding: Property taxes and property assessments

Assessments: Varies according to each Zone of Benefit

Rate Structure: None

2.9 COUNTY SERVICE AREA 9

I. SETTING

County Service Area 9 (CSA 9) maintains approximately 86.01 miles of roadways within its boundaries. The boundaries of CSA 9 encompass the entire western slope of El Dorado County, except the City of Placerville. **Figure 2.9-1** shows the current boundaries and Sphere of Influence of CSA 9.

CSA 9 was formed in 1983 to provide an alternative method of furnishing extended governmental services and the levy of taxes. The current boundaries encompass approximately 981,850 acres.

Within CSA 9, there are 42 Zones of Benefit. A Zone of Benefit is a geographic area formed under County Service Area law to provide extended services not already being provided by any other entity. Extended services that can be provided include road maintenance and improvement services, drainage facility, landscape, and lighting maintenance. The 42 Zones of Benefit and services within CSA 9 are shown in **Table 2.9-1**.

TABLE 2.9-1
COUNTY SERVICE AREA 9 ZONES OF BENEFIT

Zone	Zone	Zone	Zone
Black Oak Estates #6*	Fernwood Cothrin	Meadowview Acres	Shadow Lane
Black Oaks Estates*	Gilmore Vista	Nance	Silver Springs*
Blanchard Estates	Green Valley Oaks	Oakleaf Circle	Sundance Trail
Carlson Drive	Hawk View*	Pilot View	Tegra
Creekside Drive*	Highland View Unit 3A*	Pineoakio	Texas Hill
Creekside Greens Units 2 & 3	Hollow Oak*	Pioneer Pl., aka, Sierra Crossing*	Travois*
Deerfield Estates*	Holly Drive	Rancho Ponderosa	Walnut Drive
Devils Gate	King of the Mountain	Randolph Canyon	West Green Springs
Dolly Varden Lane	Lynx Trail	River Pines	West Valley Village*
East El Largo	Many Oaks	Rolling Ranch	
Eastwood Park Unit #5*	Maverick	Ryan Ranch	

* Formed after 1999 without an Advisory Committee; also provides drainage maintenance services

The Zones of Benefit do not cover all areas within the boundaries of CSA 9. Several areas within the boundaries of CSA 9 are served by another provider, such as another special district, the County, or private organizations.

The provision of roadway maintenance and related services are within the statutory powers of CSA 9, as authorized in its enabling legislation, codified in Government Code 25210.1 - 25211.33. CSA 9 does not provide additional services outside of their enabling legislation. Services provided do not extend beyond designated service boundaries. CSA 9 is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

CSA 9 currently provides roadway services only to residents within the 42 Zones of Benefit (ZOB). CSA 9 does not provide service to the unincorporated areas within its territory that are serviced by another provider or outside a ZOB. There are several other special districts currently within the boundaries of CSA 9.

El Dorado County has anticipated future growth areas, as stated in the County's 2004 General Plan, which projects future land uses, population increases, and development over a time span of 20 years. The County has land use jurisdiction over unincorporated portions of the County, which includes the areas within CSA 9.

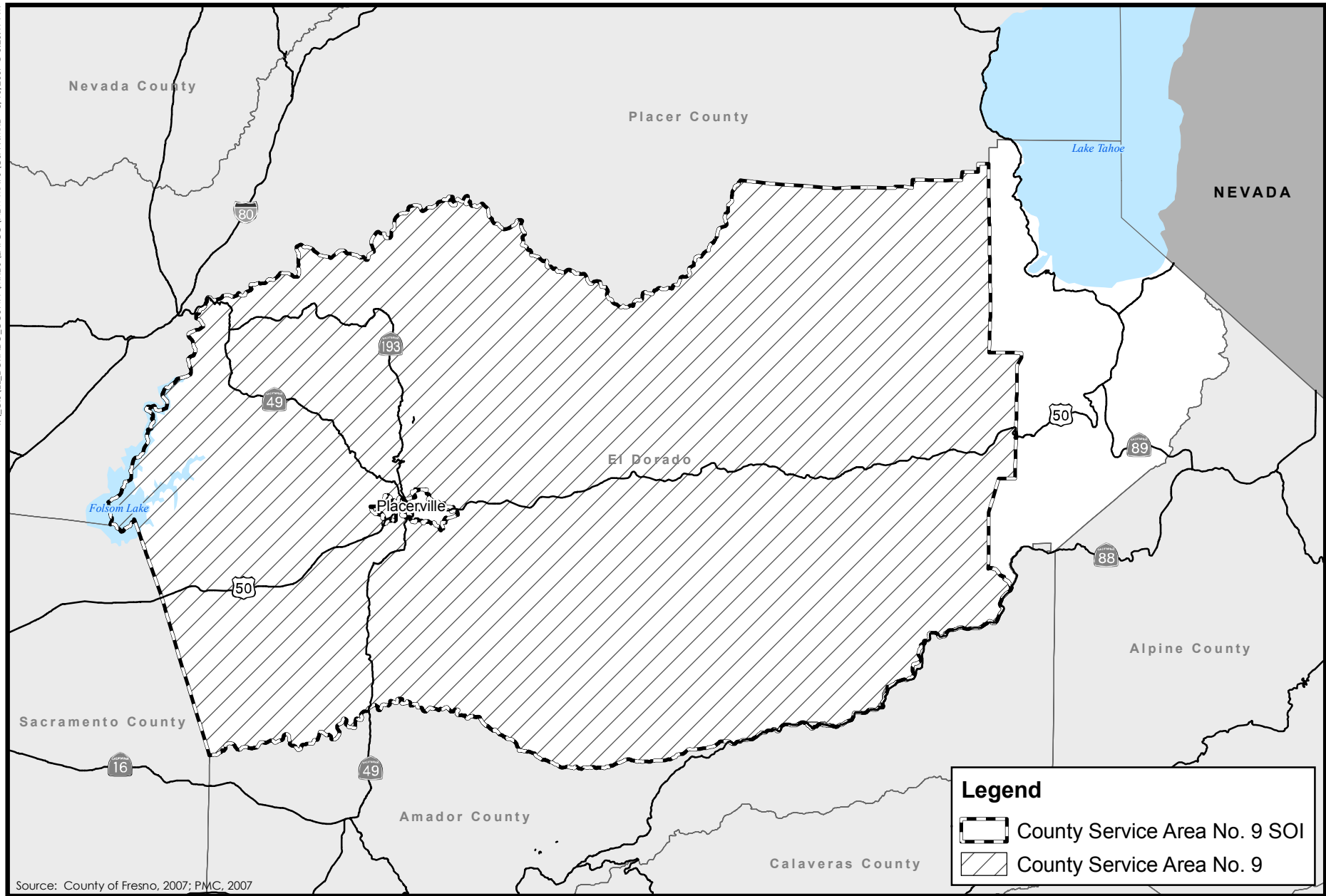
The General Plan serves as the overall guiding policy document for land use, development, and environmental quality for the County. The Land Use Element of the General Plan designates the general distribution and intensity of all present and future uses of land in the community. As part of the General Plan, the General Plan Diagram is the site-specific map that illustrates the desired arrangement and location of land uses. Development that occurs within unincorporated portions of the County must be consistent with the County's General Plan and Zoning Ordinance.

The County's Zoning Ordinance and Zoning Map, Title 11 of the El Dorado County Municipal Code, provide specific development and land use regulations for the County. The Zoning Ordinance is designed to implement the General Plan and promote, protect, and preserve the general public health, safety, and welfare of the residents within the County.

CSA 9 has recently been contacted by several smaller Community Services Districts (CSDs) providing roadway maintenance services. These CSDs indicated an interest in converting to a Zone of Benefit under County Service Area 9. No analysis of the potential benefits of such a conversion has been conducted, and it is unclear whether such reorganizations would result in any significant growth other than an increase in the total population served, an increase in the number of miles maintained, and an increase in service demand. No land use changes would be associated with such a change in government structure.

No significant growth or population increases are currently anticipated by CSA 9 staff to affect their ability to adequately provide roadway maintenance services. Any expansion of the CSA 9 service area would involve the creation of a separate, self contained Zone of Benefit to provide services to that area. Thus, any new areas created would not impact existing Zones of Benefit.

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Source: County of Fresno, 2007; PMC, 2007



Figure 2-9.1
County Service Area No.9



III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the CSA. The adequacy of the CSA's roadways is generally based on the CSA'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 each agency to determine the extent of maintenance programs. The roadways maintained by CSA 2 are not required to be in conformance with the County's roadway standards. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

CSA 9 does not own any infrastructure, equipment, or facilities. For new developments within the District, CSA 9 requires an irrevocable offer of dedication for road and public utility easements, to be granted to the County.

CSA 9 only maintains the County owned roads within the Zones of Benefit. The Zones of Benefit do not include all roadways within CSA 9's boundaries. County maintained roads may run through a Zone of Benefit. In addition, there can be other privately maintained roadways within each zone of benefit, such as secondary roadways maintained through a property owners' association.

CSA 9 maintains approximately 86.01 miles of roadway, with roadway surfaces ranging from asphalt to dirt. CSA 9 has approximately 13 miles of gravel or dirt roadway, with the remaining 73 miles being a combination of chip sealed and asphalt concrete. Approximately five miles of roadway are within Class 1 subdivisions that were built by developers as a condition of approval for the subdivisions they serve. Roads in the newly constructed Class I subdivisions are in excellent condition. In the long established road zones of benefit, roadway conditions range from fair to poor.

There are two different types on Zones of Benefit within CSA 9. These two types of Zones were formed at different times, and have significantly differing roadway infrastructure and standards, as discussed below.

Zones of Benefit with an Advisory Committee (prior to 1999)

For all road Zones of Benefit formed prior to 1999, an Advisory Committee, appointed by the County Board of Supervisors, directs and determines the roadway maintenance required within each Zone of Benefit. The Shadow Lane Zone of Benefit was also formed upon the dissolution of Shadow Lane Community Services District, and also has an Advisory Committee. Each Advisory Committee develops a maintenance plan based on input from the residents within the zone and upon the available maintenance budget. Each Advisory Committee sends the recommendations to the Board of Supervisors, who is responsible for approving or denying the recommendations and authorizes contracted services.

The Zones with Advisory Committees' would prefer to have asphalt paved or chip sealed road surfaces, however these desired levels of service are not being met due to limited financial resources. None of the Zones of Benefit with an Advisory Committees have a comprehensive Maintenance Plan or a Capitol Improvement Plan.

All maintenance work is generally performed either under contract by private contractors or through the use of volunteers. Maintenance varies annually based on the goals of each individual zone, and is generally limited to pothole patching and applications of chip seal or slurry seal. Although CSA 9 is staffed and managed by the County, County maintenance staff is not authorized to perform roadway maintenance work within Zones of Benefit with an Advisory Committee, which currently includes all pre-1999 Zones within CSA 9. The maintenance work must be performed by private contractors or volunteers.

CSA 9 does not own any road maintenance equipment or facilities. Each Advisory Committee contracts out all roadway maintenance services to other providers. Each Advisory Committee may also rent equipment for the use by volunteers, in accordance with the Volunteer Work Plan approved and authorized by the Board of Supervisors. Such equipment may be rented upon approval by the County, which includes rollers, sweepers, and tampers.

CSA 9 staff has indicated that the current roadways within Zones of Benefit with an Advisory Committee are generally adequate for the current roadway usage. It may be difficult to require all the Zones of Benefit to adhere to the County's roadway maintenance standards, as the Zones of Benefit have limited funding. The advisory committees determine which aspects of their roadways are most important that requires regular maintenance. CSA 9 has no plans for future expansion of services or major infrastructure and facilities.

Zones of Benefit accepted into the County Maintained Mileage System (beginning 1999)

Beginning in 1999, CSA 9 Zones of Benefit were established for both roadway maintenance and drainage facility maintenance, where the roadways were accepted into the County Maintained Mileage system with funding provided by the Zone of Benefit. As of October 2007, there were 12 roadway and drainage maintenance Zones of Benefit that were accepted into the County Maintained Mileage system. These 12 zones were required to be constructed to County standard for Class 1 subdivisions prior to being accepted into the County Maintained Mileage system.

The roadways accepted into the County Maintained Mileage system include a recommended maintenance plans for these zones, which are established upon formation, pursuant to the engineer's report submitted as part of the formation package. These maintenance plans are not required to adhere to County standards. The engineer's report sets the maintenance schedule, with specific tasks at certain intervals based on best practices. Typical maintenance schedules in these accepted roadways generally include slurry seal, sign replacement and re-striping every seven years; crack sea, and patching every ten years; and asphalt concrete overlay, sidewalk, curb and gutter repair at 30 years.

Maintenance requirements for the Zones of Benefit established after 1999 cannot be determined. Because the zones are relatively new, the first maintenance cycle called for in the Engineer's report have not yet commenced. There are no zones where the roadways have existed more than seven years, the typical point at which first maintenance is due. All maintenance work can be performed under contract by private contractors or under contract with County maintenance personnel. Post-1999 CSA 9 Zones may utilize county maintenance personnel, but the roadway maintenance cycles are dictated by the engineer's report during the formation of the Zones. The engineer's

report sets the maintenance schedule, with specific tasks at certain intervals based on best practices that may differ from County standards.

CSA 9 staff has indicated that the current roadways within Zones of Benefit accepted into the County Maintained Mileage System are relatively new and adequate for the current roadway usage. Future roadway maintenance activities have been planned and are expected to be followed. CSA 9 has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

This section analyzes the financial operations of the CSA, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District. Annual financial statements from fiscal years (FY) ending June 30, 2006, 2005, and 2004 as well as the FY 2006-07 budget were reviewed to determine the fiscal status of CSA 9.

County Service Areas in El Dorado County can typically rely upon property taxes, benefit assessments, special taxes, and volunteers to provide roadway maintenance services. CSA 9 is primarily financed through benefit assessments and special taxes. Benefit assessments vary according to each of the Zone of Benefit. The taxes are calculated by the County and transferred to CSA 9. No rates are charged and no user fees are collected.

The FY 2005-06 actual budget states that the major sources of revenues from all taxes were \$499,819. Other major financing sources, such as special assessments and charges for services were \$400,051. Along with the carryover fund balance from the previous fiscal year of \$2,633,257, CSA 9 had a total available financing of \$3,677,622.

Services and supplies for roadway maintenance accounted for a significant portion of CSA 9's expenditures, totaling \$409,034. Along with other minor expenses, total expenditures equaled \$682,589, resulting in a greater fund balance.

Table 2.9-2 shows the tax roll amount for the FY 2007-2008.

**TABLE 2.9-2
COUNTY SERVICE AREA NUMBER 9 TAX ROLL AMOUNT**

FY 2007-2008

Zone of Benefit	Benefit Assessments	Special Tax	Tax Increments
Black Oak Estates #6		\$5,678	
Black Oaks Estates		\$14,700	
Blanchard Estates	\$3,360		
Carlson Drive	\$20,837		
Creskide Drive	-	-	-
Creskide Greens Units 2 & 3		\$30,044	
Deerfield Estates		\$5,226	
Devils Gate	-	-	-

Zone of Benefit	Benefit Assessments	Special Tax	Tax Increments
Dolly Varden Lane		\$4,200	
East El Largo	\$8,400		
Eastwood Park Unit #5		\$12,600	
Fernwood Cothrin		\$39,300	
Gilmore Vista	\$7,320		
Green Valley Oaks		\$14,625	
Hawk View		\$381	
Highland View Unit 3A		\$8,090	
Hollow Oak		\$15,295	
Holly Drive		\$7,200	
King of the Mountain	\$5,250		
Lynx Trail		\$22,500	
Many Oaks	\$12,125		
Maverick		\$10,800	
Meadowview Acres	\$28,200		
Nance		\$2,982	
Oakleaf Circle	\$7,980		
Pilot View	\$7,100		
Pineoakio	\$6,750		
Pioneer Pl., aka, Sierra Crossing		\$24,226	
Rancho Ponderosa	\$6,525		
Randolph Canyon	\$6,000		
River Pines	\$26,125		
Rolling Ranch		\$9,900	
Ryan Ranch		\$40,000	
Shadow Lane		\$2,800	\$1,410
Silver Springs		\$17,400	
Sundance Trail		\$12,900	
Tegra	\$5,980		
Texas Hill		\$37,800	
Travois		\$8,658	
Walnut Drive	\$24,375		
West Green Springs	\$5,775		
West Valley Village		\$19,599	

Any increase in the benefit assessment is equitably distributed based upon the benefits derived by each parcel. A proposal to increase benefit assessments is required to be

accompanied by a report prepared by a licensed engineer explaining the benefit received by each parcel. Parcel owners within the zone boundaries vote on the proposed assessment. Responses are weighted, based on the acreage and assessed value of the property. If a majority of the weighted ballots received protest the assessment, the increase cannot be levied.

Any increase in the special tax requires two-thirds majority approval of the registered voters voting within the Zone of Benefit.

CSA 9 provided current financial statements of Year-to-Date actual revenue and expenditures from 7/1/2006 through 8/18/2007 for each Zone of Benefit. A general summary of each Zone of Benefit is provided since each zone generally encompasses a small area and is considered separate from the other zones in the County Service Area. Table 2.9-3 shows a summary of the information provided. The total revenue includes the fund balance.

TABLE 2.8-3
COUNTY SERVICE AREA NUMBER 9 REVENUES AND EXPENDITURES
YEAR-TO DATE ACTUAL REVENUE AND EXPENDITURES FROM 7/1/2006 THROUGH 8/18/2007

Zone of Benefit	Total Revenue¹	Total Expenditures²	Balance
Black Oak Estates #6	\$20,773	\$2,241	\$18,532
Black Oaks Estates	\$48,153	\$2,118	\$46,035
Blanchard Estates	\$35,616	\$3,625	\$31,991
Carlson Drive	\$40,034	\$2,477	\$37,557
Creekside Drive	\$831	(\$54)	\$885
Creekside Greens Units 2 & 3	\$46,350	\$3,061	\$43,290
Deerfield Estates	\$15,285	\$1,089	\$14,196
Devils Gate	\$3	\$0	\$3
Dolly Varden Lane	\$2,744	\$957	\$1,787
East El Largo	\$24,773	\$1,709	\$23,064
Eastwood Park Unit #5	\$41,100	\$2,503	\$38,597
Fernwood Cothrin	\$85,048	\$48,205	\$36,843
Gilmore Vista	\$18,403	\$5,138	\$13,265
Green Valley Oaks	\$100,074	\$46,497	\$53,577
Hawk View ³	-	-	-
Highland View Unit 3A	\$8,482	\$18	\$8,464
Hollow Oak	\$17,875	\$2,216	\$15,659
Holly Drive	\$20,301	\$905	\$19,396
King of the Mountain	\$30,333	\$13,165	\$17,169
Lynx Trail	\$25,920	\$25,070	\$851
Many Oaks	\$62,414	\$61,107	\$1,307
Maverick	\$53,911	\$1,987	\$51,924

Zone of Benefit	Total Revenue ¹	Total Expenditures ²	Balance
Meadowview Acres	\$31,769	\$6,103	\$25,693
Nance	\$32,977	\$381	\$32,595
Oakleaf Circle	\$26,319	\$24,401	\$1,918
Pilot View	\$66,500	\$59,701	\$6,800
Pineoakio	\$16,153	\$12,258	\$3,895
Pioneer Pl., aka, Sierra Crossing	\$82,923	\$19,177	\$63,746
Rancho Ponderosa	\$29,961	\$6,883	\$23,078
Randolph Canyon	\$6,240	\$909	\$5,332
River Pines	\$91,234	\$13,308	\$77,925
Rolling Ranch	\$29,568	\$957	\$28,611
Ryan Ranch	\$60,848	\$4,853	\$55,995
Shadow Lane	\$15,657	\$579	\$15,078
Silver Springs	\$132	\$0	\$132
Sundance Trail	\$34,667	\$28,498	\$6,169
Tegra	\$38,098	\$3,821	\$34,277
Texas Hill	\$135,021	\$83,923	\$51,099
Travois	\$11,067	\$1,249	\$9,818
Walnut Drive	\$67,702	\$28,034	\$39,668
West Green Springs	\$28,628	\$22,250	\$6,378
West Valley Village ³	-	-	-

¹ Total Revenues are included as one category, covering special assessments, interest and the fund balance.

² Total Expenditures are included as one category, covering current operating expenditures for services and supplies and management, as well as the retirement of long-term debt and other expenditures.

³ These Zones of Benefit were formed in the previous year and do not yet have any revenues or expenditures.

The information provided shows revenues greater than expenditures, however; there may be other factors which affect the financial stability of CSA 9. Roadway maintenance expenditures vary from year to year, depending on the amount of roadwork recommended by each Advisory Committee and approved by the Board of Supervisors. Funds in each Zone of Benefit are accumulated every year to be used for extensive roadway maintenance every few years. Most of the Zones of Benefit appear to have sufficient funds available to perform necessary roadway maintenance. Some of the older Zones of Benefit have lower funds and reserves, than compared to the newer Zones of Benefit.

The County handles the District's fiscal administration. By law, zone funds cannot be used for any purpose other than approved work in the zone and costs associated with operation and administration of the zone. All of the District's funds are deposited into the County Treasury. The County Auditor's office manages receivables and payables. Contracts are established between the Contractors and the County on behalf of the Zone of Benefit. All contract administration is managed by the County. Once a project has been completed, payment for the contract work is made from the respective Zone of Benefit funds by the County Auditor Controller, which sends payments to contractors.

Although CSA 9 is a separate legal entity from the County, financial audits are included within the County's financial statements as a blended component unit. For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon activities taken by the County Board of Supervisors, which includes CSA 9. Financial audits solely for CSA 9 are not available.

CSA 9 appears to be financially stable, as the budgets are balanced and CSA 9 is able to provide adequate services. As indicated before, the Advisory Committees would prefer to have all roadway surfaces asphalt paved or chip sealed, however these wishes are not being met due to limited funds available. Current funding needs cannot be determined for the new Zones of Benefits established after 1999, as the first maintenance cycle has not begun. For the Zones of Benefits established prior to 1999, current funds allow for basic roadway maintenance sufficient for current demands. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

A staff of one full-time and one part-time employee currently manage all the County Service Areas within the County. This sharing of employees allows CSA 9 to share costs with other County Service Areas for similar management and administration services.

CSA 9 utilizes volunteers in Zones of Benefit with an Advisory Committee to perform some basic roadway maintenance work, as specified under the Volunteer Work Plan approved and authorized by the Board of Supervisors. Volunteers must obtain written approval from the County in order to perform any volunteer roadway maintenance work. Each Advisory Committee may also rent equipment for the use by volunteers under this plan. Zones of Benefit formed after 1999 without an Advisory Committee do not currently utilize volunteers.

CSA 9 participates in a pooled insurance policy that covers multiple Zones of Benefit. Pooling of insurance helps reduce the costs of insurance by capitalizing on economies of scale. The Zones of Benefit where roads are included in the County Maintained Mileage system are covered under the County's self-insurance. This allows CSA 9 to avoid insurance costs associated with these zones.

CSA 9 utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out to bid, depending on the need and the availability of funds. Contracts for services under \$30,000 are developed from a scope of work that is negotiated between the contractor and the zone of benefit advisory committee. Contracted work that exceeds \$30,000.00 must be informally bid upon. The bids are opened by the County Purchasing Agent and evaluated against the budget in each Zone of Benefit. Projects that exceed \$120,000 must be formally bid; however, no single zone has had a maintenance budget that would allow a contract in excess of \$120,000. The competitive bid process has been effective in controlling costs, as it allows CSA 9 to select the lowest cost, qualified contractor to provide services.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for CSA 9 to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations.

CSA 9 currently shares space within two County-owned facilities. Two offices in the Department of Transportation Maintenance Division Building are used by CSA 9 Zone of Benefit staff, one in the Maintenance Division and the other in Construction Engineering. No other significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section of considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the County Service Area.

California Government Code Section 25210.1 - 25211.33 enables the formation of County Service Areas to provide roadway services. County Service Area Number 9 is a dependent special district which is governed by another legislative body, the County Board of Supervisors.

CSA 9, in its current legal form, is able to function under its current governmental structure. The existing structure of CSA 9 as a county service area is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations affecting the District's future service provision.

Transitioning CSA 9 to another government entity, such as another special district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure is appropriate to provide adequate services.

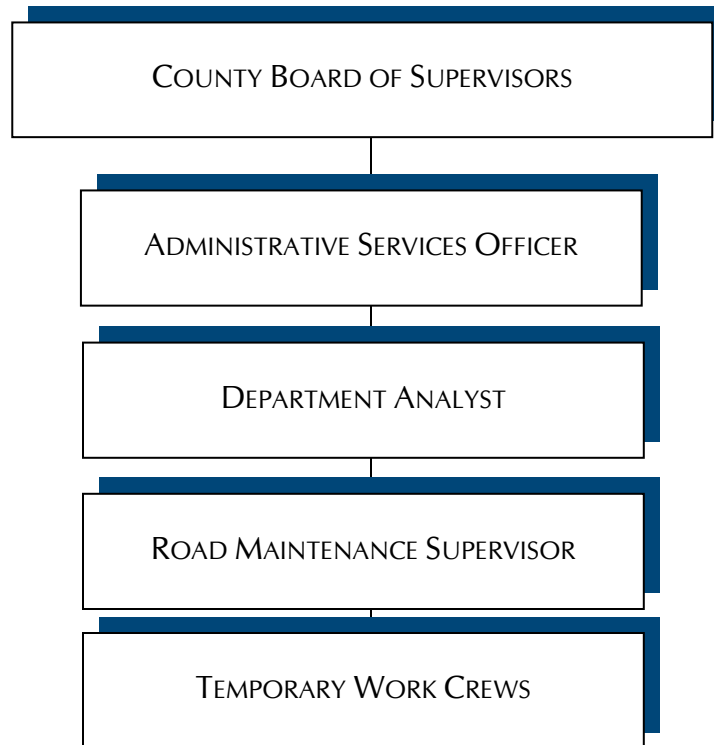
Combining CSA 9 with another similar service provider, such as County Service Area Number 2 (CSA 2), could result in some administrative efficiency. CSA 2 and CSA 9 both utilize the same employees, who manage all county service areas within the County. CSA 2 is within CSA 9's boundaries. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure.

CSA 9 has recently been contacted by several small Community Services Districts providing roadways maintenance services that are interested in converting to a County Service Area Zones of Benefit. It is unknown if these small Community Services Districts will apply to become a Zone of Benefit within CSA 9. Any expansion of CSA 9's service area would involve the creation of a separate, self contained Zone of Benefit to provide services to that area. Thus, any new areas created would not impact existing Zones of Benefit.

Services provided are adequate within the District's existing boundaries and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

CSA 9 currently has one full-time Department Analyst, dedicated to the county service area Zone of Benefit program, with direct funding provided collectively by all of the road Zones of Benefits within the county. One Administrative Services Officer provides program oversight. CSA 9 also has one full time Road Maintenance Supervisor who devotes approximately half of their time to roadway maintenance, and four part time temporary employees, whose primary assignment is for drainage maintenance and associated weed abatement in the West Slope drainage zones where there are no advisory committees. **Figure 2.9-2** shows CSA 9's current organization structure.

**FIGURE 2.9-2
COUNTY SERVICE AREA NUMBER 9 ORGANIZATIONAL CHART**



VIII. LOCAL ACCOUNTABILITY

CSA 9 is a dependent special district that is governed by the County's Board of Supervisors. The County Board of Supervisors is composed of five officials, elected to four-year terms. The board elections are held every two years. Terms for board members are staggered, with a maximum of two or three terms expiring at the same time. Board members are comprised of registered voters within the County and are paid \$54,051 per year.

The County Board of Supervisors appoints an Advisory Committee for the Zones of Benefit established prior to 1999. These Advisory Committees serve in an advisory capacity to direct and determine the roadway maintenance required within each Zone of Benefit. The Advisory Committees are also subject to the same provisions regarding open meeting laws that govern the Board of Supervisors.

The Advisory Committee makes service-related recommendations to the County Board of Supervisors, which approves or denies the recommendations. The Advisory Committee

is required to meet at least four times each year. All Advisory Committee meetings are open to the public and must be noticed accordingly. All property owners and residents of the Zone of Benefit have the right to speak and vote on issues. The Advisory Committee develops a recommended budget, including specific projects to be completed and any changes to the assessment or tax to be levied. These recommendations are then forwarded to the Board of Supervisors for approval or denial.

The Board of Supervisors creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held every Tuesday at 8:00 am in the Board of Supervisor's Meeting Room, located at 330 Fair Lane, Building A, in Placerville. Additional meetings are held as necessary. Meeting announcements are posted at the County office and on the County's website. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies. There appears to be ample opportunities for public involvement and input at meetings.

Additional information regarding CSA 9 may be found on the County's website at <<http://www.co.el-dorado.ca.us>>.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the CSA 9 include residential, commercial, industrial, institutional, and open space. Planned land uses are defined in the County's general plan land use designations.

- 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; instead, they 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 is adequate for the current level of service demanded, although desired levels of service are not presently met due to financial limitations.

- 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 area relevant to the agency. There are many communities within the western slope of El Dorado County.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Population and growth projections within County Service Area Number 9 are identified in the County's 2004 General Plan. The County's General Plan and Zoning Ordinance plan for growth of the community with specific land uses. No significant growth or population increases are currently anticipated to affect the District's ability to provide of services.

Infrastructure

County Service Area Number 9 currently maintains approximately 86.01 miles of roadway that are owned by the County. 73 miles are a combination of chip sealed and asphalt concrete and 13 miles are gravel or dirt roadways. The Advisory Committees prefers to have all road surfaces asphalt paved or chip sealed. CSA 9 contracts with private providers for roadway services as needed. CSA 9 is able to provide sufficient roadway services.

Financing Constraints and Opportunities

County Service Area Number 9 is financed by benefit assessments and special taxes. Assessments and special taxes are generally adequate for CSA 9 to provide service. No additional significant financing opportunities have been identified.

Rate Restructuring

County Service Area Number 9 does not charge any rates for services; appropriate for the type services provided. CSA 9 is financed by benefit assessments and special taxes.

Cost Avoidance Opportunities

County Service Area Number 9 is currently utilizing cost avoidance opportunities available, including a competitive bid process, use of volunteers, and pooling of insurance, and sharing of staff to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

County Service Area Number 9 does not own any facilities and shares two County-owned. No significant opportunities for shared facilities have been identified.

Government Structure Options

County Service Area Number 9 is one of several agencies providing roadway maintenance services within its boundary. The overall management structure of CSA 9 is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The service boundaries of CSA 9 are appropriate for the current services provided. An alternative governmental structure option to reduce administrative complexities would involve combining services with another county service area, most likely to be County Service Area Number 2. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of CSA 9.

Evaluation of Management Efficiencies

County Service Area Number 9 is able to operating efficiently under its existing structure. CSA 9 jointly employs one full-time and one part-time person jointly with the other County Service Areas in El Dorado County. Additionally, CSA 9 contracts for roadway services when necessary.

Local Accountability

The County Board of Supervisors is elected by voters within the entire County. Board meetings are held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. Information regarding the City is readily available to members of the public.

XI. BIBLIOGRAPHY

County of El Dorado, Special District Budgets for Fiscal Year 2006-2007

County of El Dorado, Department of Transportation Management Reports, Special Districts ZOB, for services and supplies posted through 7/1/2007 – 8/18/2007, Report ran on August 28, 2007

Correspondence and personal communication with Elizabeth Zangari, Department Analyst, El Dorado County Department of Transportation

County of El Dorado's website, <<http://co.el-dorado.ca.us>>

2.10 EAST CHINA HILL CSD

EAST CHINA HILL COMMUNITY SERVICES DISTRICT

Contact Information

Address: 5230 Tioga Lane
El Dorado, CA 95623

Phone: (530) 642-9834

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: James A. Koltun Elected 2005 - 2009
James Sagaser Elected 2005 - 2009
Stuart Macy BOD appointed 2006 - 2009
John Reiner Elected 2003 - 2007
vacant term 2003 - 2007

Board Meetings: Quarterly, at a board member's home

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 475 acres

Population Served: 101 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$59,824

Sources of Funding: Property assessment and property taxes

Assessments: \$84 per parcel

Rate Structure: None

2.10 EAST CHINA HILL CSD

I. SETTING

East China Hill Community Services District (District) maintains approximately 1.5 miles of the China Hill Road immediately east of State Highway 49 and west of Union Mine Road. The portion of China Hill Road that runs through the District serves approximately 60 residential parcels within the District boundaries. The District is located between State Highway 49 and Union Mine Road, approximately one mile south of Pleasant Valley Road in the unincorporated El Dorado area in El Dorado County. **Figure 2.10-1** shows the District's boundaries.

The District was formed in 1977 to maintain the District's portion of the China Hill Road roadway to provide access to the residential parcels within the District's boundaries. China Hill Road is the primary roadway running through the District that connects the District to two major public roadways, State Highway 49 and Union Mine Road. There are four roadways within the District that branch off China Hill Road, but are not maintained the District. Two of these roadways branch off China Hill Road within the District to connect to another roadway outside the District.

The provision of services are within the District's powers, as authorized in their enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. The services provided do not extend beyond designated service boundaries, nor is the District contracted to provide service to other service providers.

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

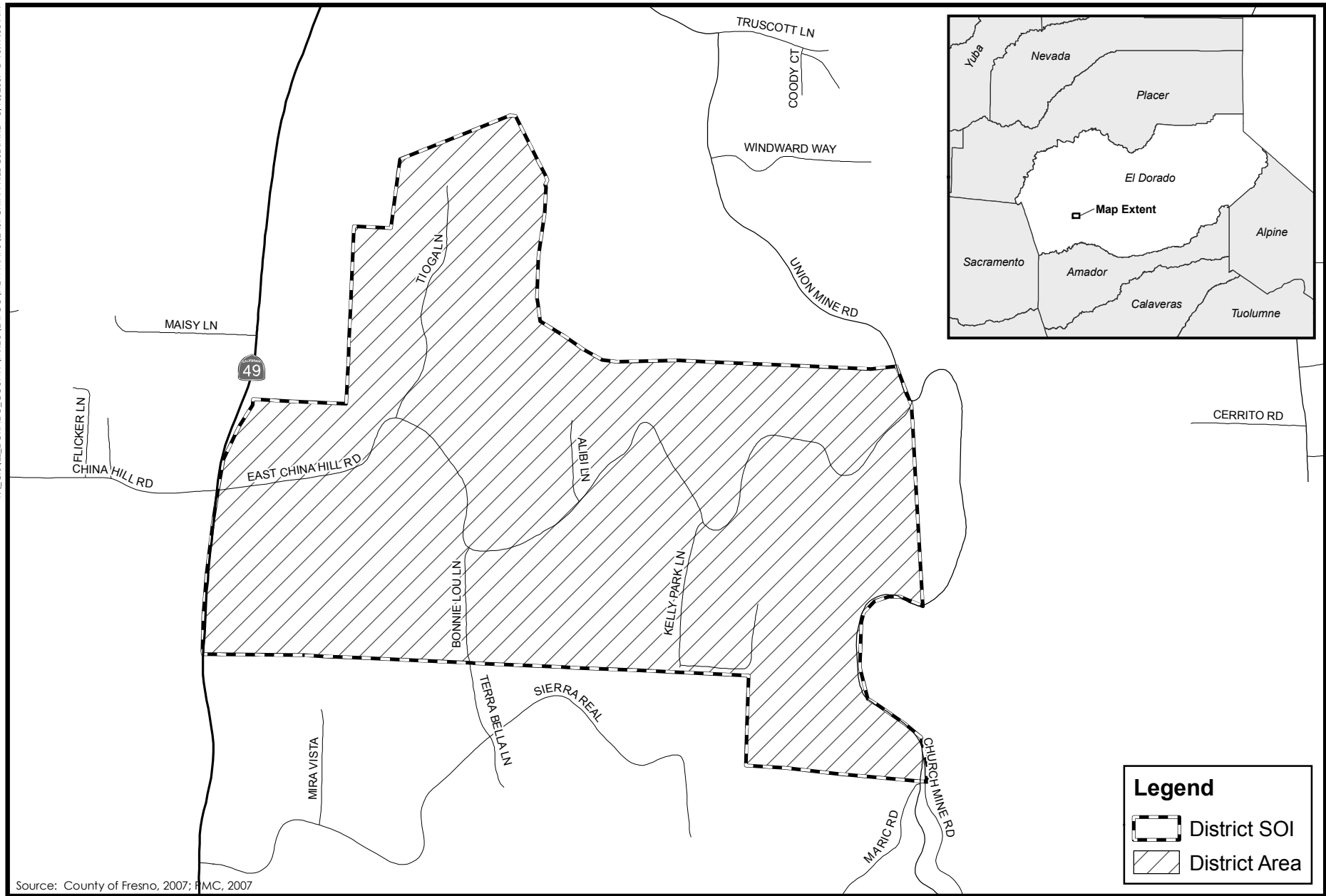
II. GROWTH AND POPULATION

The District currently is providing roadway services to approximately 60 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as all of the parcels within the District have been developed according to the zoning for the area. The District's boundaries have not changed since the District's inception. The District does not have any plans for future expansion.

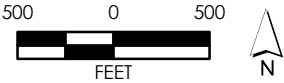
III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

T:\GIS\EL_DORADO_COUNTY\WXS\LAFCON\NEW MAPS\EAST CHINA HILL CSD.MXD - 8/10/2007 @ 10:17:00 AM



Source: County of Fresno, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-10.1
 East China Hill CSD
PMC

The District's current infrastructure consists solely of one roadway, China Hill Road, totaling approximately 1.5 miles. The District has indicated that the current roadway is adequate to serve the residents. There are a few spots on the roadway that are currently deteriorating. The roadway is repaired every few years; maintenance is deferred until sufficient funds are accumulated. Repairs and maintenance are contracted out on an as-needed basis whenever District volunteers are unable to perform required roadway maintenance themselves. Approximately four to five years are needed to accumulate sufficient reserves. The District has stated that they will do major roadway repairs in 2007. Major repairs may include resurfacing and resealing roadways.

The District does not have any facilities.

The District currently has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is primarily financed through property assessments and ad-valorem property taxes. Properties are assessed \$84 annually per parcel. The property assessments have never been increased since the District's inception. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected.

The FY 2006-07 budget states that revenues are expected to come from property taxes (\$5,540). The budgeted carryover fund balance from the previous fiscal year is \$54,284, with total financing for the District of \$59,824. Major expenses budgeted include road maintenance (\$47,494), insurance (\$1,800) and miscellaneous expenses, with total expenditures of \$59,824. The FY 2007 budget totals \$59,824 and is expected to result in current year expenditures equal to current year funds available.

In addition to budget information, East China Hill Community Services District provided a financial audit from FY 1994-95 to FY 2001-02. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2001-02. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.10-1** provides a summary of East China Hill Community Services District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2001-02.

TABLE 2.10-1
EAST CHINA HILL COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1994-95 TO FY 2001-02

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Total Expenditures ¹	\$14,009	\$183	\$18,907	\$1,253	\$5,280	\$33,631	\$927	\$1,092
Revenues – Property Taxes	\$9,233	\$9,392	\$9,892	\$9,994	\$10,025	\$10,076	\$10,369	\$10,496
Revenues – Other ²	\$1,208	\$1,401	\$1,426	\$1,875	\$1,736	\$1,743	\$1,055	\$1,368
Total Revenues	\$10,491	\$10,793	\$11,318	\$11,869	\$11,761	\$11,819	\$11,424	\$11,864
Net Revenue (Deficit)	\$(3,518)	\$10,610	\$(7,589)	\$10,616	\$6,481	\$(21,812)	\$10,497	\$10,772
Net Assets – end of period	\$22,295	\$32,905	\$25,316	\$35,932	\$42,413	\$20,601	\$31,098	\$41,870

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses.

2 Revenues (Other) is the total revenue from intergovernmental revenues, other revenues, fines, forfeitures and penalties and revenue from use of money or property. They are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.10-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.10-1 shows the District's expenditures vary significantly from year to year. The District's supplementary information shows that the greatest expenditure for most years is road maintenance. Insurance premiums account for a higher percentage of the District's expenditures in fiscal years 1997-98, 2000-01 and 2001-02, when the district is accumulating funds.

Table 2.10-1 shows that the District's annual revenues are relatively stable over time. Annual revenues increase on a yearly basis, primarily due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. As shown in **Table 2.10-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District accumulates funds every year to be used for extensive roadway maintenance every few years. In FY 2004-05 and FY 2005-06, the District did not expend any funds for roadway maintenance. The District's assets are generally stable over time and the District seems able to overcome the increased roadway expenditures of some years.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors. The District currently does not have any outstanding debt.

The District has indicated that they require additional financing for the District to improve roadways. Current financing opportunities available may include increasing the property assessments, currently at \$84 per parcel, which is less than other similar service providers

in the County. The District has indicated that a one time funding source may be available from State or Federal roadway maintenance grants. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are put out to bid, depending on the need and the availability of funds. The competitive bid process should allow the District to select the lowest cost qualified contractor to provide services. The competitive bid process has been less than effective in controlling costs, as the District is having difficulty in receiving responses to bid notices. In some instances, no responses to bid notices were received.

The District utilizes volunteers, usually district board members, to perform minor roadway repairs. This has been effective in reducing costs associated with minor roadway maintenance.

The District applies for grants when available. The District has been recently awarded a grant for over \$40,000 from the Federal Emergency Management Agency (FEMA) for roadway repairs after a severe storm. This grant is the second FEMA grant received by the District. The occasional grants, act as a fiscal pressure valve, allowing the District to avoid significant costs after severe storms.

Potential cost avoidance opportunities available were analyzed. No additional opportunities have been identified that would result in significant cost reduction with service provision. Cost avoidance opportunities include capital or operational actions, programs, and other more efficient or streamlined provision of services to the properties within the service area.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This district is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

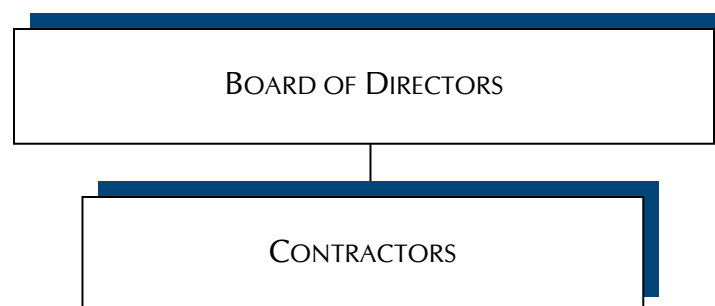
Transitioning the CSD to another government entity, such as another district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure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

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

The District has not expressed interest in changing the current District boundaries. Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary. In addition, the District utilizes volunteers to perform minor roadway repairs. **Figure 2.10-2** shows the District's current organization structure.

FIGURE 2.10-2
EAST CHINA HILL CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's Board of directors serve as the governing body composed of five officials, elected to four-year terms. The board elections are held every two years. 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 board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held quarterly as needed at a board member's house. Board meeting notices and agendas are posted on the District's road, China Hill Road, and published in the local newspaper, the *Mountain Democrat*. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at board meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily semi-rural residential. 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 is adequate for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include the unincorporated El Dorado community.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated. Current and future land uses are anticipated by East China Hill CSD to remain primarily semi-rural residential.

Infrastructure

The East China Hill CSD's infrastructure consists of one roadway, totaling approximately 1.5 miles. The District does not have any other facilities. The East China Hill CSD does not own major roadway maintenance equipment and contracts for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

The East China Hill CSD is financed by property assessments and ad-valorem taxes. Assessments are adequate for the East China Hill CSD to provide service. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. The District's assets are generally stable over time and the District seems able to overcome the increased roadway expenditures of some years. The District does not have outstanding debts. No additional significant financing opportunities have been identified.

Rate Restructuring

No rates are charged by East China Hill CSD, which is appropriate for the type of services provided. The District is financed by property assessments and property taxes.

Cost Avoidance Opportunities

East China Hill CSD attempts to utilize a sufficient range of cost avoidance opportunities, including bidding for services, applying for grants, and utilizing volunteers for minor roadway maintenance ; however, these attempts have had mixed results for the District. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

East China Hill CSD does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

East China Hill CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the East China Hill CSD is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The District's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary,

transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

East China Hill CSD does not currently employ any staff, and contracts for services when needed. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District is able to operate under the current government structure.

Local Accountability

East China Hill CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, East China Hill Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 2001-02

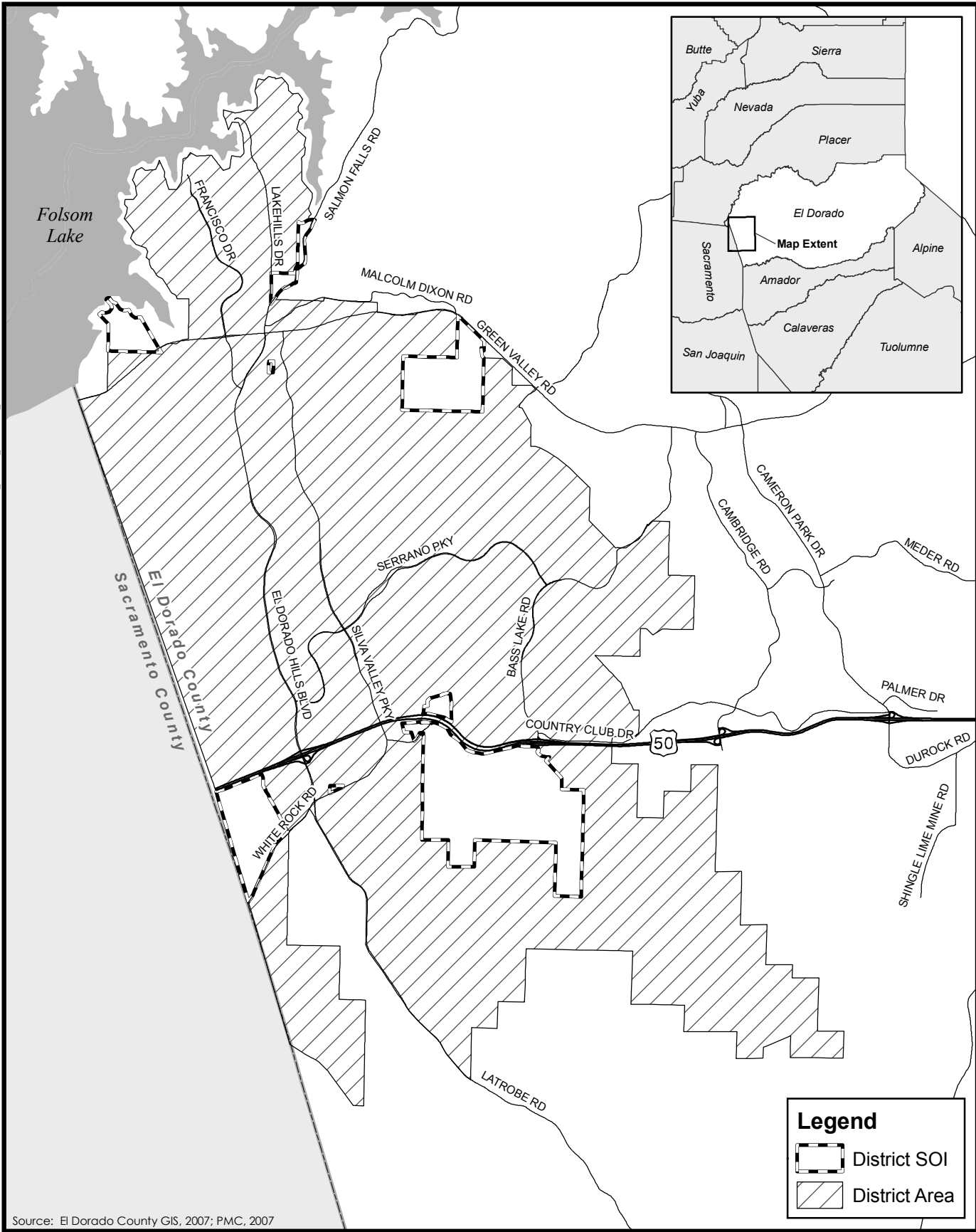
Correspondence and personal communication with Jim Koltun, Board Chairman, East China Hill Community Services District, contacted March 19 through May 8, 2007

2.11 EL DORADO HILLS CSD

2.11 EL DORADO HILLS CSD

The El Dorado Hills Community Services District provides public parks and recreation services and facilities, CC&R oversight, design review approval and enforcement, cable televisions, and waste/recycling collection. Although authorized to do so, it does not provide streets and highway services.

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Source: El Dorado County GIS, 2007; PMC, 2007



Figure 2-11.1
El Dorado Hills CSD



2.12 GARDEN VALLEY RANCH ESTATES CSD

GARDEN VALLEY RANCH ESTATES COMMUNITY SERVICES DISTRICT

Contact Information

Address: P.O. Box 273
Garden Valley, CA 95633

Phone: (530) 642-8352

Website: None

Management Information

Manager: Al Capeloto

Governing Body: Board of Directors

Board Members: Barbara Avery Elected 2004 - 2008
Al Capeloto Elected 2006 – 2010
Fred Kendell Elected 2004 – 2008
Walter Rivas BOD appointed 2006 – 2008
Frances Clark Elected 2006 – 2010

Board Meetings: In January, April, July, and October at a household within the District

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 1,312 acres

Population Served: 235 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$69,900

Sources of Funding: Property assessment and property taxes

Assessments: \$150 per parcel

Rate Structure: None

2.12 GARDEN VALLEY RANCH ESTATES CSD

I. SETTING

Garden Valley Ranch Estates Community Services District (District) maintains approximately 7.2 miles of roadway that serve 169 residential parcels of approximately 1,312 acres. The District is located on the east side of Mt. Murphy Road at Marshall Grade Road in the Garden Valley area of El Dorado County. **Figure 2.12-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1982 to maintain roadways providing access to residential parcels within the District's boundaries. Johntown Creek Road is the primary roadway that provides access to the District and connects to a public roadway to the north, Murphy Road, and dead-ends to the south. Secondary roadways that branch off the primary District-maintained roadway provide more direct access to parcels within the District and include Hollow Oak Court, Hancock Court, Hancock Road, Beehive Court, Sailor Ridge Road, Chrysler Circle, Providence Hill Road, Shaker Lane, Linger Lane, Kahala Road, Namaste Way, Rollercoaster Road, Johntown Creek Court, Lazy Brook Trail, and Lynx Ridge Road. The District maintains all roadways within its boundaries.

The provision of roadway maintenance services are within the District's powers, as authorized in their enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

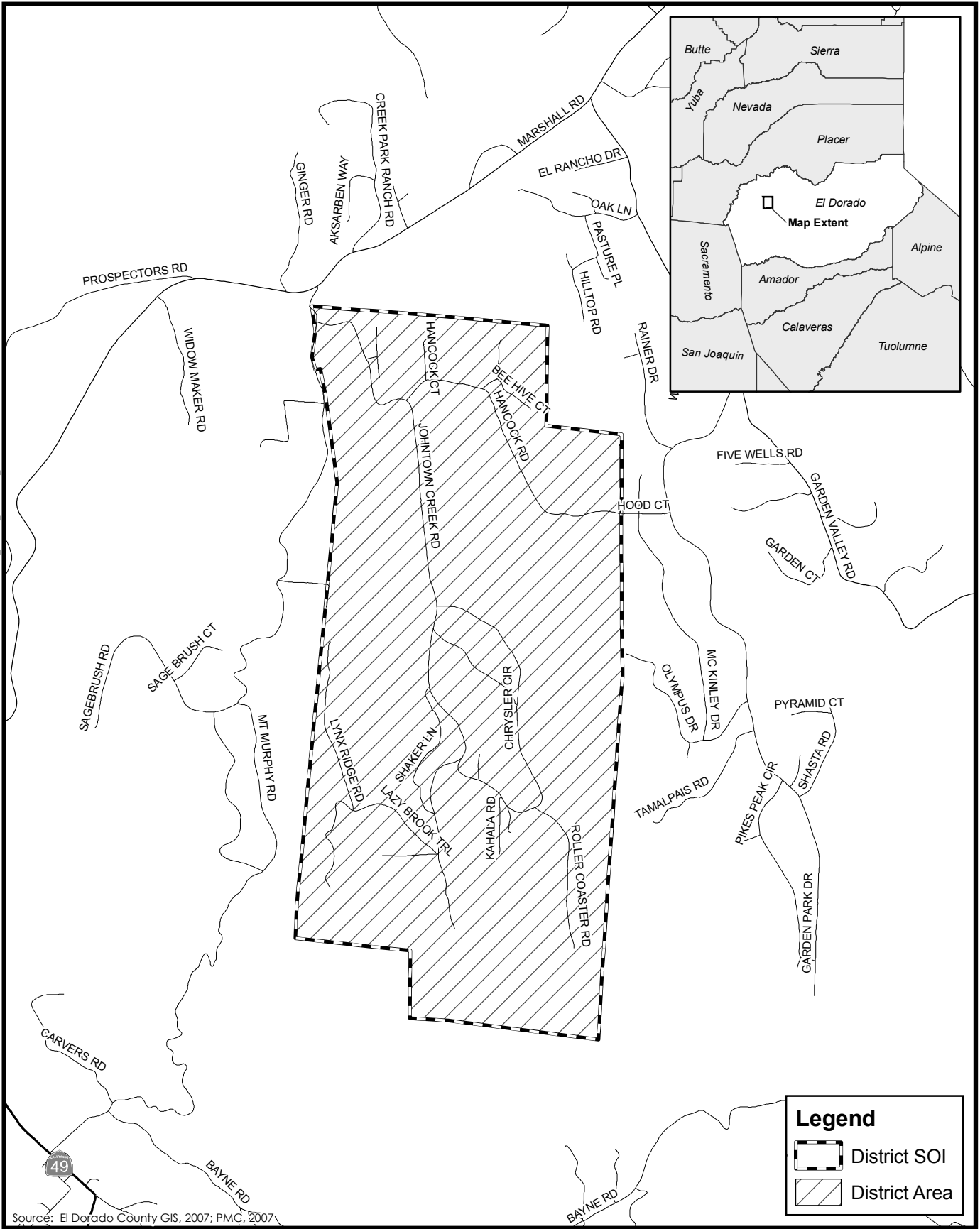
Roadway maintenance services are necessary to ensure that roadways remain usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in demand are expected with this type of service, and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

II. GROWTH AND POPULATION

The District currently is providing roadway services to 169 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. The District does not have any plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.



Source: El Dorado County GIS, 2007; PMC, 2007

Legend

- District SOI
- District Area

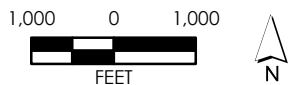


Figure 2-12.1
Garden Valley Ranch Estates CSD

The District's current infrastructure consists of one primary roadway, Johntown Creek Road, and 15 secondary roadways, totaling approximately 7.2 miles.

The District's roadways are greatly affected by severe winter weather and the terrain. Roadway repair may be necessary in the District due to landslides, cave-ins, underground springs, downed trees, and wash-outs. The District repairs damaged roadways on a yearly basis after winter storms have passed.

Because the roadways have required road maintenance on a yearly basis, repairs and maintenance are contracted out accordingly on an annual basis. Roadways are repaired, patched, and resurfaced for sections that have been damaged or require maintenance. The District has no plans for future expansion of services or major infrastructure and facilities. The District has indicated that the current roadway infrastructure is adequate for the current users and existing demand.

The District also maintains the ditches alongside the roadway.

The current roadways are adequate for the current roadway usage.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is primarily financed through property assessments and ad-valorem property taxes. Properties are assessed \$150 annually per parcel for all 169 parcels within the District. Property assessments were last updated approximately a decade ago, when assessments were then set at \$60 annually per parcel. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected.

The FY 2006-07 budget states that revenues are expected to come from property taxes (\$10,570), direct assessments (\$24,000) and other miscellaneous income, totaling \$35,570. The budgeted fund balance is \$53,553, with total financing available for the District of \$89,123. Major expenses budgeted include road maintenance (\$60,000), professional and specialized services (\$3,000), and insurance (\$1,600), with total expenditures of \$65,400. The FY 2007 budget totals \$69,900, with \$4,500 appropriated for contingencies. The budget is expected to result in current year expenditures greater than current year revenues. The District will utilize a portion of the accumulated fund balance for the current fiscal year.

In addition to budget information, Garden Valley Ranch Estates Community Services District provided a financial audit from FY 1993-94 to FY 2002-03. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1993-94 to FY 2002-03. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.12-1** provides a

summary of Garden Valley Ranch Estates Community Services District's revenues, expenditures and change in net assets from FY 1995-96 to FY 2002-03.

TABLE 2.12-1
GARDEN VALLEY RANCH ESTATES COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS, FY 1995-96 TO FY 2002-03

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Total Expenditures ¹	\$25,636	\$32,415	\$22,334	\$38,578	\$28,794	\$33,795	\$38,446	\$28,818
Revenues –Property Taxes	\$33,060	\$32,546	\$30,904	\$34,422	\$32,925	\$34,344	\$33,088	\$37,005
Revenues – Other ²	\$239	\$156	\$387	\$160	\$158	\$156	\$730	\$465
Total Revenues	\$33,299	\$32,702	\$31,291	\$34,582	\$33,083	\$34,500	\$33,818	\$37,470
Net Revenue (Deficit)	\$7,336	\$287	\$8,957	\$(3,996)	\$4,289	\$705	\$(4,628)	\$8,652
Net Assets – end of period	\$5,342	\$5,629	\$14,586	\$10,590	\$14,879	\$15,584	\$10,956	\$19,608

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses.

2 Revenues (Other) is the total revenue from intergovernmental revenues, miscellaneous expenses and interest. The revenues are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.12-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.12-1 shows the District's expenditures vary from year to year. The District's supplementary information shows that the greatest expenditure for most years is road maintenance/grounds maintenance.

Table 2.12-1 shows that the District's annual revenues are relatively stable over time. Annual revenues vary primarily due to shifts in property taxes. There are no additional factors expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. As shown in **Table 2.12-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. Because the District accumulates funds annually, it utilizes the accumulated funds for major roadway maintenance every few years, the District's assets are generally stable over time and the District seems able to financially recover from the increased roadway expenditures of some years. No additional financing opportunities have been identified.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors. Currently, the District does not have any outstanding debt.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out depending on the need and the availability of funds. The competitive bid process has recently been effective in controlling costs. Previously, only one local paving company responded to the bid, due to the District's remote location. There is now more development in the area, along with more companies responding to the bids, which should allow the District to be able to select the lowest cost qualified contractor to provide services.

The District has been able to reduce some maintenance costs by relying on members within the District to volunteer to help with some of the roadway maintenance; however, the number of volunteers has been decreasing.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

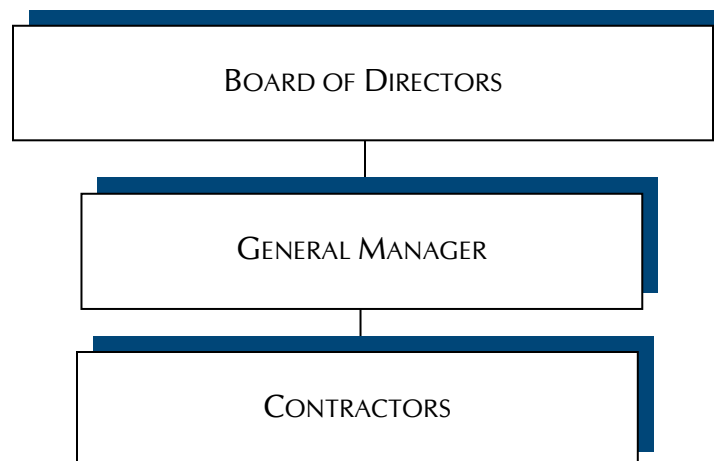
Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. One of the board members currently serves as the District's general manager, which is not permitted under Government Code 61040 (e). The District does not employ any staff and contracts for roadway maintenance services when necessary. **Figure 2.12-2** shows the District's current organization structure.

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

FIGURE 2.12-2
GARDEN VALLEY RANCH ESTATES CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The district's governing body is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. 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 Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held quarterly in January, April, July, and October at a household within the District. Meeting notices are posted at all mailbox islands throughout the District, around six to eight locations, prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily residential land uses. 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 is sufficient for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include the Garden Valley area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by the District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Garden Valley Ranch CSD's infrastructure consists of approximately 7.2 miles of roadway. The Garden Valley Ranch CSD has one primary roadway running through the District, Johntown Creek Road, and 15 secondary roadways branching off the primary

roadway. Roadway maintenance and repairs are performed annually. The Garden Valley Ranch CSD does not own major roadway maintenance equipment and contracts with private providers for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The Garden Valley Ranch CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

The Garden Valley Ranch CSD is financed by assessments and property taxes. Assessments and property taxes are adequate for the District to provide service. The Garden Valley Ranch CSD does not have outstanding debts. The Garden Valley Ranch CSD has accumulated reserves every year to be expended for roadway maintenance. The District's assets are generally stable over time and the District seems able to financially recover from the increased roadway expenditures of some years. No additional significant financing opportunities have been identified.

Rate Restructuring

The Garden Valley Ranch CSD does not charge any rates for services and is appropriate for the services provided. The District is financed by assessments and property taxes.

Cost Avoidance Opportunities

The Garden Valley Ranch CSD is currently utilizing cost avoidance opportunities available, including bidding of contracted services and utilizing volunteers to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Garden Valley Ranch CSD does not own any facilities and does not share any facilities with another provider. No significant opportunities for shared facilities have been identified.

Government Structure Options

The Garden Valley Ranch CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Garden Valley Ranch CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Garden Valley Ranch CSD is able to operate under its existing structure. The District's General Manager also serves as a member on the Board of Directors, which is not a

permissible role under Government Code 61040 (e). The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The Garden Valley Ranch CSD's Board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Garden Valley Ranch Estates Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 2003-04 to FY 2002-03

Correspondence with Al Capeloto, Board Member and District Manager, Garden Valley Ranch Estates Community Services District

2.13 GOLDEN WEST CSD

GOLDEN WEST COMMUNITY SERVICES DISTRICT

Contact Information

Address: P.O. Box 448
El Dorado, CA 95623

Phone: (530) 620-1228

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: Michael Willis Elected 2005 - 2009
Harold C. Roati, Jr. Elected 2003 - 2007
Kenneth Beam Elected 2005 - 2009
Rae Gamble Elected 2003 - 2007
Barbara Lea Elected 2003 - 2007

Board Meetings: Monthly, varies, usually on a Thursday at 7pm in the El Dorado Community Church, located at 4701 Church St in El Dorado

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 3,276 acres

Population Served: 752 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$123,677

Sources of Funding: Property assessment and property taxes

Assessments: \$120 per parcel

Rate Structure: None

2.13 GOLDEN WEST CSD

I. SETTING

Golden West Community Services District (District) was formed in 1983 to provide roadway services by maintaining three primary and several secondary roadways that provide access to a residential subdivision. Roadway services provided are within the District's powers, as authorized in their enabling legislation codified in Government Code 61101-61120. **Figure 2.13-1** shows the District's current boundaries and Sphere of Influence.

Golden West Community Services District maintains most of the paved and unpaved roadways within the District's boundaries. The three primary roadways connect to a public roadway, State Highway 49, at various points. The secondary roadways provide more direct access to residential homes not immediately adjacent to the primary roadways.

The District is located between the Nashville and Frenchtown areas on both sides of State Highway 49 and approximately three miles south of Pleasant Valley Road in the El Dorado area of the County.

The District does not provide additional non-roadway services outside of their enabling legislation nor does it provide service beyond designated service boundaries. Additionally, the District is not contracted to provide service to other service providers.

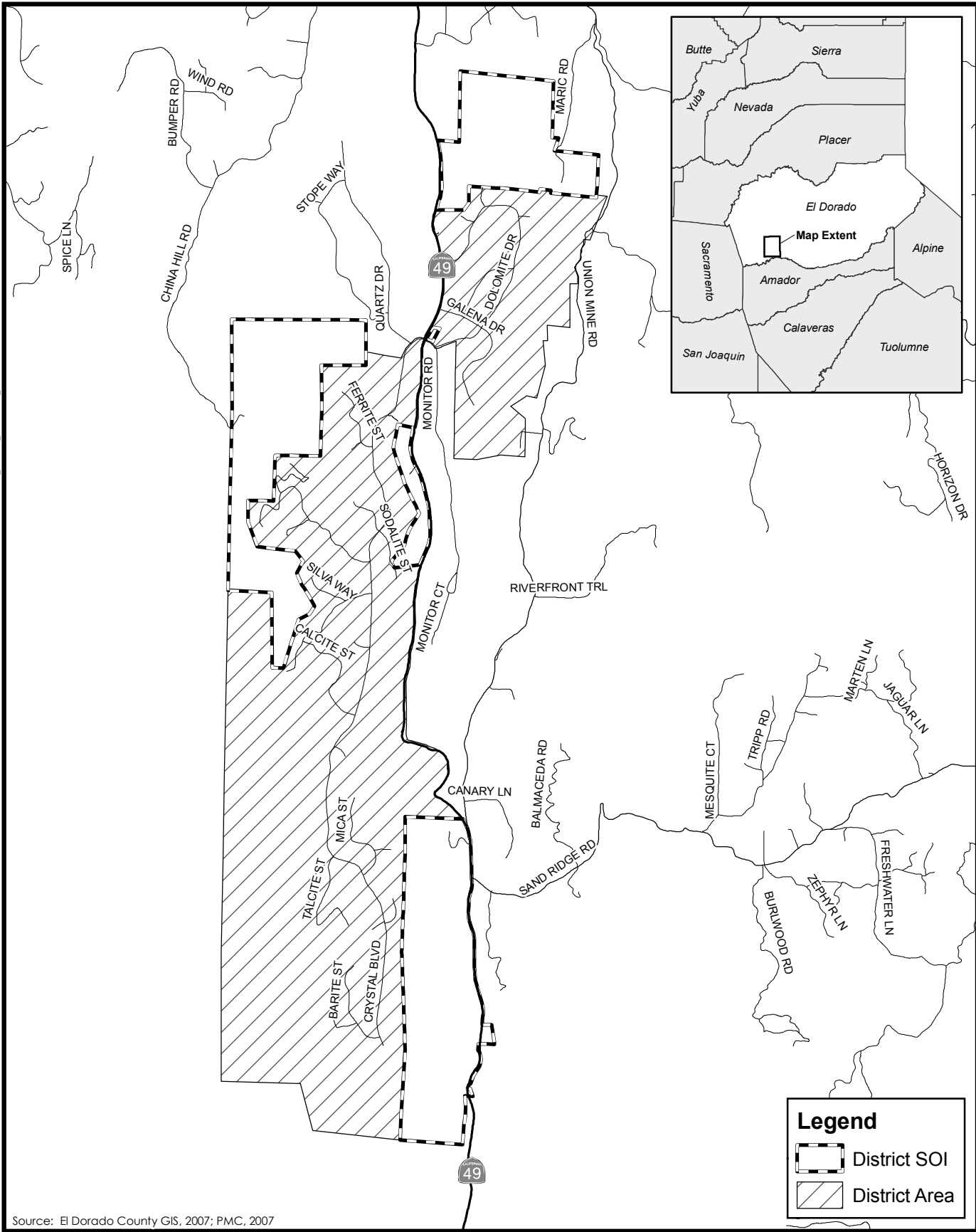
Roadway maintenance services are necessary to ensure that roadways remain usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in demand are expected with this type of service, and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

II. GROWTH AND POPULATION

The District is currently providing roadway services to approximately 3,276 acres within the District's boundaries. The District does not anticipate any significant future growth, population increases, or changes in land uses. Most of the parcels within the District have been developed according to the land uses specified by their zoning district in the County's General Plan; however, district staff have indicated that a few vacant lots remain within the District. The District does not have any plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.



Source: El Dorado County GIS, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-13.1
Golden West CSD

District Roadways

The District's infrastructure consists of two primary roads, multiple secondary roads, and fire access roads. The primary roadways that connect to State Highway 49 are Crystal Boulevard (4.2 miles) and Dolomite Drive (1.6 miles). Crystal Boulevard is the most heavily used roadway within the District. A general overview of all roads within the District's boundaries (public and private) indicates that more than half are paved, with the remainder being paved with gravel only.

Public versus Private Roadway Dispute

There is an ongoing dispute between residents and the District regarding the public and private roadways within the District. Several residents allege that the District has been using the District's funding to maintain private roads, which generally should not occur. Public roadways maintained by the district must be publicly offered for dedication and accepted by the District in accordance with the District's "Road Policy." Parcel map roads are private roadways that generally only carry the traffic of landowners accessing their property.

Several factors may have led to the confusion regarding public and private roads within the District. This includes the change in board members, lack of adequate documentation, general misconceptions and assumptions.

Not all portions of roadways within the District are public roads. Several roadways have portions that were publicly dedicated, generally the small portion that connects to the District's road. Confusion may have occurred by assuming that the entire road segment is a public road. Because of these misconceptions, the District has expended public monies for the maintenance and repair of private roads.

Table 2.13-1 shows the roadways within the District that have been dedicated for public uses. Most of the publicly dedicated roadways were dedicated prior to the District's formation in 1983. A map provided during the District's formation clearly shows the public roads and the private parcel map roads. Talcite Street appears to have been the only subsequent private road fully accepted into the District as a public road after the District's formation. In addition, the District constructed a fire access road for emergencies.

**TABLE 2.13-1
PUBLICLY DEDICATED ROADWAYS IN GWCSO**

Road	Portion
Amalgam Street	All
Barite Street	Entrance way only
Calcite Drive	Entrance way only
Cinnabar Court	All
Crystal Boulevard	Almost all
Dolomite Drive	All
Ferrite Street	Entrance way only
Fire access roads#	All

Road	Portion
Galena Drive	Major portion
Manganite Street	All
Mica Street	Entrance way only
Oakridge Circle North	Entrance way only
Oakridge Circle South	Entrance way only
Obrizo Street*	All
Ore Court	All
Pyrite Street*	All
Sam Hill Mine Court*	All
Sodalite Street	Entrance way only
Talcite Street+	All

**Constructed by the District.*

**These roadways terminate to private roadways.*

+Previously, the entrance way was publicly dedicated. Subsequently, the entire roadways were accepted for public dedication.

It is unclear if the use of public funds to maintain private roads results in such roads being dedicated as public roads. Two separate inter-office memos, dated March 23, 1988 and December 28, 1989 stated that it was the opinion of the County Council "that the use of tax monies to maintain community service district roads transforms such roads into public roads or highways which the public in general is entitled to use." A memo also stated that "when public monies are expended without objection upon what had previously been a 'private' road the expenditure of public monies is tantamount to an offer of dedication and acceptance thereof by the district and that thereby the road becomes a public road or highway available to the public in general."

Further compounding the issues is that the opinion of the attorney general that the use of public monies for private purposes is illegal. Public monies used to maintain or improve private roads "is a gift of public money in violation of Article IV, section 31 of the California Constitution [now Article XI, section 6]. (45 Ops.A.G. 98 (1965))"

The legal status of the private roadways within the District currently is unknown. Since the District appears to have expended monies and regulated roadway usage on private roads, it is uncertain if these roadways have become public roads. Several of the private roadways that have not been formally dedicated to the public serve a large number of parcels. A full analysis is necessary to determine if and which of the private roadways have become public. A recommendation for the District Board of Directors to consider is to better define the District's infrastructure network (e.g. clarify the legal status of the roads it maintains) and better define in the "Road Policy" the process by which roads can be dedicated to the District.

Roadway Maintenance

The District's board continues to evaluate the roadways to determine if repairs or overall maintenance is required; if so, repairs and maintenance services are then contracted out accordingly. The roadways are adequate for the current users and existing demand.

It is the District's opinion that the roadways are in a "pretty good" condition, but require additional maintenance. Residents have been unwilling to increase property assessments to provide additional funding for roadway maintenance, indicating that they may be satisfied with the current roadway conditions. The District has no plans for expansion of services or major infrastructure and facilities.

Fire Access Road

Since the District's inception, the District has constructed a fire access road, to be used in case of an emergency. Residents have raised a concern regarding whether the District secured the right easements to create these fire exits. In addition, the fire access roads are narrow (about a car width), mostly unpaved and gated. There is inadequate access and clearance to properly turn around if one were to use the fire road and decided to backtrack. In one instance, a car has fallen off a cliff.

Culverts

The District's culverts are currently poorly maintained. According to GWCS's "Road Policy," the District should be maintaining the culverts. A site tour revealed that many of the District's culverts were obstructed, half-buried, or fully buried culverts that were clearly not being maintained. Only three culverts were adequate for draining excess water. Consequently, residents have complained of localized flooding of their property by water draining from parcels in higher ground.

IV. FINANCING AND RATE RESTRUCTURING

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. Golden West Community Services District provided annual financial statements from fiscal year (FY) 2006-07, a financial audit from FY 1993-94 to FY 2000-01, and general information in response to PMC's questionnaire. All financial documents provided by the District were reviewed to determine the fiscal status of the District. In addition, residents provided additional information regarding the District's current financial status.

Funding

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and property assessments. Properties are currently assessed \$120 per parcel, annually. Assessments have not been increased since the District's formation in 1983. In 1996 and 2004, voters rejected proposed increases in property assessments to provide additional funds for roadway maintenance.

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.

Budget

Provided by the District

The FY 2006-07 budget provided by the District estimates revenues from property taxes (\$55,000) and direct assessments (\$53,360), totaling \$108,360. The carryover fund balance from the previous fiscal year is \$15,317, with total financing for the District of \$123,677. Major expenses budgeted include roadway maintenance (\$115,477), insurance (\$2,200), and herbicide (\$2,000), with total expenditures of \$123,677. The FY 2006-07 budget totals \$123,677 and is expected to result in expenditures greater than current year revenues. Estimated revenues, along with the carryover fund balance from last year, are expected to equal the total fiscal year expenditures, resulting in a balanced budget for the fiscal year.

Provided by Residents

Several residents of the District reviewed the Public Draft of this municipal service review and stated that the information provided by the District does not reflect the District's true financial status. The information supplied by the residents includes a September 5, 2007 newsletter from the District's Board President to residents.

The District initiated a contract with Delta Construction in 2006 for roadway repair and maintenance that greatly exceeded their available funding. The newsletter states that the District's "outstanding balance is \$160,135," after receiving a FEMA grant, utilizing all of the District's existing funds, and receiving an advance from the County. The newsletter further indicated that the contractor has suspended additional work due to the District's inability to pay.

In addition to entering into a contract for which the District did not have sufficient funding, the contract terms include a late fee charge of 18%. The late fee penalties present a huge burden for the District, which is unable to fulfill its financial obligations for the services performed by the contractor.

Budget Irregularities

The District may have provided LAFCo an inaccurate representation of the District's financial situation, failing to mention a significant expenditure that exceeded the District's revenues, reserves, and advance of funds. As such, the accuracy and truthfulness of the information provided by the District cannot be fully relied upon.

Accurate information would have substantially altered the determination of the District's financial status. The information provided by the District in March 2007 neglected to or failed to include the substantial estimated expenditure authorized in 2006. Currently, the District is not financially solvent, until it can pay off its creditors, Delta Construction, and the County for an advance of funds. The District has submitted reimbursement requests for FEMA funding.

If the reimbursement request is denied, it is estimated that it would take several years for the District to pay off the current debts incurred. This would render the District financially incapable of providing any roadway services.

Annual Financial Audits

In addition to budget information, Golden West Community Services District provided a financial audit from FY 1993-94 to FY 2000-01. Although this is the most recent financial audit of the District, it does not accurately represent the current financial condition of the District, as previously described.

The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures, and change in net assets from FY 1993-94 to FY 2000-01. The latter statement is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.13-2** provides a summary of Golden West Community Services District's revenues, expenditures, and change in net assets from FY 1993-94 to FY 2000-01.

TABLE 2.13-2
GOLDEN WEST COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1993-94 TO FY 2000-01

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Total Expenditures ¹	\$64,180	\$193,410	\$24,956	\$40,833	\$179,717	\$65,027	\$150,576	\$125,989
Revenues (Property Taxes)	\$70,300	\$75,786	\$76,073	\$79,084	\$84,790	\$79,796	\$88,969	\$87,461
Revenues (Other) ²	\$3,496	\$12,034	\$2,028	\$3,401	\$2,046	\$2,659	\$3,666	\$3,055
Total Revenues	\$73,796	\$87,820	\$78,101	\$82,485	\$86,836	\$82,455	\$92,635	\$90,516
Net Revenue (Deficit)	\$9,616	\$(105,590)	\$53,145	\$41,652	\$(92,881)	\$17,428	\$(57,941)	\$(35,473)
Net Assets (end of period)	\$101,747	\$(3,843)	\$91,930	\$148,394	\$60,494	\$77,922	\$67,002	\$46,938

1 Total Expenditures are included as one category, covering current operating expenditures for services, supplies, salaries, and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

2 Revenues (Other) is the total revenue from interest, miscellaneous and intergovernmental revenues. The revenues are included as a sum instead of separate categories because none are significant revenue sources for most of the years covered.

The information provided in **Table 2.13-2** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.13-2 shows the District's annual expenditures. The District's supplementary information shows that annual expenditures vary due to changes in the amounts spent on road maintenance. Road maintenance is the largest expense for the District and varies significantly from year to year.

The District's annual revenues increase each year (see **Table 2.13-1**). This increase is attributable to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents, and fixed assets, such as equipment. As shown in **Table 2.13-1**, the District's net assets change significantly from year to year, in part because some years the District has higher expenses for roadway maintenance. Based on the District's financial information up to 2001, it is not clear from the information provided whether or not the District is fully able to recover financially from these expenditures.

Other Investigations

A 2001-2002 Grand Jury Report determined in its Report Findings that the District is underfunded, and that the lack of funds results in the District's inability to maintain the roads. The report recommended that the board and residents should consider increasing the District's assessments to meet increasing costs. Since publication of the report, the board has attempted to increase assessments, but residents have rejected those increases.

Increased funding is necessary for the continued provision of roadway maintenance services. The District attempts to accumulate funds every year to be expended for roadway maintenance. In 2006, the District's funds were depleted. The District is currently attempting to gauge community support of another election to attempt to pass an increase in assessments.

Overall Financial Status

The District is currently unable to perform any roadway maintenance and repair due to a lack of funds. The District has outstanding debt with a large late fee charge that would require years of tax revenues to pay off. The District cannot continue further operations under these financial conditions.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to a service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District has stated that they utilize a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are circulated, depending on the need and the availability of funds, approximately every two to three years. The District has stated that the competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services. Several residents have disputed the bidding process and its effectiveness. The effectiveness and methods of the District's bidding process could not be independently verified at this time.

The District utilizes volunteers for the General Manager and Secretary positions, resulting in an avoidance of costs. However, the current volunteer Secretary position is vacant, and the District is seeking a replacement. If a volunteer is not found, the District may need to hire a paid staff member to fulfill secretarial duties. The current volunteer General Manager previously worked in the road construction industry, allowing the District to benefit from his expertise and knowledge.

The District utilizes community volunteers to perform minor roadway maintenance activities. The District also utilizes donated materials and equipment borrowed from community members, allowing the District to avoid costs.

The District has, in the past, been successful in applying for and receiving grant monies from the Federal Emergency Management Agency (FEMA) for repairs to major storm-related damages. The District continues to apply for FEMA and Office of Emergency Services (OES) grants to try to offset their current financial difficulties.

Potential cost avoidance opportunities available were analyzed. No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District is currently contracting out roadway maintenance services. Since the District does not own any facilities, there are no opportunities for shared facilities for roadway maintenance.

The District holds the board meetings in the El Dorado Community Church, outside of the District's boundaries, and currently pays \$25 per month to hold the meetings at that location.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Golden West CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

Government Structure

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to operate in the foreseeable future.

District Management

The District, under its current management, is unable to function. The existing management has inappropriately expended funds that were not available, resulting in the District being unable to pay off its excessive debt burdens. A more detailed analysis is

in the 'Financing' section of this document. The current financial situation jeopardizes the provision of services in the foreseeable future. This is a legal and administrative limitation on the District's future service provision.

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

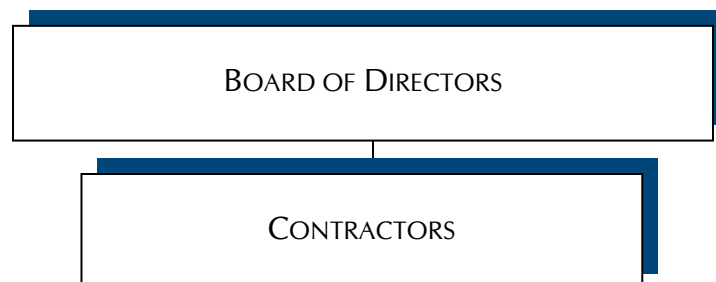
Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager.

The District does not employ any staff and utilizes volunteers to operate the District. The District contracts for roadway maintenance services when necessary. **Figure 2.13-2** shows the District's current organization structure.

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

FIGURE 2.13-2
GOLDEN WEST CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. Terms for the board members are staggered, with two or three terms maximum expiring at the same time. Several board members have been appointed to the Board by the County Board of Supervisors. This is a common occurrence for small CSDs in the County. Board members are comprised of registered voters within the District. Board positions are unpaid.

The following information has been stated by the District, while several residents have disputed it: That the board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held monthly and vary as to day, usually being held on a Thursday at 7:00 p.m. in the El Dorado Community Church, located at 4701 Church Street in El Dorado. Meeting dates are published in the District newsletter that is mailed to every property owner within the District. Meetings agendas are posted at Pride Realty 72 hours prior to the board meetings.

The District's local accountability remains questionable. Several residents have alleged improper conduct and accountability during Board meetings. In addition, the District has not provided documentation or meeting minutes upon request. Other issues regarding the District have been discussed in previous sections of this document.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses in the area include residential uses, vacant residential lands, 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 is adequate to serve the existing community. The future adequacy of the public services is highly questionable, as the District is currently in excessive debt and will be unable to finance services over the next few years.

- 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 area. Nearby communities include the Nashville and Frenchtown areas.

As shown in **Figure 2.13-1**, the District's Sphere of Influence extends beyond the District's current service area. Shrinking the District's Sphere of Influence to be concurrent with the current boundaries, or smaller, may be appropriate, based on their limited abilities to provide roadway services.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Golden West CSD. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Golden West CSD's infrastructure consisting of two primary roadways, multiple secondary roadways, and fire access roads. The Golden West CSD does not own major roadway maintenance equipment and contracts for roadway maintenance services.

The District does not have any standards for roadway repair and maintenance. Roadway conditions appear adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The Golden West CSD does not have plans for expansion of infrastructure or facilities.

The District's culverts appear to be improperly maintained. The District's fire access roads appear to be hazardous.

The District may have expended funds to maintain private roadways. It is unclear if these private roadways are now legally public roadways. Legal questions remain regarding private and publicly dedicated roadways.

Financing Constraints and Opportunities

The Golden West CSD is financed primarily by assessment and property taxes. Property assessments have not been increased since the District's formation in 1983.

The District has significant outstanding debts. The District currently requires several years of funding to pay off outstanding debts. The District has submitted reimbursement requests to FEMA. It is uncertain if FEMA will authorize grant monies for the District's expenses.

Financial information regarding the District cannot be relied upon, as the District has omitted or failed to mention the true status of their financial situation.

Rate Restructuring

The Golden West CSD does not charge any rates for services; appropriate for the type services provided. The District is financed by assessment and property taxes.

Cost Avoidance Opportunities

The Golden West CSD appears to be utilizing a sufficient range of cost avoidance opportunities, including bidding of and utilizing contract services, seeking grant funding, and utilizing volunteers to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Golden West CSD does not own any facilities and does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Golden West CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall government structure of the District should be sufficient to perform necessary services and maintain operation. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Golden West CSD is unable to operate under its existing management. The current management has inappropriately expended funds that greatly exceeded available funding.

The District has provided inaccurate or incomplete information regarding the true status of the District. Any information regarding the District may need to be independently verified.

The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The District's board is elected by voters within the District.

Board meetings and local accountability issues exist. There are currently significant issues regarding the District's financial status, proper use of funding, bidding process, conduct, accountability, noticing, and other issues. Further analysis beyond the scope of a municipal service review by the appropriate agencies is necessary.

Any information regarding the District may need to be independently verified.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007.

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Golden West Community Services District, GWCS D Newsletters, February 2006 through April 2007.

El Dorado County Grand Jury, *2001-2002 Grand Jury Report, Special Districts Committee, Golden West Community Services District.*

Personal communication with Barbara Lea, Board Member, Golden West Community Services District, March 2007.

Personal communication with Rae Gamble, Board Member, Golden West Community Services District, April 2007.

Information and supporting documentation provided by Golden West Community Services District residents, October – November, 2007.

2.14 GRASSY RUN CSD

2.14 GRASSY RUN CSD

I. SETTING

Grassy Run Community Services District (District) has been functionally inactive since mid-1997. At that time, the District adopted a resolution that provided the District would no longer expend District funds on Grassy Run roads. Maintenance and repair of these roads had been the sole purpose of the District. This resolution put the District into a state of suspension. Due to this state of suspension; and consequently the District has not provided information for the completion of a Municipal Service Review. The District can be considered an inactive service provider. The following information regarding the historic and current status of the District is provided to explain the District's condition.

Grassy Run Community and its Homeowners' Association were formed in May of 1974. The Association was authorized, through a declaration of covenants and restrictions to impose:

"special assessments for maintenance, repairs and improvements required by regional committees and for financing and paying for subsequent stages of construction of those roads within the existing property, and special assessments for the purpose of installing, maintaining and replacing street name signs and traffic control signs on the private roads within the existing property...."

In late 1982 or early 1983, the Association elected to create a special district with the sole purpose of repair, maintenance and improvement of the Grassy Run roads, which resulted in the formation of the Grassy Run Community Services District. The District functioned in accordance with the above purpose until 1996, when the Shingle Springs Band of Indians initiated a Federal Court lawsuit against the District. This suit contended that in (i) creating the District and (ii) collecting and expending public monies, the residents of Grassy Run had implicitly dedicated their roads to public use.

In April 1997, United States District Judge David F. Levi rejected the contention and ruled that the roads were private, and that the Grassy Run members had never intended the roads for public use. In order to avoid future finding of implied dedication, the District Board made the decision to no longer expend District funds upon the Grassy Run roads. As result of this decision, the District came into a state of suspension in June 1997. The District has conducted no business whatsoever after that point. Since repair, maintenance and improvement of the Grassy Run roads was the sole purpose for the District, the District no longer provides any services.

Litigation between the District and the tribe is still pending. The District may consider dissolution at a future time, depending on the outcome of this litigation. In the interim, all costs and expenditures incurred in connection with the repair, maintenance and improvements of the Grassy Run roads are being made by the Homeowner's Association, and not the District. The District is still collecting its share of the property taxes. The District does not have any property assessments are currently being levied. The only expenditures being made by the District are for insurance premiums, which is a significant portion of the property taxes received.

The District is currently providing no services and no additional analysis is necessary to assess the District's condition.

II. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily rural residential. 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 by a private provider, the Grassy Run Homeowner's Association. 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. The Grassy Run Homeowner's Association is expected to remain the roadway service provider.

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

The District does not provide any services it has been authorized to provide.

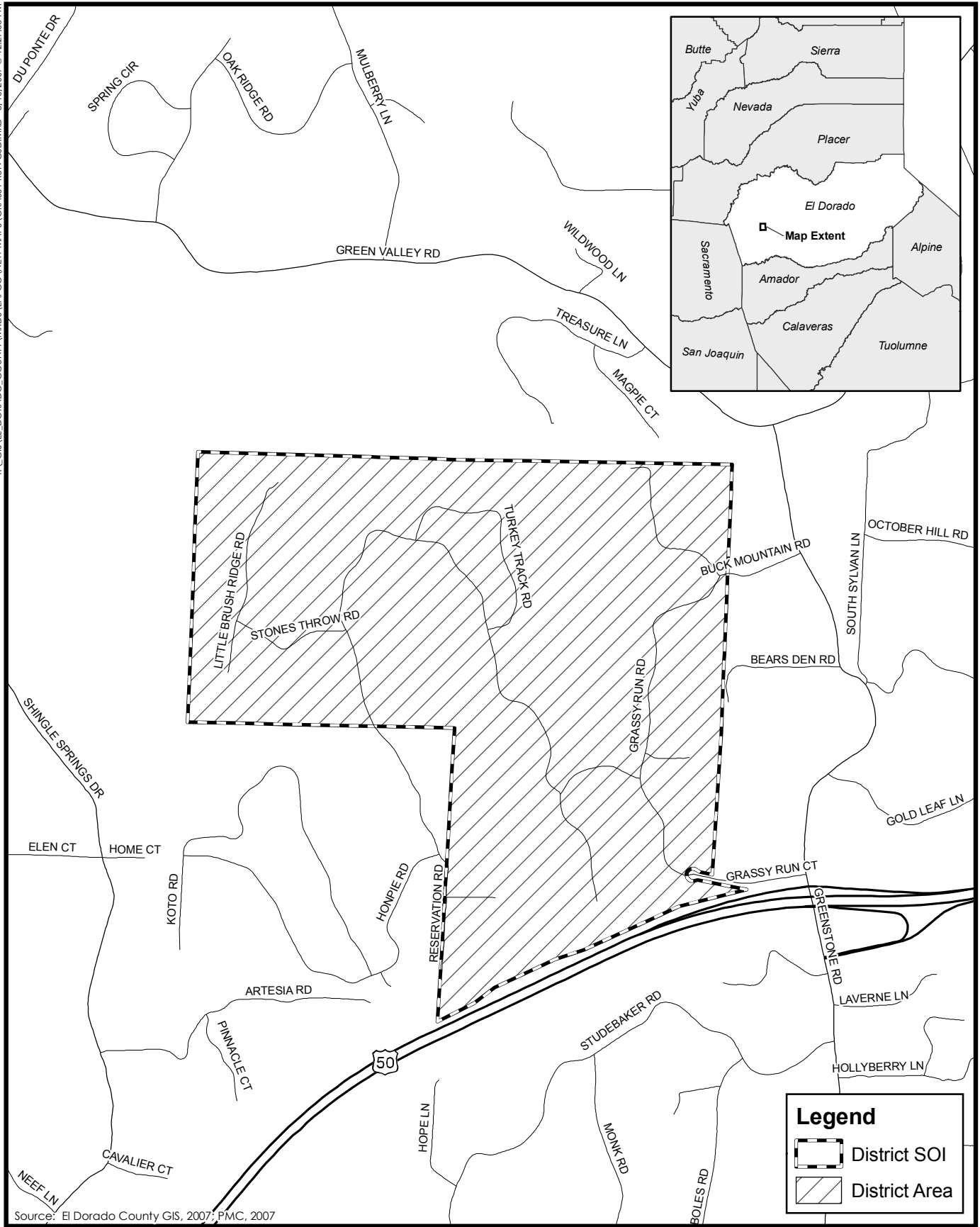
- 4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Social communities of interest in the area include the Grassy Run Homeowner's Association.

Since the District is not expecting to provide any services in the foreseeable future and is considering dissolution, a zero sphere of influence may be appropriate.

III. BIBLIOGRAPHY

Masterson, Janice; President, Grassy Run Community Services District. Correspondence RE: Road and Road Maintenance Services Municipal Service Review. April 2, 2007.



Source: El Dorado County GIS, 2007; PMC, 2007



Legend

- District SOI
- District Area

Figure 2-14.1
Grassy Run CSD
PMC

2.15 GREENSTONE COUNTRY CSD

2.15 GREENSTONE COUNTRY CSD

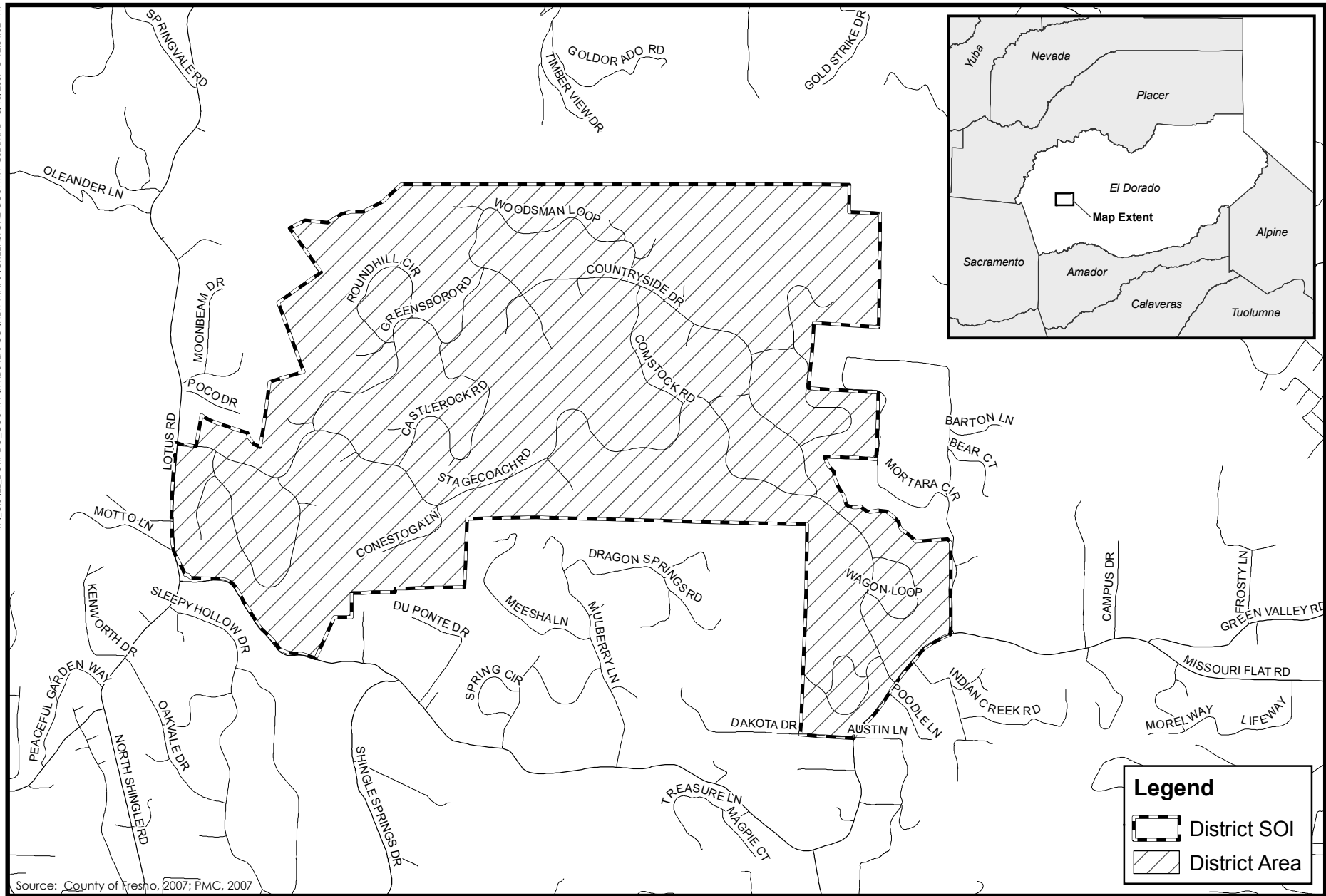
The Greenstone Country Community Services District is authorized to provide water, sewer, refuse, fire, recreation, street lighting, mosquito abatement, police, library, roads, bridges culverts, curbs and drainage services. It does not provides streets and highways services. Streets and highways services are considered the District's latent powers.

XI. BIBLIOGRAPHY

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<http://www.co.el-dorado.ca.us/lafco/pdf/greenstonecountry.pdf>

T:\GIS\EL_DORADO_COUNTY\MXD\NEW MAPS\GREENSTONE COUNTRY CSD.MXD - 8/10/2007 @ 12:34:32 PM



Source: County of Fresno, 2007; PMC, 2007

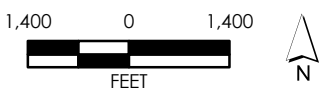


Figure 2-15.1
Greenstone Country CSD
PMC

2.16 HICKOK ROAD CSD

HICKOK ROAD COMMUNITY SERVICES DISTRICT

Contact Information

Address: 1810 Hickok Road
El Dorado Hills, CA 95762

Phone: (916) 933-0704

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members:

Janna Buwalda	Elected 2005 - 2009
Warren Sargent	Elected 2005 – 2009
Art Barker	Elected 2005 – 2009
Jim MacFarlane	BOD appointed 2006 – 2007
Harold Peters	Elected 2003 - 2007

Board Meetings: Not regular

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 67 parcels

Population Served: 84 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$ 10,856

Sources of Funding: Property assessment and property taxes

Assessments: \$200 per parcel

Rate Structure: None

2.16 HICKOK ROAD CSD

I. SETTING

Hickok Road Community Services District (District) maintains the 2.15 miles of roadway within District boundaries, consisting of Hickok Road, Harlin Road, and Sweet Valley Road. The District is located on the north side of Malcolm Dixon Road, approximately one and a half miles east of Salmon Falls Road in the Salmon Falls area, north of El Dorado Hills, in El Dorado County.

The District was formed in 1989 to maintain Hickok Road to provide access to residential homes located on parcels within the District's boundaries. Hickok Road, the primary roadway for the District, connects to a public roadway, Malcolm Dixon Road, and terminates to the north. Hickok Road has three secondary roadways branching off the primary roadway.

Roadway services provided are within the District's powers, as authorized in their enabling legislation, Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

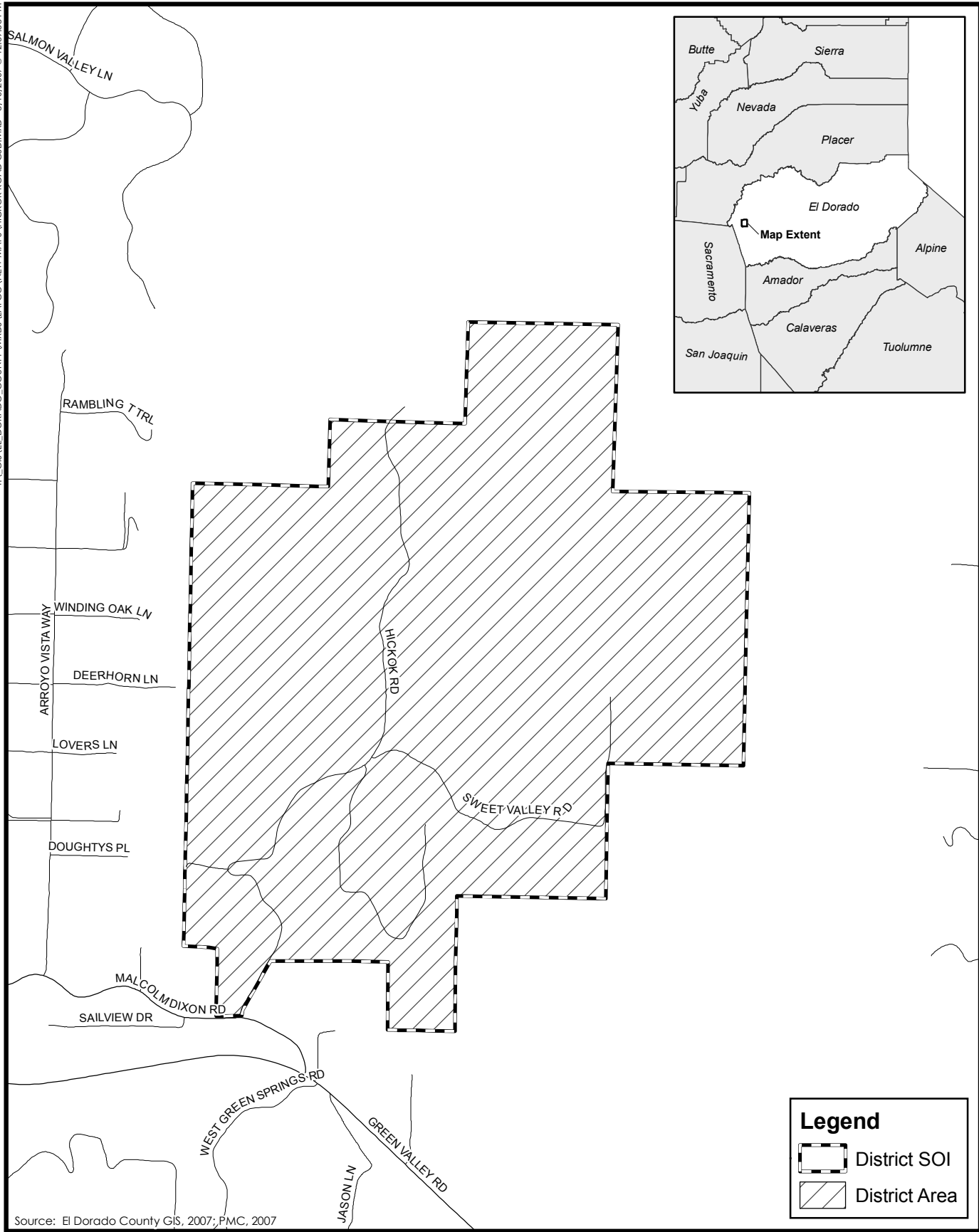
The District currently is providing roadway services to approximately 67 parcels within the District's boundaries. There are approximately 50 homes within the District. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. It is estimated that there are less than 10 vacant parcels within the District. The District does not have any plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.



The District's current infrastructure consists of 2.15 miles of roadway, consisting of Hickok Road, Harlin Road, and Sweet Valley Road. The District does not have any facilities.

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Source: El Dorado County GIS, 2007; PMC, 2007

Legend

-  District SOI
-  District Area

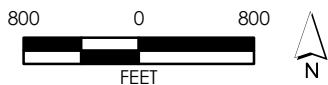


Figure 2-16.1
Hickok Road CSD



The roadways were last repaired approximately four years ago. The roadways are repaired by contractors as needed, based upon current roadway conditions and availability of funding. The District's board evaluates the roadways to determine if repairs or overall maintenance are required, and if residents or contractors are needed to perform the repairs. Repairs and maintenance are contracted out accordingly. The District has indicated that the current roadways are adequate for the current users and existing demand. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Hickok Road Community Services District provided annual financial statements from fiscal year (FY) 2006-07, a financial audit from FY 1993-94 to FY 2000-01, and general information in response to PMC's questionnaire. All financial documents provided by the District were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed through property assessments and ad-valorem property taxes. Properties are currently assessed \$200 annually. Assessments were last raised to \$200 in 2006. The District's by-laws allow the board to increase assessments up to \$200 without approval by residents. Assessment increases over \$200 must go before voters for approval. The ad-valorem property taxes are calculated by the County and transferred to the District. The District accumulates these funds annually and expends the accumulated funds for roadway maintenance every few years. No rates are charged and no user fees are collected.

The District's budget for FY 2004-05 and FY 2005-06 states that revenues came from property taxes (\$3,616), direct assessments (\$5,850), and other miscellaneous income. The District was able to accumulate reserves by putting all financing towards the fund balance.

The total fund balance for FY 2006-07 is anticipated to be \$63,443. Major expenses budgeted in FY 2006-07 include road maintenance (\$3,000) and other miscellaneous expenses, with total budgeted expenditures of \$6,500. The balance of excess funds is appropriated for contingencies. Based on the limited budgetary information available, the District's budget appears to be balanced. The District stated that it currently has \$72,443.

In addition to budget information, Hickok Road Community Services District provided a financial audit from FY 1993-94 to FY 2000-01. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures, and change in net assets from FY 1993-94 to FY 2000-01. The latter statement is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.16-1** provides a summary of the Hickok Road Community Services District's revenues, expenditures and change in net assets from FY 1993-94 to FY 2000-01.

**TABLE 2.16-1:
HICKOK ROAD COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1993-94 TO FY 2000-01**

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Total Expenditures ¹	\$2,959	\$40,017	\$4,195	\$470	\$4,581	-	\$8,102	\$55,925
Revenues (Property Taxes)	\$15,810	\$17,980	\$17,474	\$19,466	\$11,603	\$11,326	\$11,456	\$13,700
Revenues (Other) ²	\$1,173	\$990	\$1,238	\$2,044	\$3,462	\$3,435	\$4,285	\$2,848
Total Revenues	\$16,983	\$18,970	\$18,712	\$21,510	\$15,065	\$14,761	\$15,741	\$16,548
Net Revenue (Deficit)	\$14,024	\$ (21,047)	\$ 14,517	\$ 21,040	\$ 10,484	\$ 14,761	\$ 7,639	\$ (39,377)
Net Assets (end of period)	\$38,387	\$17,340	\$31,857	\$52,897	\$63,381	\$78,142	\$85,781	\$46,404

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies.

2 Revenues (Other) is the total revenue from interest and intergovernmental loans. The revenues are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered here.

The information provided in **Table 2.16-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.16-1 shows the District's annual expenditures. The District's statements of variance show that annual expenditures vary due to special expenses that were not classified as any other expenses, and the significantly greater expenditures in FY 1994-95 and FY 2000-01 were due to road maintenance expenses.

Table 2.16-1 shows that the District has a relatively stable annual income of approximately \$16,000. The District's statements of variance show that the greater revenues in FY 1996-97 were due to increased direct assessments.

The District's net assets include cash and cash equivalents and are generally increasing over time. Reductions in net assets in FY 1994-95 and FY 2000-01 were due to large expenditures on roadway maintenance. As stated above, the District accumulates funds annually and expends funds every few years on roadway maintenance. It is probable the District will be able to continue to operate in this manner while maintaining financial stability.

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. Currently, the District does not have any outstanding debt.

The District appears to be financially stable, as the District is able to provide adequate services and the District's budget is balanced. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to a service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District has previously attempted to utilize a competitive bid process for the maintenance and upgrades of the existing roadway. A competitive bid process should have been able to allow the District to select the lowest cost qualified contractor for providing services. Requests for proposals were sent out and no bids were received, possibly due to the amount of the contract. Recently, the District has been utilizing the same contractor for the roadway repairs, Mill's Construction.

The District's service area is adjacent to Arroyo Vista Community Services District. Both districts provide similar roadway maintenance services. A possible cost saving opportunity may involve both districts collaborating to jointly issue requests for proposals for roadway maintenance services. This arrangement may offer both districts reduced costs due by allowing the private provider to bid on a larger work area and attracting more bidders.

Every fall, the District organizes a work committee of residents who volunteer to clean culverts, trim brush, and perform basic maintenance duties.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision. Cost avoidance opportunities include potential sharing of facilities, capital or operational actions, programs, and other more efficient or streamlined provision of services to the properties within the service area.

VI. OPPORTUNITIES FOR SHARED FACILITIES

The District does not have any facilities and does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section of the MSR considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

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

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

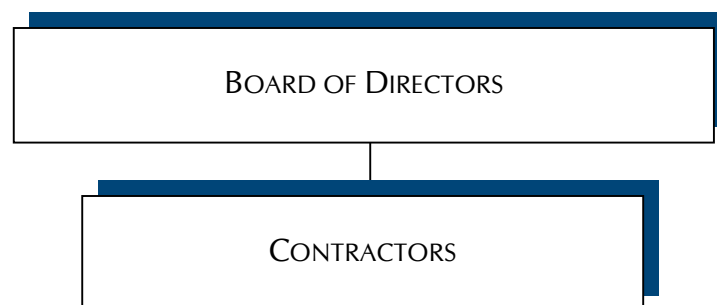
Consolidation of the Arroyo Vista Community Services District and the Hickok Road Community Services District is possible, as both districts have been formed under the same principal act, both districts are providing similar services, and both districts are adjacent to each other. However, a consolidation is unlikely to result in significant efficiencies due to the costs associated with the change of organization. The cost, time, and administrative complexity of such a transition may negate the efficiencies gained. The current governmental structure is appropriate to provide adequate services.

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary.

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

FIGURE 2.16-2
HICKOK ROAD CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected to four-year terms. Board members are comprised of registered voters within the District. Board positions are unpaid.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed, approximately one to two times per year, at one of the residents' homes. Meeting announcements are posted on public mailboxes and on newspaper boxes on Hickok Road. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies, although the Brown Act requirement of quarterly meetings for all public boards does not appear to be met. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses in the area include residential uses, vacant residential lands, 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 is adequate for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include the Salmon Falls area and unincorporated El Dorado Hills.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Hickok Road CSD's infrastructure and facilities consist of 2.15 miles of roadway, one primary and two secondary roadways. The Hickok Road CSD does not own major roadway maintenance equipment and contracts for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Hickok Road CSD is financed by property assessments and ad-valorem property taxes. Assessments were last raised in 2006. Assessments appear to be adequate for the District to provide service. The District does not have outstanding debts. Based on the limited financial information available, the District's budget appears to be balanced. The District is accumulating funds every year to be expended on roadway maintenance every few years. It is probable the District will be able to continue to operate in this manner while maintaining financial stability. No additional significant financing opportunities have been identified.

Rate Restructuring

No rates are charged by Hickok Road CSD; appropriate for the type of services provided. The District is financed by assessments and property taxes.

Cost Avoidance Opportunities

The District is currently utilizing available cost avoidance opportunities, including utilizing volunteers to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

Hickok Road CSD does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

The Hickok Road CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Hickok Road CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Hickok Road CSD is able to operate under its existing structure. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The Hickok Road CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, although meetings do not appear to be held quarterly, as required. There appear to be ample opportunities for public involvement and input. No other significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007.

County of El Dorado, Office of Auditor-Controller. *Hickok Road Community Services District Audit Report on the Financial Statements for Fiscal Years Ending June 30, 1994, 1995, 1996, 1997, 1998, 1999, 2000, and 2001*. May 7, 2003.

Correspondence and personal communication with Art Barker, Board Chair, Hickok Road Community Services District, March 2007.

2.17 HILLWOOD CSD

HILLWOOD COMMUNITY SERVICES DISTRICT

Contact Information

Address: 4515 Woodside Way
Shingle Springs, CA 95682

Phone: (530) 677-6829

Website: None

Management Information

Manager: Lisa Egly

Governing Body: Board of Directors

Board Members:

John Rozowski	Elected 2005 - 2009
Ed Courtial	BOD appointed 2006 - 2009
Joseph Egly	BOD appointed 2006 - 2007
Larry Booher	Elected 2003 - 2007
Anthony Trunzo	Elected 2003 - 2007

Board Meetings: Not regular

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 390 acres

Population Served: 273 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$13,329

Sources of Funding: Property taxes

Rate Structure: None

2.17 HILLWOOD CSD

I. SETTING

Hillwood Community Services District (District) maintains approximately six miles of roadway that serve over 160 residential parcels. The District is located on the west side of French Creek Road, approximately half a mile south of Mother Lode Drive, in the Shingle Springs area of El Dorado County.

The District was formed in 1969 to maintain roadways to the residential parcels within the District's boundaries. The District's roadways connect to two major public roadways, French Creek Road and South Shingle Road.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120. Services provided do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to over 160 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses.

No significant growth or population increases are expected that will affect the District's ability to provide services. The District does not have any plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of approximately six miles of roadway. Information on specific roadways was not provided by the District.

Repairs and maintenance are contracted out accordingly on an as-needed basis. Contracted services include asphalt patching, asphalt resurfacing, and safety markings. Roadway repairs are determined based on the amount of available funding and the extent of damage to the roadways.

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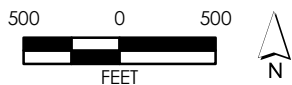
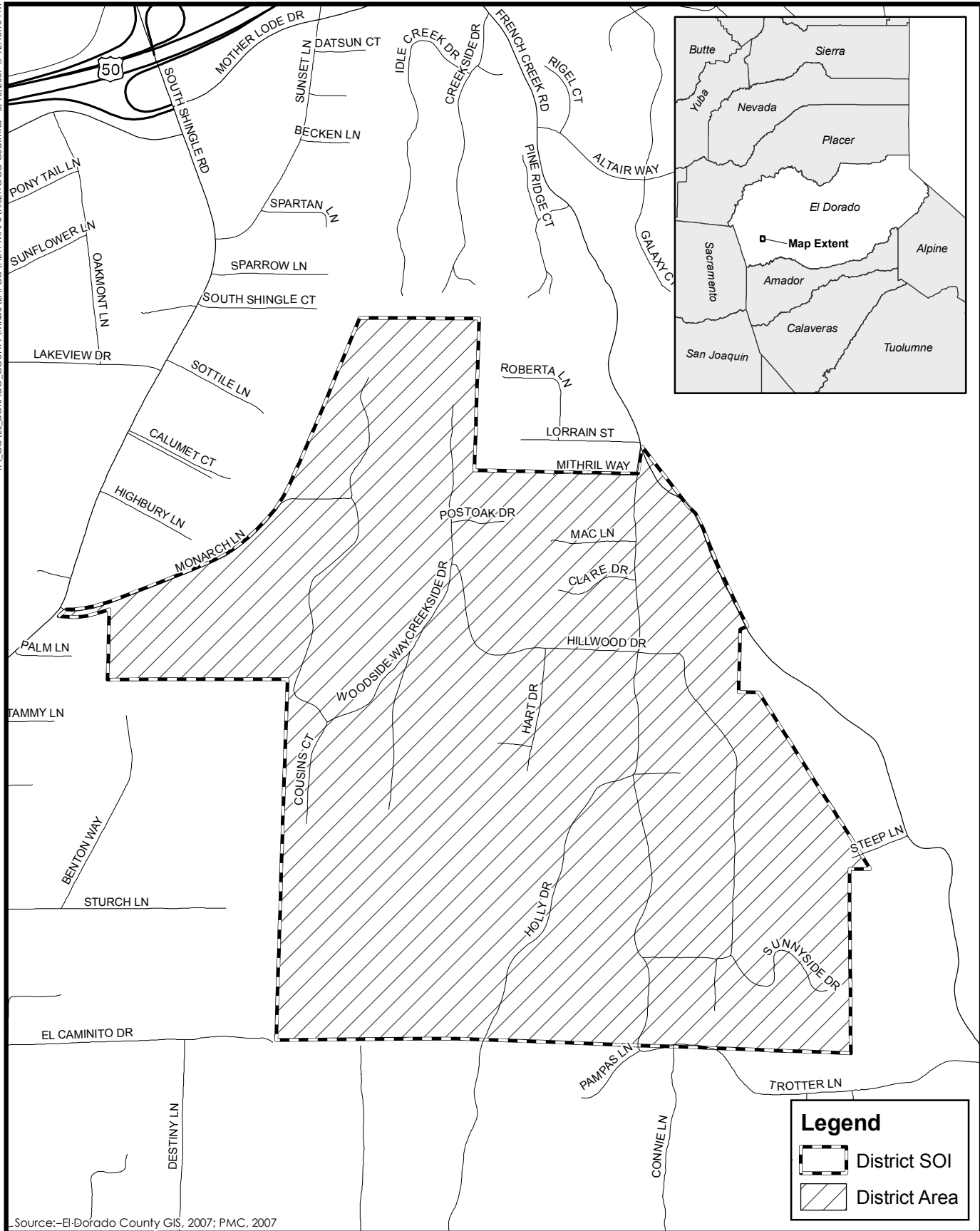


Figure 2-17.1
Hillwood CSD



The current roadways are in need of maintenance and improvements, but the necessary additional funds are not available. Board member Booher indicated that “expectations are low.”. The deteriorating quality of the roads and the lack of sufficient funding for necessary improvements indicate that the condition of the roadways will likely continue to degrade in coming years. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors. Currently, the District does not have any outstanding long-term debt.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is primarily financed through ad-valorem property taxes. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected.

The actual FY 2005-06 budget states that major revenues came from secured property taxes (\$11,679) and other miscellaneous income, totaling \$13,329. The carryover fund balance from the previous fiscal year was \$16,607. Major expenses budgeted include road maintenance (\$7,500) and publications and professional and specialized services (\$2,448), with total expenditures of \$10,003. The budget resulted in revenues exceeding expenditures.

The FY 2006-07 budgeted expenditures exceed the previous year's property tax revenues and are estimated to require funding from the District's reserves.

In addition to budget information, Hillwood Community Services District provided a financial audit from FY 1994-95 to FY 2001-02. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2001-02. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.17-1** provides a summary of Hillwood Community Services District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2001-02.

TABLE 2.17-1
HILLWOOD COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND ASSETS
FY 1994-95 TO FY 2001-02

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Total Expenditures ¹	\$13,067	\$15,146	\$6,850	\$7,211	\$13,000	\$7,358	\$10,420	\$10,796
Revenues –Property Taxes	\$7,637	\$7,854	\$8,219	\$8,400	\$8,685	\$9,100	\$9,763	\$10,265
Revenues – Other ²	\$380	\$704	\$263	\$158	\$190	\$286	\$239	\$311
Total Revenues	\$8,017	\$8,558	\$8,482	\$8,558	\$8,875	\$9,386	\$10,002	\$10,576
Net Revenue (Deficit)	\$(5,050)	\$(6,588)	\$1,632	\$1,347	\$(4,125)	\$2,028	\$(418)	\$(220)
Net Assets – end of period	\$7,067	\$479	\$2,111	\$3,458	\$(667)	\$1,361	\$943	\$723

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses.

2 Revenues (Other) is the total revenue from intergovernmental revenues, interest and miscellaneous revenues. The revenues are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.17-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.17-1 shows the District's expenditures vary significantly from year to year. The District's supplementary information shows that the greatest expenditure for most years is road maintenance. Changes in total expenditures reflect changes in road maintenance expenditures.

Table 2.17-1 shows that the District's annual revenues are relatively stable over time. District revenues increase on a yearly basis, primarily due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. As shown in **Table 2.17-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District attempts to accumulate funds annually. The District expended the accumulated funds for roadway maintenance every few years. For five of the eight years included in the District's audit, District operations resulted in a net loss. The District seems unable to recover from major expenditures.

District staff have indicated that the current revenue received through the ad-valorem property taxes are below the level of funding needed to adequately maintain all roadways within the District. Additional financing opportunities are necessary for the District to adequately provide services. Current financing opportunities available may include imposing a property assessment to a sufficient level of funding for the District. Most other similar service providers in the area have property assessments funding roadway maintenance services.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational

actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

Costs not directly related to road maintenance have been reduced, with members within the District forming neighborhood work crews for weed removal and ditch clearing.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section of the MSR addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with another service provider.

No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

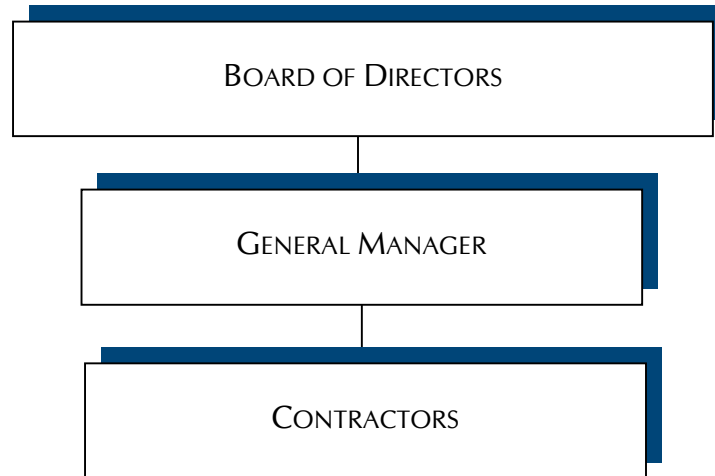
This section of the MSR considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current government structure. The existing structure of the District, a community services district, is sufficient to allow the District to continue service provision in the foreseeable future, although the need for additional funding appears necessary to ensure an appropriate level of service for residents. There are no legal or administrative limitations on the District to future service provision. However, the adequacy of the government structure is dependent upon the District passing assessments or securing additional financing.

With the minor amount of roadway improvements possible with such limited financial resources, transitioning the CSD to an alternative service provider, such as the County, would be likely to result in significant efficiencies. An alternative government structure for the District would be elimination of the service and assumption of roadway maintenance by the El Dorado County Department of Transportation. This transition of service responsibility would have the potential to create additional funding options available for roadway maintenance. The full fiscal and operational impacts of such a transition have not been fully evaluated, and a detailed analysis of such a change would be necessary to state with certainty whether the change would result in an increased level of service or reduction in operational costs.

The District has not expressed interest in altering the current District boundaries. Services provided are currently inadequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded, as the area is well defined geographically.

**FIGURE 2.17-2
HILLWOOD CSD ORGANIZATIONAL CHART**



The District's Board of Directors has appointed a General Manager who is directly responsible for the implementation of the policies established by the board. The District does not employ any other staff and contracts for services as needed.

VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. Board member terms are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District. Board positions are unpaid.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed, due to the limited nature of the District's services and funding available. Meeting notices are posted on trees and/posts at the entrances to the District. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies, although the infrequency of the meetings suggests that the meetings do not occur quarterly, as required in the Brown Act. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily residential uses. 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 at a minimum. The ability of the District to provide continued maintenance of roadways at an acceptable level of service will be dictated by its ability to secure capital necessary to implement an acceptable maintenance schedule.

- 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 currently provided is barely sufficient for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include the Shingle Springs area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Hillwood CSD. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Hillwood CSD's infrastructure consists of approximately six miles of roadway. The roadways are in need of additional maintenance and repairs. Hillwood CSD does not own major roadway maintenance equipment and contracts with private providers for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are barely sufficient for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Hillwood CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Services provided by Hillwood CSD is financed primarily by ad-valorem property taxes. Additional financing opportunities include the addition of property assessments to fund needed roadway improvements and maintenance services. The District does not have any long-term outstanding debts. Fiscal year 2007 budgeted expenditures are greater than current ad-valorem property tax revenues. The District attempts to accumulate funds annually and expends the accumulated funds for roadway maintenance every few years. The District seems unable to recover from major expenditures.

Rate Restructuring

No rates are charged by Hillwood CSD; which is appropriate for the type of services provided. The District is financed by property taxes.

Cost Avoidance Opportunities

Hillwood CSD appears to be utilize a sufficient range of cost avoidance opportunities; including bidding for services and utilizing volunteers to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

Hillwood CSD does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

Hillwood CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The District's service boundaries are appropriate for the current services provided. The overall management structure of the Hillwood CSD is sufficient to perform necessary services and maintain operation, although the District's lack of financing and poor maintenance record suggest that an alternative government structure may be more efficient at provision of the service. Transferring roadway maintenance service responsibilities to the County may be an option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

Hillwood CSD is able to operate under its existing structure. FY 2006-07 budgeted expenditures exceed estimated property taxes. The District has one appointed general manager and contracts for services when needed. The District's lack of financing and poor maintenance record is of concern.

Local Accountability

The Hillwood CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, although meetings may not occur quarterly, as required. There appear to be ample opportunities for public involvement and input. No other significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Hillwood Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 2001-02

Correspondence with Larry Booher, Board Member, Hillwood Community Services District

2.18 KIRKWOOD MEADOWS PUD

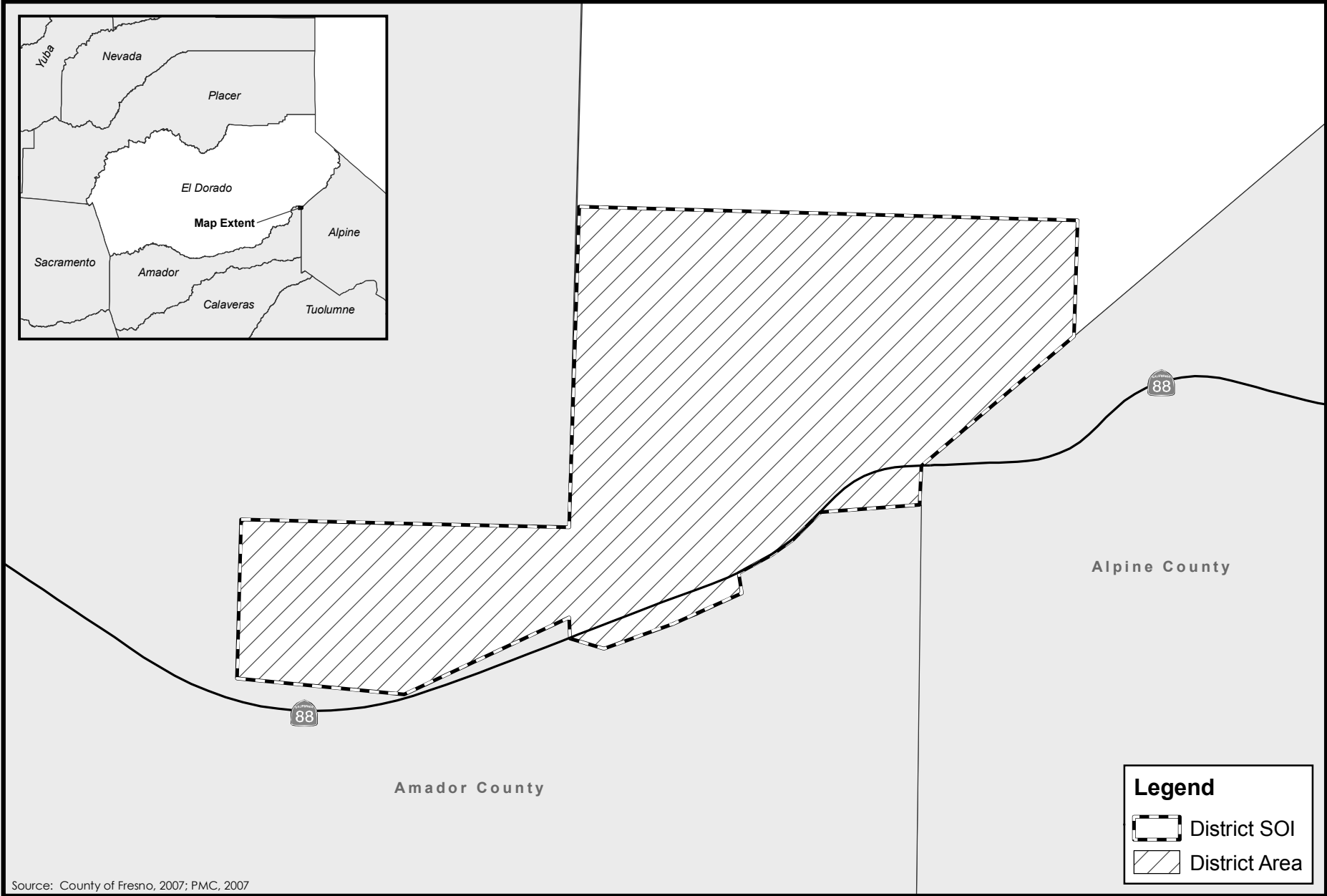
2.18 KIRKWOOD MEADOWS PUD

The Kirkwood Meadows Public Utilities District provides water, sewer, and irrigation water services. It does not provides streets and highways services. Streets and highways services are considered the District's latent powers.

In addition, Alpine LAFCO is the principal LAFCO for Kirkwood Meadows PUD; consequently, Alpine LAFCO will be responsible this agency's MSR.

Figure 2-18.1 shows the portion of the District's boundaries that are within El Dorado County.

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Source: County of Fresno, 2007; PMC, 2007



Figure 2-18.1
Kirkwood Meadows PUD
PMC

2.19 KNOLLS PROPERTY OWNERS CSD

KNOLLS PROPERTY OWNERS COMMUNITY SERVICES DISTRICT

Contact Information

Address: 4341 Hillock Drive
Placerville, CA 95667

Phone: (530) 622-2093

Website: None

Management Information

Manager: Hellen Mitakys

Governing Body: Board of Directors

Board Members:

Mickey Sleigh	Elected 2003 - 2007
Kate Campbell-Craven	Elected 2005 - 2009
Donna L. Cribbs	Elected 2003 - 2007
Darlene Harder	Elected 2005 - 2009
Christy Fitch	Elected 2003 - 2007

Board Meetings: Not regular

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 188 acres

Population Served: 52 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$31,770

Sources of Funding: Property assessment and property taxes

Assessments: \$300 per parcel

Rate Structure: None

2.19 KNOLLS PROPERTY OWNERS CSD

I. SETTING

Knolls Property Owners Community Services District (District) maintains approximately 1.9 miles of roadway, consisting of Lakeview Drive, Hillock Drive, and Saddleback Court. The District is located on the west side of Springvale Road, approximately three-quarters of a mile from Lotus Road in the Rescue area, in El Dorado County.

The 188-acre District was formed in 1982 to maintain roadways providing access to residential homes located on parcels within the District's boundaries. Lakeview Drive connects to a public roadway, Springvale Road, and terminates to the southwest. Lakeview Drive is the primary roadway that runs through the District. Hillock Drive and Saddleback Court are dead-end secondary roadways that provide access to more parcels and connect to Lakeview Drive.

Roadway services provided are within the District's powers, as authorized in their enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

The District is currently providing roadway services to approximately 29 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases or changes in land uses within the District, as most of the parcels have been developed according to the zoning for the area.

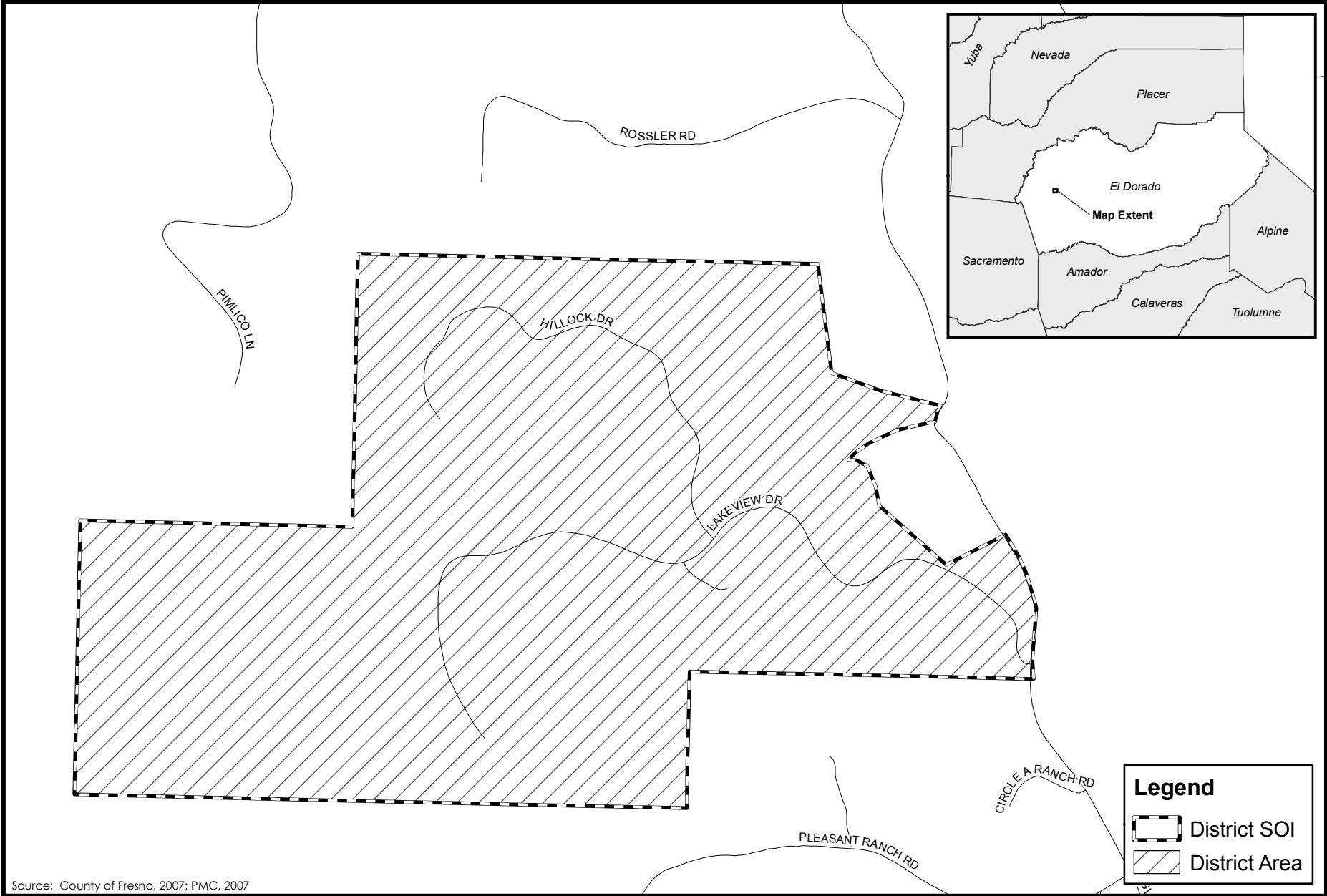
The District is interested in expanding their current Sphere of Influence and boundaries to include a 115-acre parcel immediately to the west of the District, as the residents on that land currently utilize the District's roadways to access their parcel. Roadway services are being provided that benefit that parcel. It is possible that this area may eventually become a part of the District's service boundaries.

III. INFRASTRUCTURE

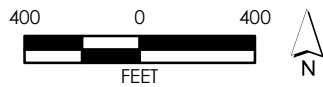
This section addresses the adequacy of roadways and roadway maintenance programs within the District. The adequacy of the District's roadways is generally based on the District's self assessment, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. There are no Countywide standards for roadway repair and maintenance applicable to special districts, thus it is left to each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of 1.9 miles of roadway, including Lakeview Drive, Hillock Drive, and Saddleback Court. The District does not have any facilities.

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Source: County of Fresno, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-19.1
Knolls Property Owners CSD
PMC

The roadways are repaired by contractors as needed, based upon the current condition of the roads and available funding. Major repairs to the District's roadways were last performed in 2005. The District's board evaluates the current roadways to determine if repairs or overall maintenance is required, and if residents or contractors need to perform maintenance or repairs. Repairs and maintenance are then contracted out accordingly. The District has indicated that the current roadways are adequate for the current users and existing demand. The District has no plans for providing additional services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed through property assessments and a share of the local ad-valorem property tax. Properties are currently assessed \$300 annually per parcel. Assessments were lowered approximately a decade ago, but were subsequently re-set at \$300. The District is currently considering its options to identify and determine whether there is need to increase funds and methods to increase funding, if necessary. No rates are charged and no user fees are collected.

The FY 2006-07 budget states that revenues are expected to come from secured property taxes (\$4,330) and direct assessments (\$8,700), totaling \$13,030. The budgeted carryover fund balance from the previous fiscal year is \$18,740, with total financing for the District of \$31,770. Major expenses budgeted include road maintenance (\$15,000) and accounting (\$5,000), with total expenditures of \$21,015. The FY 2007 budget totals \$31,770 and is expected to result in current year financing available greater than current year expenditures, with \$10,755 remaining to be appropriated for contingencies.

In addition to budget information, Knolls Property Owners Community Services District provided a financial audit from FY 2001-02 to FY 2004-05. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 2001-02 to FY 2004-05. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.19-1** provides a summary of Knolls Property Owners Community Services District's revenues, expenditures and change in net assets from FY 2001-02 to FY 2004-05.

TABLE 2.19-1
KNOLLS PROPERTY OWNERS COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND ASSETS
FY 2000-01 TO FY 2004-05

	2000-01	2001-02	2002-03	2003-04	2004-05
Total Expenditures ¹	\$18,141	\$33	\$21,519		\$160
Revenues – Property Taxes	\$2,684	\$2,773	\$3,182	\$3,451	\$3,472
Revenues – Direct Assessment	\$4,288	\$8,725	\$8,650	\$8,050	\$9,550
Revenues – Other ²	\$717	\$599	\$358	\$169	\$703
Total Revenues	\$7,689	\$12,097	\$12,190	\$11,616	\$13,815
Net Revenue (Deficit)	\$(10,452)	\$12,064	\$(9,329)	\$11,670	\$13,565
Net Assets – end of period	\$2,641	\$14,705	\$5,376	\$17,046	\$30,611

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses.

2 Revenues (Other) is the total revenue from intergovernmental revenues, interest and miscellaneous revenues. The revenues are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.19-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.19-1 shows the District's expenditures vary significantly from year. The District's supplementary information shows that the greatest expenditure for most years is road maintenance. Changes in total expenditures reflect changes in road maintenance expenditures.

Table 2.19-1 shows that the District's annual revenues are relatively stable over time. District revenues increase on a yearly basis, due to normal increases in property taxes and increases in direct assessments. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents and capital assets. As shown in **Table 2.19-1**, the District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District accumulates funds annually. The District expended the accumulated funds for roadway maintenance every few years. The District seems able to financially recover from these major road maintenance expenditures. No additional financing opportunities have been identified.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors. Currently, the District does not have any outstanding debt.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District currently utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out and bids received. The District evaluates the bids and selects a contractor for the roadway repairs. 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.

The District organizes a work committee of residents within the District who volunteer to perform basic maintenance duties.

Potential cost avoidance opportunities available were analyzed, however, no additional opportunities have been identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section considers the potential benefits to finances or operations of the District which may result from the utilization of shared facilities. The District does not have any facilities and does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association may be able to continue to provide

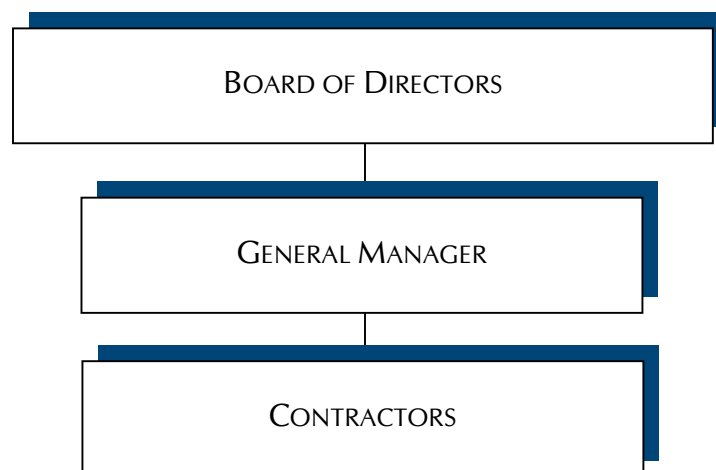
roadway maintenance services. A homeowners' association would allow residents to retain local control and could allow greater flexibility in increasing special assessments to provide additional funding. This may involve the dissolution of the District and transferring roadway maintenance responsibilities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

The District would like to extend existing boundaries to include the parcel to the west of current District boundaries. The parcel to the west of current district boundaries currently utilizes the District's roadways in order to access their properties. No evaluation has been made of the potential costs of maintaining the additional roadways serving this parcel, or the impacts to other aspects of operations, as this expansion is currently speculative. The adjacent site is not within another district providing similar roadway maintenance services.

Residents within the District appear to be the primary users of the District's roadways. There are a few people who use the District's roadways to access parcels not within the District. The District has informally indicated interest in changing the current District boundaries. The District may later proceed with a Sphere of Influence/annexation application. Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

The board of directors has appointed a general manager who is directly responsible to the board and implements the policies established by the board. The District does not have any additional staff and contracts for roadway maintenance services when necessary. **Figure 2.19-2** shows the District's current organizational structure.

FIGURE 2.19-2
KNOLLS PROPERTY OWNERS CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected to four-year terms. The board elections are held every two years. Board member terms are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District. Board positions are unpaid.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are currently held as needed. Meeting announcements are posted on public community mailboxes located throughout the District. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies, although the Brown Act requirement of quarterly meetings for all public boards does not appear to be met. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily rural residential, but also include vacant residential lands 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 is sufficient for the current level of service demanded.

Currently the District has a "free rider" problem with out-of-district landowners who utilize District roads to access their property. This causes wear and tear on the roads that is not appropriately offset by revenues.

- 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 area. Nearby communities include the Rescue and Lotus areas.

The District is interested in expanding their current Sphere of Influence and boundaries to include a 115-acre parcel immediately to the west of the District. This expansion may be logical, since the residents on the adjacent land are currently utilizing the District's roadways to access their parcel. It is possible that this adjacent parcel may be annexed into the District.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. The District is currently providing roadway services to a parcel adjacent to the District's boundaries and may eventually be included within the District boundaries. No significant growth or population increases are anticipated by Knolls Property Owners CSD. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Knolls Property Owners CSD's infrastructure and facilities are 1.9 miles of roadway, consisting of one primary and two secondary roadways. The Knolls Property Owners CSD does not own major roadway maintenance equipment and contracts for road maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District has expressed interest in expanding current boundaries to include an adjacent parcel, but does not have plans for expansion of infrastructure or facilities, as this is currently speculative.

Financing Constraints and Opportunities

The Knolls Property Owners CSD is financed by property assessments and ad-valorem property taxes. Assessments currently appear to be adequate for the District to provide service. The District is presently evaluating the adequacy of current assessments. The District does not have outstanding debts. No additional significant financing opportunities have been identified.

Rate Restructuring

The Knolls Property Owners CSD does not charge any rates for services; appropriate for the services provided. The District is financed by assessments and property taxes.

Cost Avoidance Opportunities

The Knolls Property Owners CSD is currently utilizing cost avoidance opportunities available; including bidding of contracted services and utilizing contract services to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Knolls Property Owners CSD does not own any facilities and does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Knolls Property Owners CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District. The Knolls Property Owners CSD's service boundaries are appropriate for the current services provided, although the District has expressed interest in expanding to the west.

Evaluation of Management Efficiencies

The Knolls Property Owners CSD is able to operate under its existing structure. The District has an appointed General Manager. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The District's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, although meetings do not appear to be held quarterly, as required. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Cosumnes River Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 2001-02 to FY 2004-05

Correspondence and personal communication with Mickey Sleight, Board President, Knolls Property Owners Community Services District, April 2007

2.20 LAKEVIEW CSD

LAKEVIEW COMMUNITY SERVICES DISTRICT

Contact Information

Address: 3781 Lakeview Drive
Shingle Springs, CA 95682

Phone: (530) 677-9604

Website: <http://www.lakeviewcsd.com>

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: Mike Mutzig Elected 2005 - 2009
Jason Haris Elected 2005 - 2009
John Larsen Elected 2003 – 2007
Jeff Spieth Elected 2006 – 2007
Scott Barry Elected 2006 – 2007

Board Meetings: Annually, and as needed

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Latent Powers: Drainage, law enforcement, lighting, landscaping, parks and recreation

Services Provided: Roadway maintenance

Area Served: 69 parcels, approximately 189 acres

Population Served: 126 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$14,618

Sources of Funding: Property assessment and property taxes

Assessments: \$120 per parcel

Rate Structure: None

2.20 LAKEVIEW CSD

I. SETTING

Lakeview Community Services District (District) maintains the roadways serving approximately 70 properties within the District. The District is located on the west side of South Shingle Springs Road, approximately one mile south of Mother Lode Drive in the Shingle Springs area.

The District was formed in 1974 to maintain Lakeview Drive and secondary roadways to provide access to residential homes located on approximately 70 parcels within the District's boundaries. Lakeview Drive, the District's primary roadway, connects to a major public roadway, South Shingle Springs Road, and dead-ends near the western edge of the District's boundaries. Lakeview Drive also connects to two other smaller public roadways.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120. Services provided do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

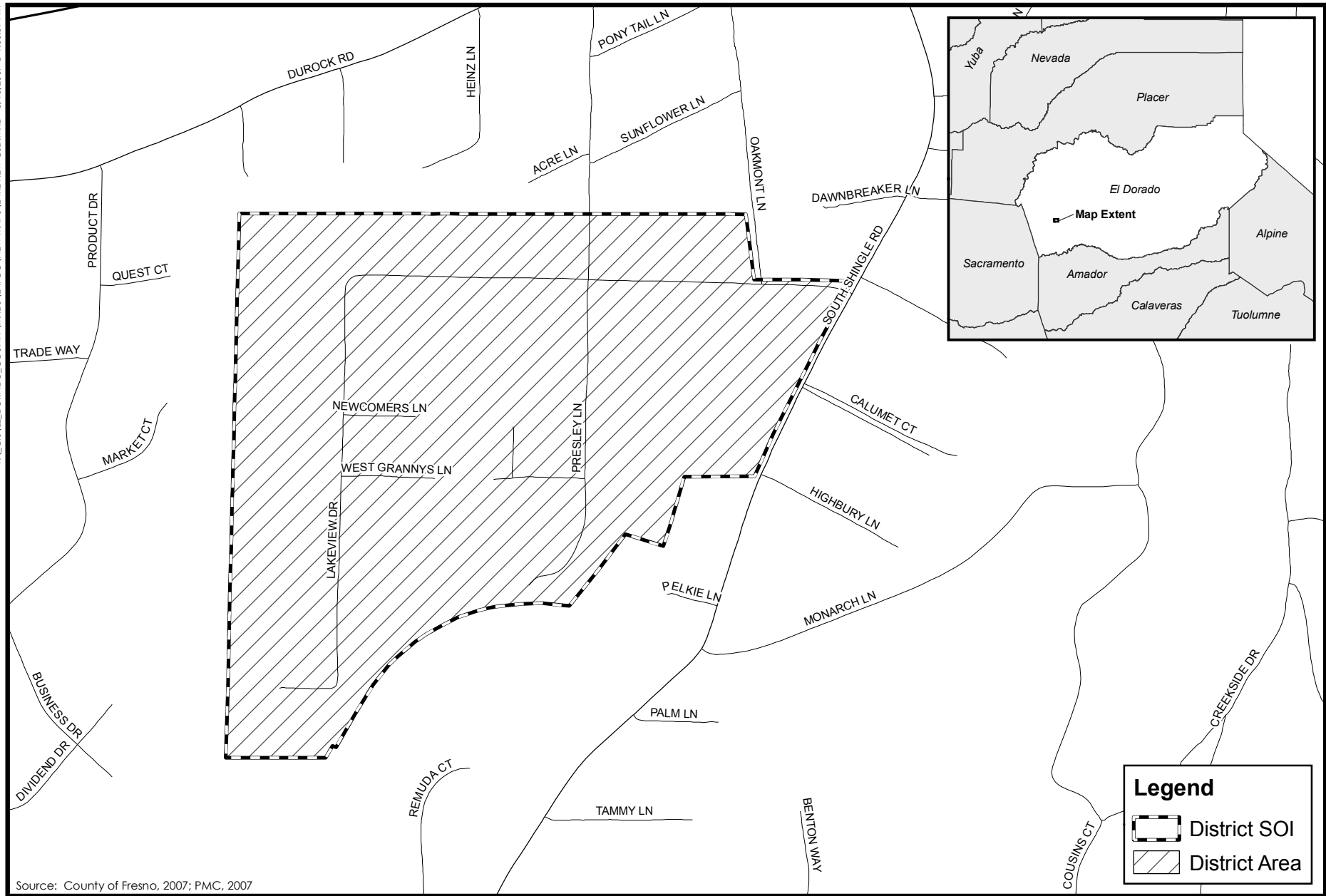
The District currently is providing roadway services to approximately 70 parcels within the District's boundaries. **Figure 2.20-1** shows the District's current boundaries and Sphere of Influence. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. No significant growth or population increase is expected that will affect the District's ability to provide services. However, the District does have plans for minor alterations to the District's boundaries.

The District may experience future expansion of their service area or boundaries to include an adjacent subdivision, which is currently accessed by Oakmont Drive, Paisley Lane, Sunflower Lane, and Pony Tail Lane. Further information is not currently available and this information is considered preliminary. The likelihood of this occurring is unknown.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

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Source: County of Fresno, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-20.1
Lakeview CSD
PMC

The District's current infrastructure consists entirely of roadways. Lakeview Drive serves as the primary roadway for the District's residents. The District also maintains the other public roadways that branch off of Lakeview Drive. Some of the roads have not been repaved since 1982, when the roads were first created. The current level of funding is not sufficient for repaving the roadways. The District's board considers the District's roadways to be in a generally acceptable condition.

Major roadway repairs are performed approximately every five to ten years on an as-needed basis, depending on the current condition of the roadway. Improvements are based on the need for fire safety and the availability of funding. The District's board evaluates the current roadway to determine if repairs or overall maintenance are required. The District does not have any specific roadway standard. Community members may also provide input and comments. Major repairs and maintenance are typically handled by a private roadway maintenance contractor, while minor issues are handled by volunteers.

The District has indicated that the roadway is acceptable for the current roadway usage. The District has no significant plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The Lakeview CSD is financed primarily through property taxes and property assessments. Parcels are assessed \$120 annually. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from ad-valorem property taxes (\$5,743), direct assessments (7,930), and other revenues, with revenues totaling \$14,618. The carryover fund balance from the previous fiscal year is estimated at \$50,000, with total financing for the District of \$64,618. Major expenses budgeted include roadway maintenance (\$56,000), insurance (\$1,400), drainage maintenance (\$1,000) and other minor expenses, with total expenditures of \$58,894. The FY 2007 budget is expected to result in expenditures greater than revenues. Estimated expenditures exceeding revenues are covered by the available fund balance.

In addition to budget information, the District provided a financial audit from FY 1993-94 to FY 2001-02. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1993-94 to FY 2001-02. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.20-1** provides a summary of the District's revenues and expenditures and change in net assets from FY 1999-00 to FY 2001-02.

TABLE 2.20-1
LAKEVIEW COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1999-00 TO FY 2001-02

	1999-00	2000-01	2001-02
Total Expenditures ¹	\$23,489	\$2,954	\$15,210
Revenues (Property Taxes)	\$9,809	\$9,591	\$9,534
Revenues (Other) ²	\$1,352	\$1,060	\$1,175
Total Revenues	\$11,161	\$10,651	\$10,709
Net Revenue (Deficit)	(\$12,328)	\$7,697	(\$4,501)
Net Assets (end of period)	\$22,297	\$29,994	\$25,493

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.20-1** shows general trends in the District's expenditures and revenues. The District's audit includes supplementary information that gives a more detailed accounting of revenues and expenditures and will be summarized in the information immediately below. This information was reviewed to further assess the District's financial stability.

Table 2.20-1 shows the District's annual expenditures. District expenditures gradually increase over this time period. The District's supplementary information shows that the variations in annual expenditures in FY 1999-00 and FY 2001-02 were due to greater amounts spent on road maintenance. This is consistent with the District's stated roadway maintenance on an as-needed basis.

Table 2.20-1 shows that the District's annual revenues are relatively stable over time. There is an increase from year to year which seems to be due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. The District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District seems able to recover from these periodic large increases in roadway maintenance expenditures, as the District accumulates funds annually. The District expended the accumulated funds for roadway maintenance every few years as needed.

Of particular note, the audit shows the tax revenues prior to the increase in property assessments from \$60 per parcel to \$120 per parcel. This increased the amount of funding available for the District.

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. The District does not have any outstanding debt.

Review of the District's budgets, audits, and financial information indicates that the District appears to be financially stable, leading to the District being able to provide adequate services. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out for roadway maintenance contracts. The previous request for proposal resulted in three responses. 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 continued long-term services.

Indirect road maintenance costs have been reduced by the use of volunteers who complete minor road maintenance functions, such as weed abatement along the roadways.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section considers the potential benefits of facilities sharing on the finances and operations of the District. The District is currently contracting out roadway maintenance services. Since the District does not own any facilities, there are no opportunities for shared facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District.

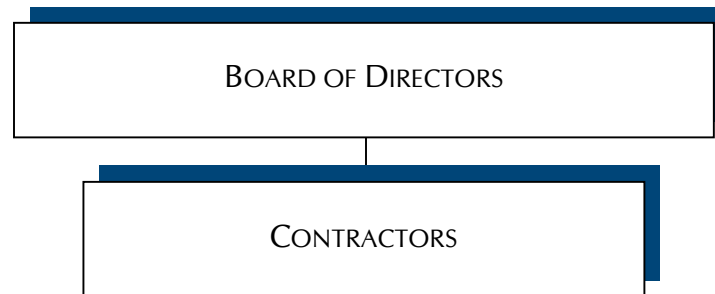
California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Lakeview CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current government structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of October 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary. **Figure 2.20-2** shows the District's current organization structure.

**FIGURE 2.20-2
LAKEVIEW CSD ORGANIZATIONAL CHART**



The District has expressed interest in changing the current District boundaries. Most residents within the District appear to be the primary users of the District's roadways, with a few exceptions. The District intends to remove two parcels not served by the District's roadways, and intends to annex three other parcels who are utilizing the District's roadways. This situation arose after a landowner subdivided his property and created two parcels with alternate access into those new properties. Unfortunately, there was inadequate notification during the planning process that would have alerted the District of the situation.

Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are generally appropriate for the current services provided and demanded, with the exception of those five parcels.

In addition, the District's future boundaries may include an adjacent subdivision, which is currently served by Oakmont Drive, Paisley Lane, Sunflower Lane, and Pony Tail Lane. Further information is not currently available.

VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. Terms for 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.

District residents are encouraged by the board to attend board meetings. The District communicates to residents via mailings and an open forum during board meetings. In addition, the District has a website, www.lakeviewcsd.com.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held annually and on an as-needed basis. There appear to be ample opportunities for public involvement and input.

The District's financial audit noted that the District did not provide board minutes or board resolutions to support the District's spending. This inability to provide meeting minutes may be an indicator of the District's accountability.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are all residential. 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 is adequate to serve the existing community.

Currently the District has a "free rider" problem with out-of-district landowners who utilize District roads to access their property. This causes wear and tear on the roads that is not appropriately offset by revenues. In addition, two parcels are currently within the District that do not utilize District infrastructure and should not be in the District.

- 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 area. Nearby communities include the Shingle Springs area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

This section of the MSR contains the nine mandatory municipal service review determinations pertaining to the service provider, pursuant to Government Code 56430.

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Lakeview Community Services District. Current and future land uses are anticipated to remain residential. The District may alter its boundaries to accurately reflect the parcels currently being served by the District's roadways.

Infrastructure

The Lakeview Community Services District's infrastructure and facilities consists solely of roadways, with the primary roadway being Lakeview Drive. The District does not own major roadway maintenance equipment and utilizes contract services for roadway maintenance services. The District does not have any fixed standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure.

Financing Constraints and Opportunities

The Lakeview Community Services District is financed by assessment and property taxes, which appear to be adequate for the District. The District does not have outstanding debts. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. The District's annual revenues have remained relatively stable over time. The District increased property assessments within the past five years.

Rate Restructuring

The Lakeview Community Services District does not charge any rates for services; appropriate for the type of services provided. The District is financed by property assessments and property taxes.

Cost Avoidance Opportunities

The Lakeview Community Services District appears to be utilizing a sufficient range of cost avoidance opportunities, including utilizing a competitive bid process for contracted services and the use of volunteers. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Lakeview Community Services District does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Lakeview Community Services District is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The District's service boundaries are generally appropriate for the current services provided, with a few exceptions. If an alternative government structure option becomes necessary, transferring roadway maintenance service responsibilities to a homeowners' association may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District. The boundaries of the District and its SOI could be amended to reflect the service provided by District-maintained roadways.

Evaluation of Management Efficiencies

The Lakeview Community Services District is able to operate under its existing structure. The District's annual revenues are relatively stable over time. The District primarily contracts for services when needed.

Local Accountability

The Lakeview Community Services District's Board is elected by voters within the District. The District was unable to provide meeting minutes or board resolutions during their 2002 financial audit. No additional significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Lakeview Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1993-94 to FY 2001-02

Correspondence and personal communication with Mike Mutzig and John Larsen, Board Members, Lakeview Community Services District

2.21 MARBLE MOUNTAIN HOMEOWNERS CSD

MARBLE MOUNTAIN HOMEOWNERS COMMUNITY SERVICES DISTRICT

Contact Information

Address: 4100 Marble Ridge Road
El Dorado Hills, CA 95762

Phone: (916) 933-2310

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members:

Bert Mutz	Elected 2005 - 2009
Al Gold	Elected 2005 - 2009
Mattias V. Bergman	Elected 2007 - 2011
Blake Bartel	Elected 2007 - 2011
Jeff Peel	Elected 2007 - 2011

Board Meetings: Second Tuesday of each month at 7:00pm in one of the Board member's homes

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately four square miles

Population Served: 103 registered voters (Zone 1: 69, Zone 2: 34)

Major Infrastructure: Roadways

Fiscal Information

Budget: \$188,484

Sources of Funding: Property assessment and property taxes

Assessments: Zone 1: \$400 per parcel; Zone 2: \$100 per parcel

Rate Structure: None

2.21 MARBLE MOUNTAIN HOMEOWNERS CSD

I. SETTING

Marble Mountain Homeowners Community Services District (District) maintains approximately 7.5 miles of roadway that serve approximately 70 residential parcels. The District is located south of US Highway 50, at Bass Lake Road in the Clarksville area of El Dorado County. **Figure 2.21-1** shows the District's current boundaries and Sphere of Influence.

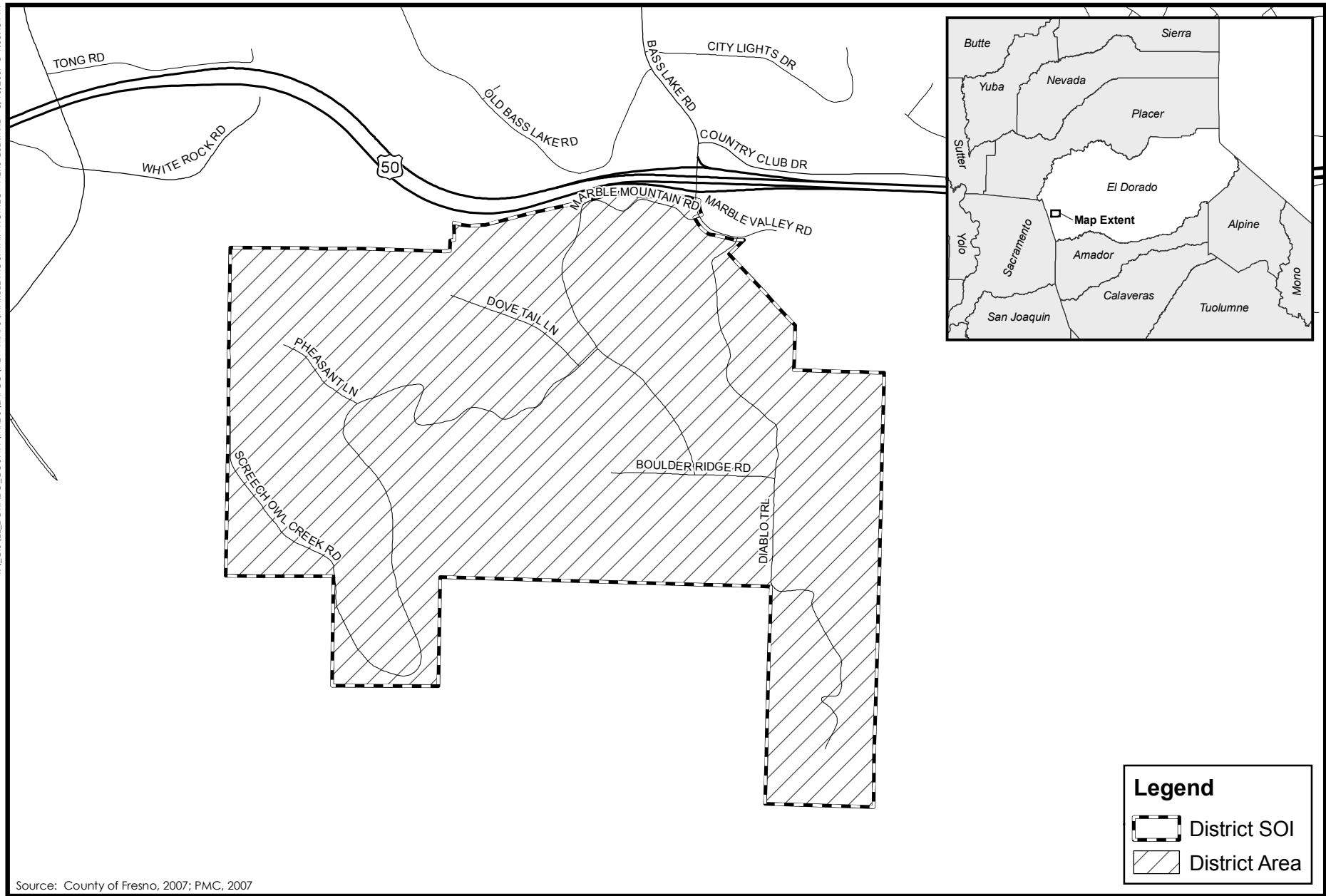
The District was formed in 1982 to maintain roadways and related infrastructure that provided access to residential parcels within the District's boundaries. Marble Valley Road is the primary roadway that connects the District to public roadways Bass Lake Road and US Highway 50. The District has a total of ten roadways that serve the District's residents.

The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

II. GROWTH AND POPULATION

The District currently provides roadway services to approximately 70 parcels within the District's boundaries which have not changed since the District's inception. Approximately 60 of the 70 total parcels have been developed according to the zoning for the area; therefore, no significant future growth, population increases, or changes in land uses are anticipated. The District expects to continue to be able to provide services to its residents in the future and does not have any plans for future expansion.

T:\GIS\EL_DORADO_COUNTY\MXD5\LAFCON\NEW_MAPS\MARBLE MOUNTAIN HOMEOWNERS_CSD.MXD - 8/10/2007 @ 1:05:48 PM



Source: County of Fresno, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-21.1
Marble Mountain Homeowners CSD
PMC

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of ten roadways totaling approximately 7.5 miles:

- Marble Valley Road
- Marble Ridge Road
- Marble Mountain Road
- Diablo Trail
- Buffalo Trail
- Boulder Ridge Road
- Screech Owl Creek Road
- Dove Tail Lane
- Hawk Road
- Pleasant Lane

The roadway infrastructure can be difficult to maintain during periods of high rainfall, due to the steep topographical conditions and large volumes of runoff. The District does not have any facilities. The District currently owns two major pieces of equipment for road maintenance and construction, a Layton Box asphalt spreader and an asphalt roller. The asphalt roller is currently inoperable. The District has not indicated if there are any plans for repair or replacement of inoperable equipment.

Roadway repairs and maintenance are contracted out on an as-needed basis when District volunteers and equipment are unable to perform required roadway maintenance themselves.

The District has indicated that the current roadways are adequate for the current roadway usage. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

Annual financial audits from fiscal years (FY) 2001-02, 2000-01, and 1999-00 as well as the annual budget from FY 2005-06 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through ad-valorem property taxes and property assessments. Property assessments for the District are divided into two zones, with Zone 1 in the lower portion of the District roughly accessed by Marble Mountain Road and Screech Owl Creek Road, and with Zone 2 in the higher portion of the District roughly accessed by Marble Ridge Road and Boulder Ridge Road. Zone 1 is currently assessed

\$400 annually per parcel while Zone 2 is assessed \$100 annually per parcel. In April 2007, the District attempted to raise assessments in Zone 2 by \$300 to \$400 annually per parcel; the measure failed by one vote. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from property taxes (\$14,758), direct assessments (\$20,200) and other miscellaneous income, totaling \$36,242. The carryover fund balance from the previous fiscal year is \$150,915, with total financing for the District of \$188,484. Major expenses budgeted include roadway maintenance (\$109,231), plant mix (\$15,000), chip seal (\$10,000), insurance (\$8,000), AB rock (\$5,000), and other expenses, with total expenditures of \$170,828. The FY 2007 budget totals \$188,484, and is expected to result in expenditures greater than revenues. Total financing available are greater than expenditures, leaving \$17,656 appropriated for contingencies and reserves.

The District's financial audits provide statements of assets and liabilities and statements of the District's revenues and expenditures from FY 1999-00 to FY 2001-02. The statements of revenues and expenditures indicate the District's ability to meet its annual expenditures with the funds available. **Table 2.21-1** provides a summary of Marble Mountain Homeowners Community Services District's revenues and expenditures from FY 1999-00 to FY 2001-02.

TABLE 2.21-1:
MARBLE MOUNTAIN HOMEOWNERS COMMUNITY SERVICES DISTRICT: REVENUES AND EXPENDITURES,
FY 1999-00 TO FY 2001-02

	1999-00	2000-01	2001-02
Total Expenditures ¹	\$13,272	\$6,103	\$12,023
Revenues (Property Taxes)	\$16,788	\$16,526	\$17,046
Revenues (Other) ²	\$5,240	\$4,545	\$5,001
Total Revenues	\$22,028	\$21,071	\$22,047
Net Revenue (Deficit)	\$8,756	\$14,968	\$10,024

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as interest on long-term debt.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.21-1** shows general trends in the District's expenditures and revenues, however; there may be other factors which affect the District's financial stability. The District's audit includes supplemental information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.21-1 shows the District's annual expenditures. The District's supplementary information shows that the fluctuations in annual expenditures in FY 1999-00 and FY 2001-02 were due to greater amounts spent on road maintenance. The District accumulates funds annually and expends the accumulated funds for roadway maintenance every few years. The District's annual revenues are relatively stable over time and there are no additional factors that are expected to affect the District's revenues. The District seems able to recover from periodic large roadway maintenance expenditures.

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 receivable and payables. The District submits payment requests or reimbursements to the

County, which sends payments to contractors. Currently, the District does not have any outstanding debt.

The District appears to be financially stable, as the District is able to provide adequate services and the District's budget is balanced. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. The competitive process should allow the District to select the lowest cost qualified contractor for providing services. Requests for proposals are sent out to bid, depending on the need and the availability of funds. The competitive bid process has not been particularly effective due to a lack of responses from vendors.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with other service providers. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section of considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. The District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may

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

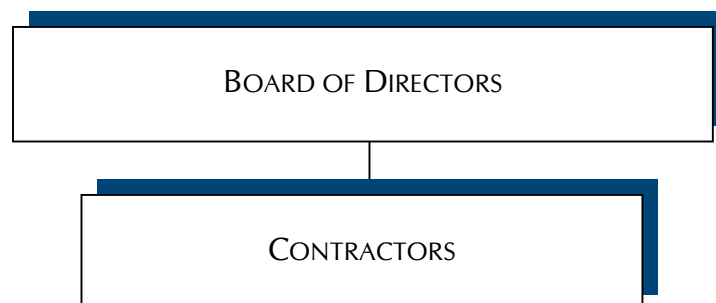
Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager.

The District does not employ any staff and contracts for roadway maintenance services when necessary. The District utilizes volunteers to operate equipment that the District owns and to perform minor roadway repairs. **Figure 2.21-2** shows the District's current organization structure.

The District's current service boundaries overlap with another service provider, the El Dorado Hills Community Services District. The El Dorado Hills Community Services District is empowered to provide roadway maintenance services, but does not currently provide them and has not expressed any interest in providing them. Thus, roadway maintenance services provided by the Marble Mountain Homeowners CSD do not overlap with another service provider.

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

FIGURE 2.21-2
MARBLE MOUNTAIN HOMEOWNERS CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected to four-year terms. The board elections are held every two years. Terms for 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 and are unpaid.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held on the second Tuesday of each month at 7:00pm in one of the board member's homes. Meeting announcements are posted at the entrance to the District, and at both mail pickup points at least 72 hours prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

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

Present land uses within the District are primarily residential land uses. 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 is adequate for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include Clarksville and El Dorado Hills.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing within Marble Mountain Homeowners CSD. Approximately 10 of the 70 parcels within the Marble Mountain Homeowners CSD are vacant. No significant growth or population increases are anticipated by the District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Marble Mountain Homeowners CSD's infrastructure consists of ten roadways, totaling approximately 7.5 miles. The District owns two major pieces of equipment for roadway repairs. The District contracts for roadway maintenance services when the District's equipment and volunteers are unable to perform the roadway maintenance. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure or construction of facilities.

Financing Constraints and Opportunities

The Marble Mountain Homeowners CSD is financed by property assessments and ad-valorem taxes. The District's recent attempt to raise assessments failed by one vote. The District does not have outstanding debts. The District seems able to be financially stable and is able to recover from periodic large roadway maintenance expenditures. No additional significant financing opportunities have been identified.

Rate Restructuring

The Marble Mountain Homeowners CSD does not charge any rates for services; appropriate for the type services provided. The District is financed by assessment and property taxes.

Cost Avoidance Opportunities

The Marble Mountain Homeowners CSD is currently utilizing cost avoidance opportunities available, including utilizing volunteers for roadway maintenance services to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Marble Mountain Homeowners CSD does not own any facilities and does not share facilities with another provider. No significant opportunities for shared facilities have been identified.

Government Structure Options

The Marble Mountain Homeowners CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operations. The Marble Mountain Homeowners CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Marble Mountain Homeowners CSD is able to operate under its existing structure. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The Marble Mountain Homeowners CSD does not currently employ any staff. The District utilizes volunteers and contracts for services when needed.

Local Accountability

The District's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Marble Mountain Homeowners Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1993-94 to FY 2001-02

Correspondence and personal communication with Gary Costamagna, Board President, Marble Mountain Homeowners Community Services District, contacted February 23, 2007

2.22 MOTARA CIRCLE CSD

MORTARA CIRCLE COMMUNITY SERVICES DISTRICT

Contact Information

Address: 3301 Mortata Circle
Placerville, CA 95667

Phone: (530) 295-4943

Website: None

Management Information

Manager: Li-Ling Snow

Governing Body: Board of Directors

Board Members:

Judy Alger	Elected 2007 - 2009
Judy Merten	Elected 2007 - 2009
Frank G. Capone	Elected 2007 - 2009
Phyllis Abate Wild	Elected 2007 - 2011
James Smith	Elected 2007 - 2011

Board Meetings: Not provided

Staffing: 1 General Manager/Secretary, and Contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Area Served: 31 parcels, approximately 297 acres

Population Served: 65 registered voters

Major Infrastructure: 2.7 miles of roadways

Fiscal Information

Budget: \$7,750

Sources of Funding: Property assessment and property taxes

Assessments: \$250 per parcel

Rate Structure: None

2.22 MORTARA CIRCLE CSD

I. SETTING

Mortara Circle Community Services District (District) maintains 2.7 miles of roadways, primarily served by Mortara Circle. The District is located on the north side of Green Valley Road, approximately one mile west of Missouri Flat Road in the Greenstone area.

The District was formed in 1985 to maintain Mortara Circle and secondary roadways to provide access to residential homes located on the 31 parcels within the District's boundaries. Mortara Circle connects to a public roadway, Green Valley Road, and makes a complete loop that ends back at the District's entrance.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120. Services provided do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

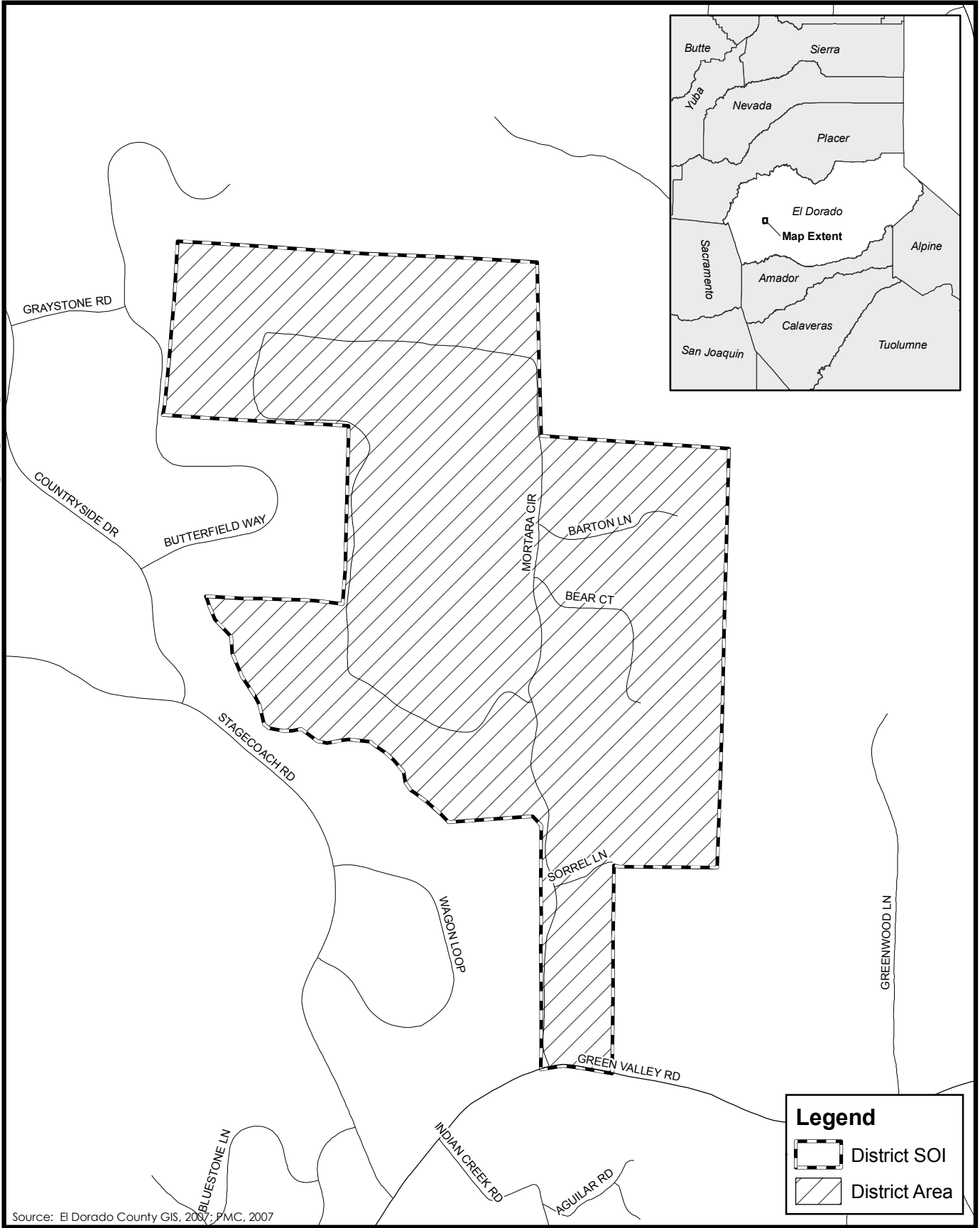
II. GROWTH AND POPULATION

The District currently is providing roadway services to 31 parcels within the District's boundaries. **Figure 2.22-1** shows the District's current boundaries and Sphere of Influence. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. No significant growth or population increase is expected that will affect the District's ability to provide services. The District does not have any plans for future expansion.

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

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Source: El Dorado County GIS, 2007; PMC, 2007

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
-  District SOI
-  District Area



Figure 2-22.1
Mortara Circle CSD
PMC

The District's current infrastructure consists of 2.7 miles of roadway, 1 bulletin board, and 13 signs. Mortara Circle serves as the primary roadway for the District's residents. Three secondary roadways, Sorrel Lane, Barton Lane and Bear Court, serve as a link between Mortara Circle and private roads. The District's board considers the District's roadways to be in a generally good condition.

Major roadway maintenance is performed approximately every few years on an as-needed basis, depending on the current condition of the roadway and available funding. The District's board evaluates the current roadway to determine if repairs or overall maintenance are required. Community members may also request roadway maintenance. Repairs and maintenance are typically handled by a single private roadway maintenance contractor. The contracts have been set up for long term roadway maintenance by a single contractor.

The District has indicated that the roadway is adequate for the current roadway usage. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The Mortara Circle CSD is financed primarily through property taxes and property assessments. Parcels are assessed \$250 annually. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from direct assessments totaling \$7,750. The carryover fund balance from the previous fiscal year is \$15,545, with total financing for the District of \$23,295. Major expenses budgeted include roadway maintenance (\$16,000), salaries (\$600), and other minor expenses, with total expenditures of \$16,800. The FY 2007 budget is expected to result in expenditures greater than revenues. Estimated expenditures exceeding revenues of \$9,050 are covered by the available fund balance.

In addition to budget information, the District provided a financial audit from FY 1994-95 to FY 1999-00. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 1999-00. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.22-1** provides a summary of the District's revenues and expenditures and change in net assets from FY 1997-98 to FY 1999-00.

TABLE 2.22-1
MORTARA CIRCLE COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1997-98 TO FY 1999-00

	1997-98	1998-99	1999-00
Total Expenditures ¹	\$12,527	\$279	\$1,943
Revenues (Property Taxes)	\$9,587	\$10,288	\$9,315
Revenues (Other) ²	\$863	\$956	\$1,605
Total Revenues	\$10,450	\$11,244	\$10,920
Net Revenue (Deficit)	\$(2,077)	\$10,965	\$8,977
Net Assets (end of period)	\$14,997	\$25,962	\$34,939

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.22-1** shows general trends in the District's expenditures and revenues. The District's audit includes supplementary information that gives a more detailed accounting of revenues and expenditures and will be summarized in the information immediately below. This information was reviewed to further assess the District's financial stability.

Table 2.22-1 shows the District's annual expenditures. District expenditures gradually increase over this time period. The District's supplementary information shows that the variations in annual expenditures in FY 1995-96 and FY 1999-00 were due to greater amounts spent on road maintenance. This is consistent with the District's stated roadway maintenance on an as-needed basis.

Table 2.22-1 shows that the District's annual revenues are relatively stable over time. There is an increase from year to year which seems to be due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. The District's net assets change from year to year, in part because some years the District has higher expenses for roadway maintenance. The District seems able to recover from these periodic large increases in roadway maintenance expenditures, as the District accumulates funds annually. The District expended the accumulated funds for roadway maintenance every few years as needed.

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. The District does not have any outstanding debt.

Review of the District's budgets, audits, and financial information indicates that the District appears to be financially stable, leading to the District being able to provide adequate services. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District indicated that they utilize a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are to be sent out for long-term roadway maintenance contracts. This reduces the frequency of bidding and differences in contractors. The competitive bid process should be effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide continued long-term services. However, residents have stated in their petition for recall of board members, that the district has not obtained competitive bids for roadway maintenance. The board members did not respond to their petition.

No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section considers the potential benefits of facilities sharing on the finances and operations of the District. The District is currently contracting out roadway maintenance services. Since the District does not own any facilities, there are no opportunities for shared facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District.

California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Mortara Circle CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

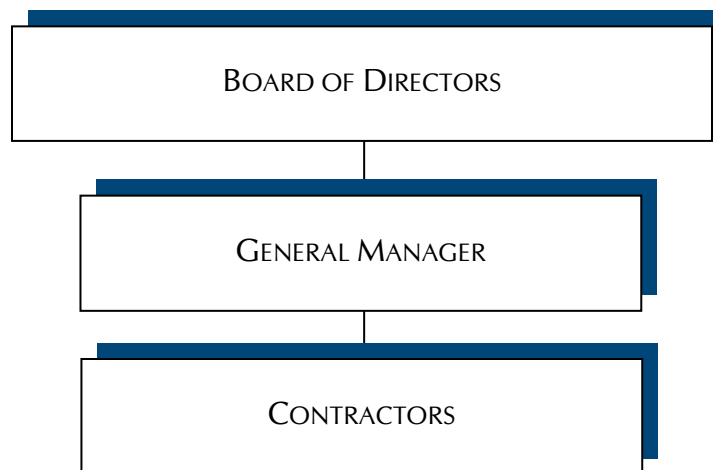
The District, in its current legal form, is able to function under its current government structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association may be able to continue to provide

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. The board of directors has appointed a general manager who is directly responsible to the board and implements the policies established by the board. The District does not employ any additional staff and contracts for roadway maintenance services when necessary. **Figure 2.22-2** shows the District's current organization structure.

FIGURE 2.2-2
MORTARA CIRCLE CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. Terms for 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.

District residents are encouraged by the board to attend board meetings. Customer satisfaction is measured by attendance at board meetings and communication with board members and staff.

The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed. There appear to be ample opportunities for public involvement and input.

During the November 6, 2007 election, three members of the board were recalled by the voters and replaced. This may be an indicator of the resident's satisfaction with the previous board members. The recall petition states that the board members did not obtain competitive bids, require the contractor to itemize costs, and the placement of stop signs and speed bumps to benefit one board member. The three recalled board members did not file a response to the petition for recall. Further information regarding this issue was not provided during the initial data collection.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are residential. 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 is adequate to serve the existing community.

- 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 area. Nearby communities include the Greenstone area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

This section of the MSR contains the nine mandatory municipal service review determinations pertaining to the service provider, pursuant to Government Code 56430.

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Mortara Circle Community Services District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Mortara Circle Community Services District's infrastructure and facilities consists of 2.7 miles of roadway, with the primary roadway being Mortara Circle. The District does not own major roadway maintenance equipment and utilizes contract services for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure.

Financing Constraints and Opportunities

The Mortara Circle Community Services District is financed by assessment and property taxes, which appear to be adequate for the District. The District does not have outstanding debts. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. The District's annual revenues have remained relatively stable over time.

Rate Restructuring

The Mortara Circle Community Services District does not charge any rates for services; appropriate for the type of services provided. The District is financed by property assessments and property taxes.

Cost Avoidance Opportunities

The Mortara Circle Community Services District appears to be utilizing a sufficient range of cost avoidance opportunities, including utilizing a competitive bid process for contracted services. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Mortara Circle Community Services District does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Mortara Circle Community Services District is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management

structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The District's service boundaries are appropriate for the current services provided. If an alternative government structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Mortara Circle Community Services District is able to operate under its existing structure. The District's annual revenues are relatively stable over time. The District does primarily contracts for services when needed.

Local Accountability

The Mortara Circle's Community Services District's Board is elected by voters within the District. There appear to be ample opportunities for public involvement and input. In November 2007, three board members were successfully recalled and replaced, indicating the dissatisfaction with the previous board. No additional significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Mortara Circle Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 1999-00

Correspondence with Rodger Snow, Board Member, Mortara Circle Community Services District

2.23 NASHVILLE TRAIL CSD

NASHVILLE TRAIL COMMUNITY SERVICES DISTRICT

Contact Information

Address: 5152 Metate Trail
Placerville, CA 95667

Phone: (530) 621-4505

Website: None

Management Information

Manager: Steve Gregorich

Governing Body: Board of Directors

Board Members:

William Vogler	Elected 2003 - 2007
Randy Hackbarth	Elected 2003 - 2007
Cindy Weldy	Elected 2003 - 2007
Jan Garcia	Elected 2005 - 2009
Steve Phillips	Elected 2005 - 2009

Board Meetings: Not regular

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 1,534 acres

Population Served: 87 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$61,777

Sources of Funding: Property assessment

Assessments: \$300 per parcel

Rate Structure: None

2.23 NASHVILLE TRAIL CSD

I. SETTING

The Nashville Trail Community Services District (District) maintains approximately 5.75 miles of roadway within District boundaries. The District is located south of Hanks Exchange Road, approximately one mile south of Pleasant Valley Road in the Oak Hill area of El Dorado County. **Figure 2.23-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1991 to maintain and construct roadways to provide access to residential homes located on parcels within the District's boundaries. Nashville Trail, the District's primary roadway, connects to a public roadway, Hanks Exchange Road, and dead-ends to the southwest near the North Fork Cosumnes River. The District has seven secondary roadways that connect to the primary road, which includes Jackrabbit Drive, Jackrabbit Court, Wagon Master Road, Meander Lane, Metate Trail, Metate Court, and Calamity Lane.

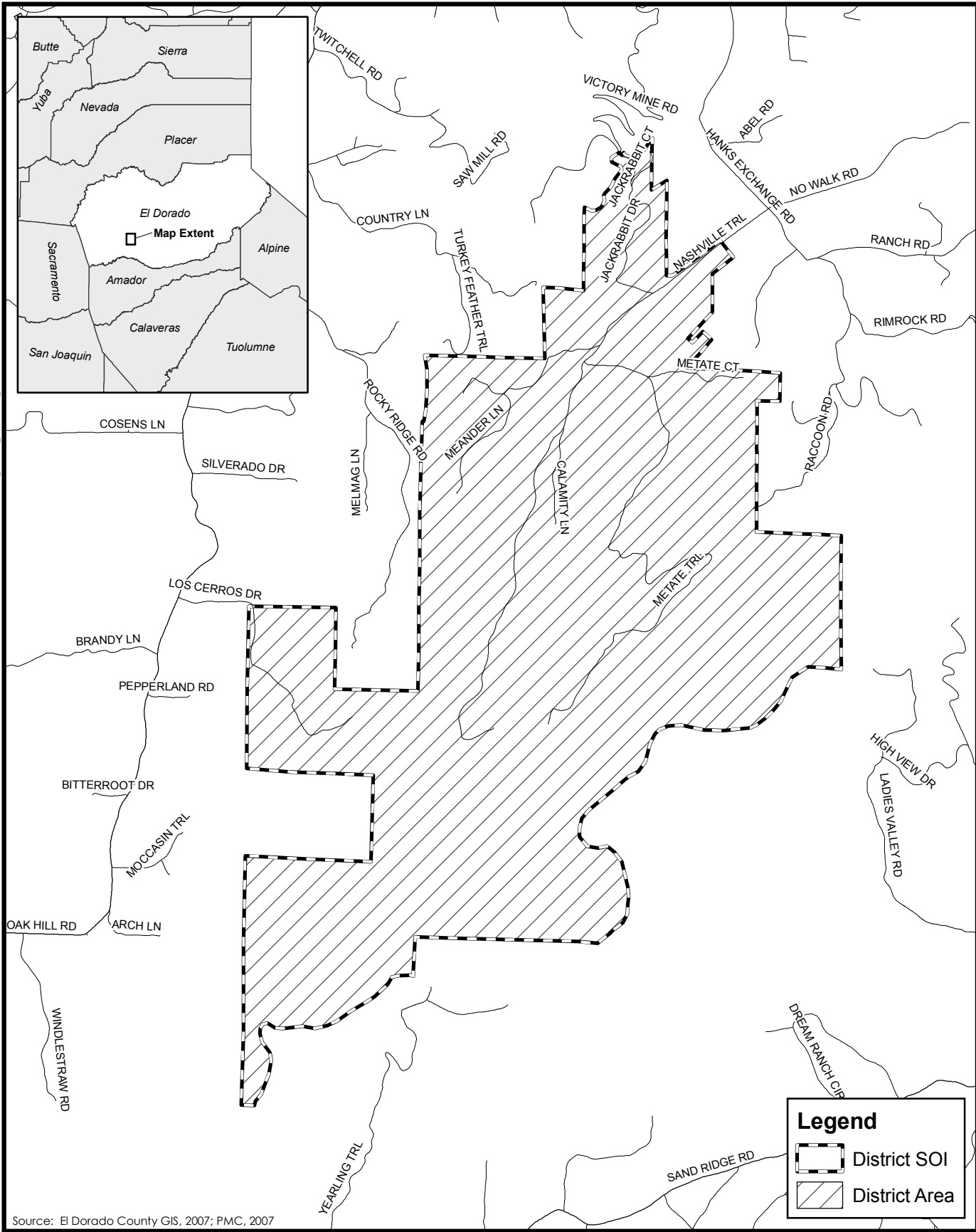
The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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



II. GROWTH AND POPULATION

The District is currently providing roadway services to approximately 72 parcels within the District's boundaries. The District does not anticipate any significant future growth, population increases, or changes in land uses, as the District's board is unaware of any development occurring. The District's board estimates that roughly half of the parcels have been developed. Current zoning calls for large parcels, and future development would not be likely to result in a significant number of new lots or vehicle use. No significant growth or population increases are expected that will affect the District's ability to provide services. The District does not have any plans for future expansion.

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-  District SOI
-  District Area

Source: El Dorado County GIS, 2007; PMC, 2007

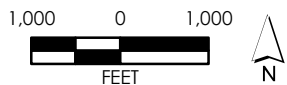


Figure 2-23.1
Nashville Trail CSD



III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure is approximately 5.75 miles of roadway, consisting of one primary roadway and seven secondary roadways. The District is in the process of providing blacktop overlay of the primary road, Nashville Trail, from the entrance of the District to Metate Trail. The remaining portion of Nashville Trail and all seven secondary roadways within the District are gravel roadways. Services provided by the District are contracted out to private providers, who provide blacktop surfacing, resurfacing, road grading, and gravel laying.

The District's roadways are susceptible to damage due to runoff during the rainy season. Community members within the District are able to volunteer and help mitigate damages to the District's gravel roadways. Sections of blacktop roadway damaged are repaired by contractors at the time of roadway overlaying.

The District has indicated that the current roadway infrastructure is adequate for the current users and existing demand. The District has plans for adding blacktop overlay over additional roadways due to a recent voter approved increase in property tax assessments. The process of paving the gravel roadways will take several years. The increased assessments will also be used on roadways that have experienced deferred maintenance.

The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property assessments. The previous assessment of \$200 per parcel was approved in 1991. 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. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from property assessments (\$22,700) as the sole source of major income for the District. The carryover fund balance from the

previous fiscal year is \$39,077, with total financing for the District of \$61,777. Major expenses budgeted include roadway maintenance (\$61,688), and other minor expenses, with total expenditures of \$61,777. The FY 2007 budget of \$61,777 is expected to result in a balanced budget, with total financing available equal to total expenditures.

In addition to budget information, the District provided a financial audit from FY 1996-97 to FY 2002-03. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1996-97 to FY 2002-03. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.23-1** provides a summary of the District's three most recent years of revenues and expenditures and change in net assets from FY 2000-01 to FY 2002-03.

TABLE 2.23-1
NASHVILLE TRAIL COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 2000-01 TO FY 2002-03

	2000-01	2001-02	2002-03
Total Expenditures ¹	\$15,644	\$16,244	-
Revenues (Property Taxes)	\$18,192	\$11,439	\$11,661
Revenues (Other) ²	\$1,063	\$875	\$393
Total Revenues	\$19,255	\$12,314	\$12,054
Net Revenue (Deficit)	\$3,611	(\$3,930)	\$12,054
Net Assets (end of period)	\$27,798	\$23,868	\$35,922

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.23-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.23-1 shows the District's annual expenditures. District expenditures fluctuate over this time period. The District's supplementary information shows that variations in annual expenditures in FY 2000-01 and FY 2002-03 were due to greater amounts spent on road maintenance.

Table 2.23-1 shows that the District's annual revenues appear to be relatively stable over time. There are fluctuations from year to year which could be attributable to delayed payments of property assessments. There are no additional factors expected to affect the District's revenues.

The District's net assets include cash and cash equivalents, and fixed assets such as equipment. As shown in **Table 2.23-1**, the District's net assets change from year to year,

typically due to varying costs associated with roadway maintenance expenses. While the District accumulates funds annually, expenditure of accumulated funds for roadway maintenance occurs every few years, as conditions and needs warrant. The District is able to recover from these periodic large roadway maintenance expenditures.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which sends payments to contractors. Currently, the District does not have any outstanding debt. Three simple promissory note agreements in 1997 totaling \$4,080 were paid off in 1999.

Review of the District's budgets, audits, and financial information indicate that the District appears to be financially stable with the recent increase in property assessments, as the District is able to provide adequate services. The financial audit noted no significant and unusual transactions for the years reviewed. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

All of the District's services are conducted by volunteers or contracted out to private providers, so the District neither owns nor maintains facilities and equipment. The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out to known qualified companies. 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.

Current cost avoidance measures utilized by the District helps avoid and defray potential costs to the District. Additional potential cost avoidance opportunities available were analyzed. No additional significant cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District is currently contracting out roadway maintenance services. Since the District does not own any facilities, there are no opportunities for shared facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. Nashville Trail CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

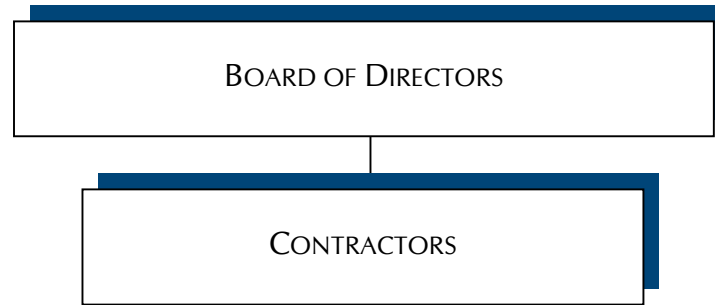
Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association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

Service provided is adequate within the District's existing boundaries and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for roadway maintenance services when necessary. **Figure 2.23-2** shows the District's current organization structure.

The District does not have any liability insurance. This could significantly impact the District's finances if the District was involved in a liability lawsuit.

**FIGURE 2.23-2
NASHVILLE CSD ORGANIZATIONAL CHART**



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. 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 board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as necessary, at least twice per year. Meeting announcements are posted in advance on the mailboxes and on sign posts at road branches within the District. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies. The frequency of meetings does not appear to meet the Brown Act requirement of board meetings at least once per quarter. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily residential and limited commercial. 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 is sufficient for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include the Oak Hill area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service within Nashville Trail CSD are not increasing. No significant growth or population increases are anticipated by the District. Current and future land uses are anticipated to remain primarily residential and limited commercial.

Infrastructure

Nashville Trail CSD's infrastructure consists of approximately 5.75 miles of roadway. The current roadways are primarily gravel. The District is in the process of paving the gravel roadways over the next several years. Nashville Trail CSD does not own major roadway maintenance equipment and contracts with private providers for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Nashville Trail CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Services provided by Nashville Trail CSD are financed entirely by property assessments. Assessments were last increased in 2005. The District has accumulated reserves every year to be expended for major roadway maintenance every few years when needed. Fiscal year 2007 budgeted expenses are equal to current financing available. The District appears to be financially stable with the recent increase in property assessments. No additional financing opportunities have been identified.

Rate Restructuring

No rates are charged by Nashville Trail CSD; appropriate for the type of services provided. The District is financed by property assessments and taxes.

Cost Avoidance Opportunities

Nashville Trail CSD appears to utilize 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.

Opportunities for Shared Facilities

Nashville Trail CSD does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

Nashville Trail CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The current government structure of the Nashville Trail CSD is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Nashville Trail CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

Nashville Trail CSD is able to operate under its existing management structure. The District's budget is balanced. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The Nashville Trail CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, with the exception of meeting frequency. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Nashville Trail Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1996-97 to FY 2002-03

Correspondence with Randy Hackbarth, Board Member, Nashville Trail Community Services District, March 2007

2.24 RISING HILL ROAD CSD

RISING HILL ROAD COMMUNITY SERVICES DISTRICT

Contact Information

Address: 1900 Heather Hill Road
Placerville, CA 95667

Phone: (530) 626-6733

Website: None

Management Information

Manager: Jennifer Nelson

Governing Body: Board of Directors

Board Members: Bruce Beevers Elected 2005 - 2009
Steve Souza BOD appointed 2006 - 2007
Andrew Chilton Elected 2005 - 2009
Adam Anderson BOD appointed 2005 - 2007
Norman Allen Elected 2005 - 2009

Board Meetings: Not regular, at a household within the District

Staffing: One, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 175 acres

Population Served: 210 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$58,700

Sources of Funding: Property assessment and property taxes

Assessments: \$150 per parcel for 2007, and further increase by \$50 per parcel for three years, to remain at \$300 per parcel afterwards

Rate Structure: None

2.24 RISING HILL ROAD CSD

I. SETTING

Rising Hill Road Community Services District (District) maintains approximately 2.25 miles of paved roadway that serves approximately 175 acres of residential development. The District is located on the south side of Cold Springs Road, approximately one half mile east of Richard Avenue in the Cold Springs area, in the central portion of El Dorado County. **Figure 2.24-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1983 to maintain the roadways and a bridge to provide access to residential parcels within the District's boundaries. Rising Hill Road is the primary roadway that provides access to the District and connects to one major public roadway, Cold Springs Road. Rising Hill Road dead-ends to the southeast. The District also maintains the secondary roadways that branch off Rising Hill Road. The secondary roadways include Pear Blossom Lane, Heather Hill Road, Heather Hill Court, Tower Lane, Coarsegold Road, Oak Knoll Court, Rising Hill Court, Rising Hill Road West, Pebble Court, Periwinkle Lane, Lost Lane, Nevada Court, and Bell Tree Lane that provides more direct access to several parcels.

The provision of roadway maintenance and related services, such as bridge maintenance and roadside vegetation clearance are within the District's powers as authorized in its enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. The District is not contracted to provide service to other service providers.

Roadway maintenance service provided does not extend beyond the District's designated service boundaries. There are three lots outside the District's boundaries that have private driveways that connect to the District's roadways. Those residents utilize the District's roadways to access their lots.

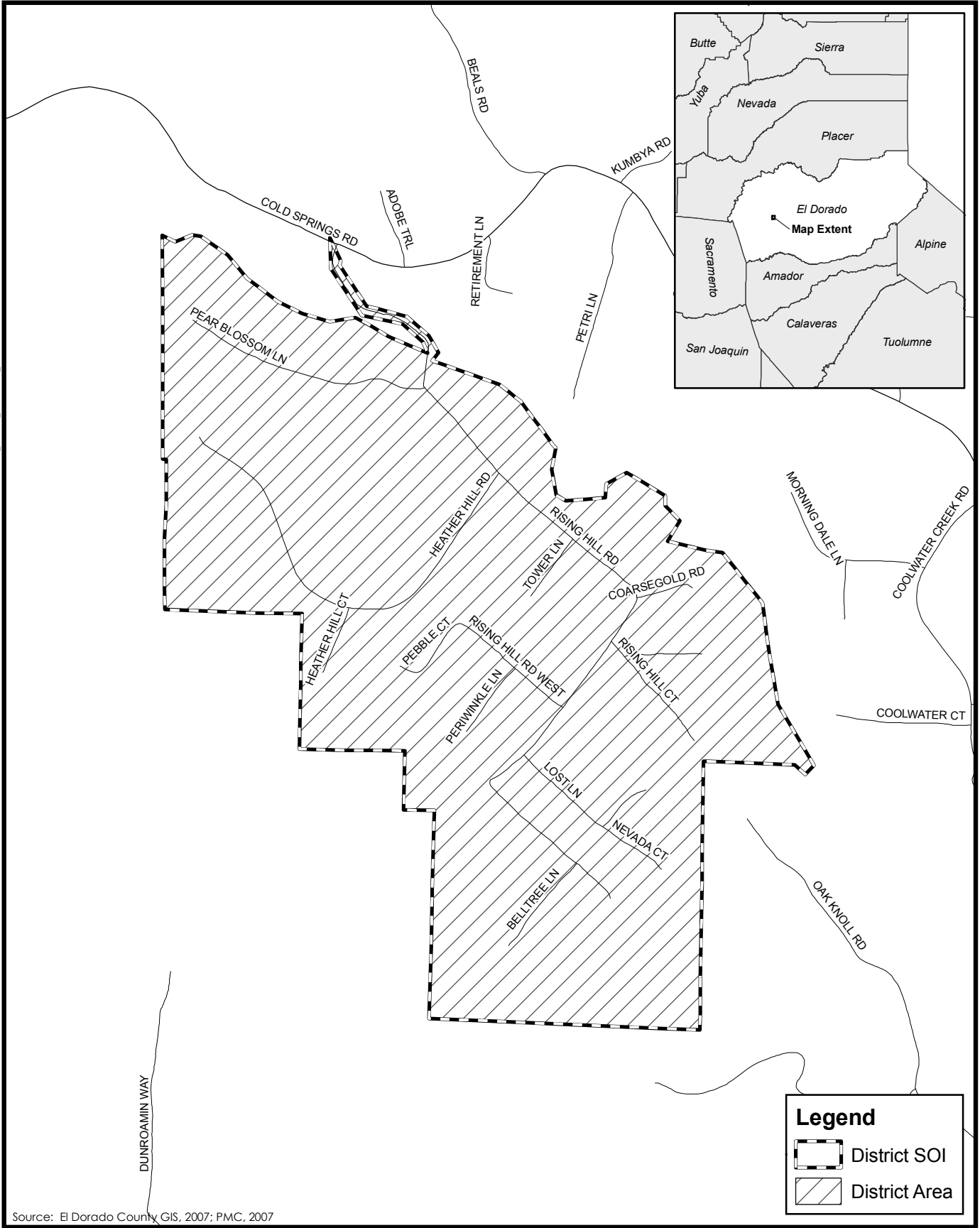
The District is empowered to provide street lighting services, but does not currently provide this service. Under the provisions of SB135, these services become "latent" and the district must apply to LAFCO to reactivate them.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the designated zoning for the area. The District anticipates no increase in the number of lots served. No significant growth or population increases is expected to affect the District's ability to provide services.

The District is interested in expanding their current Sphere of Influence and boundaries to include two additional parcels immediately adjacent to the District, as the residents currently utilize the District's roadways to access their parcels. The District's roadways serve as the sole access way for those two parcels. It is possible that this area may eventually become a part of the District's service boundaries.



Source: El Dorado County GIS, 2007; PMC, 2007

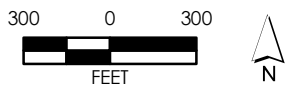


Figure 2-24.1
Rising Hill Road CSD



III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of one 18-foot span bridge, one primary roadway, Rising Hill Road, and 13 secondary roadways, with all roadways totaling approximately 2.25 miles. Current roadways are considered by the District to be narrow and marginally accommodating for existing usage needs.

Repairs and maintenance are contracted out on an as-needed basis, and when volunteers cannot be utilized for the roadway maintenance work. Roadway maintenance services that have been contracted include road maintenance, tree trimming, weed control, erosion protection, and roadside ditch repair. Because the frequency of roadways repairs are not heavily influenced by either weather conditions and the level of rainfall received. The District is able to plan ahead for roadway maintenance services several years in advance.

The District budgeted for has a five-year plan for various roadway maintenance services, including roadway resurfacing, ditch repair, tree trimming, culvert repair, signs and painting, bridge repair, and weed abatement. Infrastructure maintenance projects are also forecasted based on standard engineering practice. The current roadway infrastructure is adequate for the current users and existing demand.

The District has indicated that the current roadways are adequate for the current roadway usage. The District currently has no plans for future expansion of services or major infrastructure and facilities. The District is accumulating reserves for major roadway repairs and bridge replacement, in case of a washout of roadways and washout of the bridge.

IV. FINANCING AND RATE RESTRUCTURING

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. Audited financial statements for the Fiscal Years Ending June 30, 1994-2001 and the FY 2006-07 budget were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed through property assessments and ad-valorem property taxes. Parcels are currently assessed \$150 per parcel. Until recently, property assessments were previously at \$50 per parcel annually; when residents voted to increase assessments to the current rate of \$150 per parcel in 2007. However, the assessment vote also authorized subsequent increases of assessments by \$50 per parcel for three years up to a total assessment of \$300 per parcel. The ad-valorem property taxes are calculated by

the County and transferred to the District. No rates are charged and no user fees are collected.

The FY 2006-07 budget estimates revenues from property taxes (\$9,000), direct assessments (\$22,600) and other miscellaneous income, totaling \$33,100. The expected carryover fund balance from the previous fiscal year is \$25,600, with total financing for the District of \$58,700. Major expenses budgeted include roadway maintenance (\$20,000), insurance (\$5,100), agency admin fees (\$2,500), and other miscellaneous expenses, with total expenditures of \$28,700. The FY 2007 budget totals \$58,700, is expected to result in revenues greater than exceeding expenditures by \$30,000. Estimated revenues available not utilized after exceeding expenditures are appropriated for reserves.

In addition to budget information, the District provided a financial audit from FY 1994-95 to FY 2000-01. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1993-94 to FY 2000-01. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available.

Table 2.24-1 provides a summary of the District's revenues, expenditures and change in net assets from the most recent three fiscal years.

TABLE 2.24-1
RISING HILL COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1999-00 TO FY 2001-01

	1998-99	1999-00	2000-01
Total Expenditures ¹	\$8,368	\$31,056	650
Revenues –Property Taxes	\$13,629	\$12,798	\$13,064
Revenues – Other ²	–	–	–
Total Revenues	\$13,629	\$12,798	\$13,064
Net Revenue (Deficit)	\$5,261	(\$18,258)	\$12,414
Net Assets – end of period	\$40,308	\$22,050	\$34,464

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies, equipment purchases and depreciation expenses..

2 Revenues (Other) is the total revenue from intergovernmental revenues, other revenues, fines, forfeitures and penalties and revenue from use of money or property. They are included as a sum instead of separate categories because none are a significant revenue source for most of the years covered.

The information provided in **Table 2.24-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.24-1 shows the District's expenditures vary significantly from year to year. The District's supplementary information shows that the greatest expenditure for most years is road maintenance. In FY 1999-00, the District's net expenditures exceeded net revenues by \$18,258.

Table 2.24-1 shows that the District's annual revenues are relatively stable over time. Annual revenues increase on a yearly basis, primarily due to normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents. As shown in **Table 2.24-1**, the District's net assets change from year to year, in part due to higher expenses periodic increases in expenditures for roadway maintenance.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors. The District currently does not have any outstanding debt.

The District contracts for Public Liability and Property Damage Insurance from the California Special Districts Association, provides protection to the District and its board members from risks in the event there is an incident.

The District's expenditures exceeded its revenues three times during 1994-2001. It appears that the District is able to provide adequate services and the District's budget is balanced. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process to obtain contractors for the maintenance and upgrades of the existing roadway. Requests for proposals are circulated depending on the specific needs and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor.

Other cost avoidance strategies include the District utilizing volunteers within the District to perform certain maintenance tasks and administrative duties. Volunteers have been effective in controlling costs. Tasks that cannot be completed by volunteers are then contracted out.

These cost avoidance measures have allowed the District to avoid and defray some costs associated with the provision of services. The District appears to be utilizing a sufficient range of cost avoidance measures. No additional significant cost avoidance opportunities have been identified that would have resulted in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase

efficiency within its operations. The District does not share any facilities with another service provider; consequently, no significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district that has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

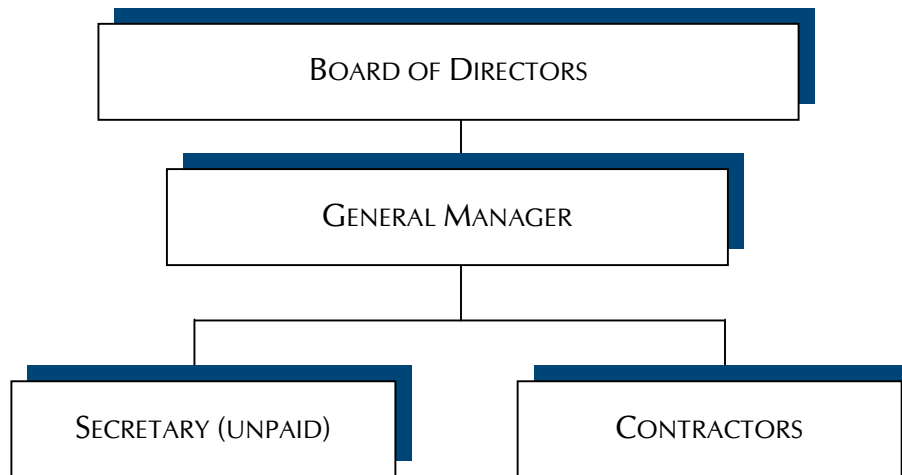
Transitioning the CSD to another government entity, such as another district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure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

Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, reverting roadway service responsibilities to the County of El Dorado Department of Transportation may be appropriate. A possible operational limitation may result from an insufficient number of residents interested in becoming a board member, creating an instance where a quorum cannot be met. The County may be able to continue to provide roadway maintenance services. The County provides similar services to surrounding roadways, including roadways adjacent to the District's road. This may involve the dissolution of the District and transferring roadway maintenance responsibilities back to the County. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

The District has not expressed interest in changing the current District boundaries. Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

The organization of the District is relatively vertical; current District staff consists of a paid General Manager and one volunteer Secretary. Volunteers are utilized for some work projects, as well as to oversee contract projects. The District contracts for services from private providers when necessary. **Figure 2.24-2** shows the District's current organization structure.

FIGURE 2.24-2
RISING HILL ROAD CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected to four-year term. The board elections are held every two years. 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 District has stated that there is a low level of interest among residents to serve on the board. This may affect the District's ability to operate if the board is unable to meet a quorum.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed at a household within the District, approximately three to four times per year. Meeting notices are posted at a centrally located bulletin board at the entrance of District's primary access road, Rising Hill Road. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies, although the frequency of meetings may not meet the legal requirement of quarterly meetings for a governmental body. There appear to be ample opportunities for public involvement and input at meetings.

The District published a newsletter for residents within the District. The District's newsletter includes the phone numbers and email addresses of board members for residents to contact regarding District matters.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily residential land uses. 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 is sufficient for the current level of service demanded.

Currently the District has a "free rider" problem with out-of-district landowners who utilize District roads to access their property. This causes wear and tear on the roads that is not appropriately offset by revenues.

- 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 area. Nearby communities include the Cold Springs area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing within the Rising Hill Road CSD. The District is currently providing roadway services to two parcels adjacent to and outside of the District's boundaries. These two parcels may eventually be included within the District boundaries. No significant growth or population increases are anticipated by the District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Rising Hill Community Services District's infrastructure consists of one 18-foot span bridge and approximately 2.25 miles of roadway. The primary roadway running through the District is Rising Hill Road. Thirteen secondary roadways branch of the primary roadway. The District does not own major roadway maintenance equipment and contracts for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The District does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Rising Hill Community Services District is financed by property assessment and property taxes. The District's expenditures have exceeded their revenues three times during 1994-

2001. The District does not have outstanding debts. No additional significant financing opportunities have been identified. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. Fiscal year 2007 budgeted revenues are greater than expenses.

Rate Restructuring

Rising Hill Community Services District does not charge any rates for services; appropriate for the type of services provided. The District is financed by assessment and property taxes.

Cost Avoidance Opportunities

Rising Hill Community Services District is currently utilizing cost avoidance opportunities available. The competitive bid process and use of volunteers has been effective in avoiding costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

Rising Hill Community Services District does not own any facilities and does not share any facilities with another provider. No significant opportunities for shared facilities have been identified.

Government Structure Options

Rising Hill Community Services District is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The District's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

Rising Hill Community Services District is operating efficiently under its existing structure. Fiscal Year 2006-07 revenues exceed expenditures. District staff consists of a paid General Manager and one volunteer Secretary; other services are contracted out on an as needed basis.

Local Accountability

Rising Hill Community Services District's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, although their frequency may not satisfy the quarterly meeting requirements of the Brown Act. There appear to be ample opportunities for public involvement and input. The District has stated that there is a low level of interest among residents to serve on the board. This may affect the District's ability to operate if the board is unable to meet a quorum.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Rising Hill Road Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1993-94 to FY 2000-01

Correspondence and personal communication with Jennifer Nelson, General Manager, Rising Hill Community Services District, February 12, to April 25, 2007

Correspondence and personal communication with Norman Allen, Board Member, Rising Hill Community Services District, February 12, to April 25, 2007

2.25 SHOWCASE RANCHES CSD

SHOWCASE RANCHES COMMUNITY SERVICES DISTRICT

Contact Information

Address: P. O. Box 468
Mount Aukum, CA 95656

Phone: (530) 620-3371

Website: None

Management Information

Manager: John Dymek

Governing Body: Board of Directors

Board Members: Ken Pence BOD appointed 2007 - 2007
Ken Buchert BOD appointed 2006 - 2007
Loretta Huddleson BOD appointed 2006 - 2007
Lee Hodge BOD appointed 2007 - 2011
Cynthia Lewis BOD appointed 2007 - 2009

Board Meetings: Four times a year, once at the beginning of each quarter

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway and lakes maintenance

Services Provided: Roadway and lakes maintenance

Latent Powers: None

Area Served: Approximately 100 acres

Population Served: 185 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$29,218

Sources of Funding: Property assessment and property taxes

Assessments: \$125 per parcel

Rate Structure: None

2.25 SHOWCASE RANCHES CSD

I. SETTING

Showcase Ranches Community Services District (District) maintains approximately eight miles of roadways within its boundaries. The District is located west of Omo Ranch Road, approximately one-quarter mile east of Mt. Aukum Road in the south-central portion of El Dorado County, known as Mt. Aukum. **Figure 2.25-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1983 to maintain lake easements and roadways to provide access to residential parcels within the District's boundaries. Dorado Canyon Road is the primary roadway that provides access to the District and connects to public roadways Omo Ranch Road and Fairplay Road. The District also maintains 18 secondary roadways that run off the primary roadway to provide more direct access to parcels not along the primary roadway.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120, for Community Services Districts. The District does not provide additional services outside of their enabling legislation. Services provided do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

The District currently provides roadway services only to 145 residential parcels within the District's boundaries, which have not changed since the District's inception. All but 20 of the parcels within the District have been developed according to the zoning for the area; therefore, no significant future growth, population increases, or changes in land uses are anticipated. The District expects to continue to be able to provide services to its residents in the future and does not have any plans for future expansion.

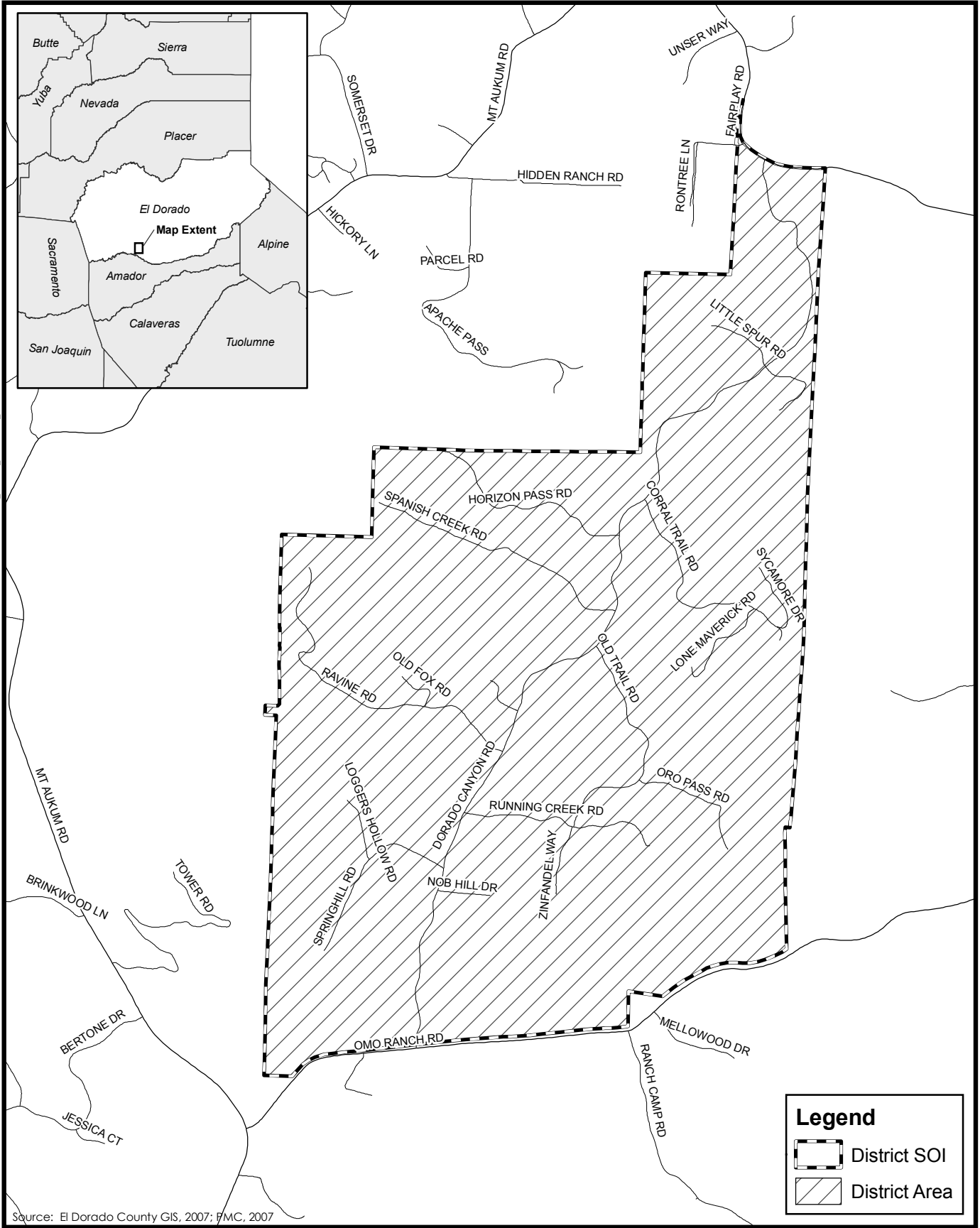


Figure 2-25.1
Showcase Ranches CSD

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of Dorado Canyon Road, a three mile primary roadway, as well as eighteen secondary roadways that total approximately five miles and run off Dorado Canyon Road. The District does not have any facilities.

The District recently sold a road grader and does not currently have any major equipment for road maintenance or construction. The sale of the road grader, along with a grant from the Federal Emergency Management Agency (FEMA), allowed the District to generate a large fund for roadway repairs.

Repairs and maintenance are contracted out on an as-needed basis. Maintenance and repairs are prioritized based on the following order, current level of safety, environmental impact, and comfort. In addition, some roads serve no residents, and are not repaired at the same level as roadways serving residents.

Due to the limited funding available, the District does not provide any roadwork beyond basic maintenance. The District has indicated that they are having difficulty in maintain safe roadway standards. In addition, maintenance on gravel roads is not adequate, and is impacting drainage at several locations.

The District has indicated that the current roadways are adequate for the current roadway usage, but requires additional maintenance to improve the current roadways. The District has struggled to maintain the roadways in a usable condition, due to the limited funding available. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal years (FY) ending June 30, 2000, 1999, and 1998 as well as the FY 2005-06 budget were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed through property assessments and ad-valorem property taxes. Properties are currently assessed \$125 annually per parcel, which has not been increased since 1984. The ad-valorem property taxes are calculated by the County and transferred to the District. On occasion, the District has also received funds from the Federal Emergency Management Agency (FEMA) when the area has been declared a disaster area after large storms. No rates are charged and no user fees are collected.

The FY 2005-06 actual budget states that revenues came from property taxes (\$8,195), direct assessments (\$17,138) and other miscellaneous income, totaling \$ 26,829. The carryover fund balance from the previous fiscal year is \$6,083, with total financing for the District of \$32,911. Major expenses include roadway maintenance (\$2,038), dam maintenance (\$614), AB rock (\$439), and other miscellaneous expenses, with total expenditures of \$6,704. The FY 2005-06 budget totals \$32,911, resulting in revenues greater than expenditures. Total revenues exceeding expenditures were appropriated for reserves and carried over to the next fiscal year.

The District's financial audits provide statements of assets and liabilities and statements of the District's revenues and expenditures from FY 2000-01 to FY 2004-05. The statements of revenues and expenditures indicate the District's ability to meet its annual expenditures with the funds available. **Table 2.25-1** provides a summary of Showcase Ranches Community Services District's revenues and expenditures and changes in net assets from FY 2002-03 to FY 2004-05.

TABLE 2.25-1
SHOWCASE RANCHES COMMUNITY SERVICES DISTRICT: REVENUES AND EXPENDITURES
FY 1997-98 TO FY 1999-00

	2002-03	2003-04	2004-05
Total Expenditures ¹	\$15,798	\$26,846	\$7,665
Revenues (Property Taxes)	\$25,762	\$26,807	\$26,197
Revenues (Other) ²	\$245	\$374	\$632
Total Revenues	\$26,007	\$27,181	\$26,829
Net Revenue (Deficit)	\$10,209	\$335	\$19,164

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as interest on long-term debt.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.25-1** shows general trends in the District's expenditures and revenues, however; there may be other factors which affect the District's financial stability. The District's audit includes supplemental information which gives more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

The District's supplementary information shows that the deviation in annual expenditures in FY 2003-04 was due to greater amounts spent on road maintenance. The District accumulates funds to be expended on major roadway repairs. According to this audit, the District seems able to recover from these periodic large roadway maintenance expenditures.

The District has indicated that they are struggling to maintain the roads in a usable condition, due to the limited funding available for the District. The District's current revenues from property taxes are at a similar level approximately two decades ago, as property assessments have not been increased since 1984. Because of inflation and recent increases in roadway maintenance, the District may not have adequate funds for proper roadway maintenance. Additional financing is necessary for the district to adequately maintain roadways. The District has indicated that they may ask voters for an increase in property assessments to fund adequate roadway services.

The County handles the District's fiscal administration. All of 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 sends payments to contractors. The District does not have any outstanding debt.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out to bid, depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost, qualified contractor to provide services.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with other service providers. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section of considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. The Showcase Ranches Community Services District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

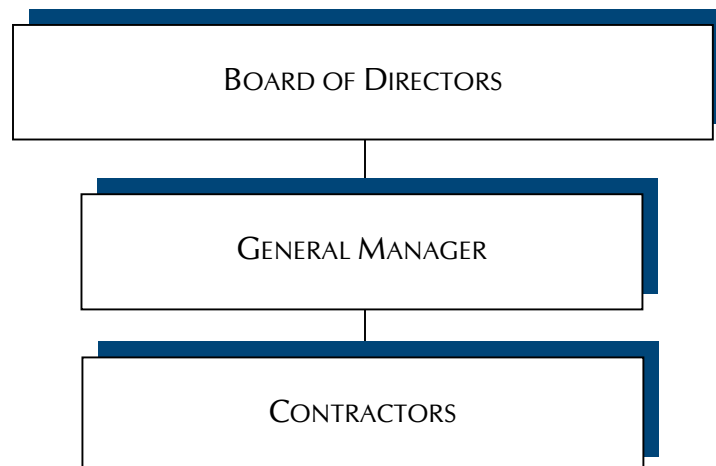
Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association may be able to continue to provide roadway maintenance services. A homeowners' association would allow residents to

retain local control and could allow greater flexibility in increasing special assessments to provide additional funding. This may involve the dissolution of the District and transferring roadway maintenance responsibilities to the new homeowner's association, or a contractual relationship in which the District and HOA continue to exist independently. Another alternative government structure which may offer similar levels of service is to revert to County maintenance of the District's roadway. The County of El Dorado provides similar services to surrounding roadways, including roadways adjacent to the District's road. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

The District has not expressed interest in changing the current District boundaries. Services provided are adequate within the District's existing boundaries and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded.

The board of directors has appointed a general manager who is directly responsible to the board and implements the policies established by the board. The District does not have any additional staff and contracts for roadway maintenance services when necessary. **Figure 2.25-2** shows the District's current organization structure.

FIGURE 2.25-2
SHOWCASE RANCHES CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected to four-year terms. The board elections are held every two years. Terms for board members are staggered, with a maximum of two or three terms expiring at the same time. Board members are comprised of registered voters within the District and are unpaid.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held four times a year, once at the beginning of each quarter. Additional meetings are held as necessary. Meeting announcements are posted at the entrances to the District, at both ends of Dorado Canyon Road, and posted at the Mt. Aukum Post Office prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements, which

govern open meetings for local government bodies. There appears to be ample opportunities for public involvement and input at meetings.

The District does not currently maintain a website but plans to establish one in the future.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District are primarily rural residential land uses. The District is almost built out, consistent with the general plan designations; however, approximately 20 out of 145 parcels remain undeveloped. Future land uses are anticipated to remain the same as current.

- 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.

- 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 is adequate for the current level of service demanded.

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

There are no social or economic communities of interest in the area. Nearby communities include Coyoteville, Melson's Corner, and Outingdale.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No significant growth or population increases are anticipated by Showcase Ranches CSD. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Showcase Ranches CSD's infrastructure consists of a three-mile primary roadway, Dorado Canyon Road, and sixteen secondary roadways, totaling approximately five miles. The Showcase Ranches CSD does not own major roadway maintenance equipment and contracts for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are generally adequate on paved roadways for the current demand, as determined by adherence to

local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Maintenance on gravel roadways is not considered adequate and requires additional maintenance. The District has stated that they are struggling to maintain the roadways in a usable condition, due to the limited funds available. The Showcase Ranches CSD does not have plans for expansion of infrastructure or construction of facilities.

Financing Constraints and Opportunities

The Showcase Ranches CSD is financed by assessments and ad-valorem taxes. Assessments are barely adequate for the Showcase Ranches CSD to provide service, as property assessments were last updated in 1984. The District does not have outstanding debts. Additional financing opportunities are needed for the District to continue to provide adequate services.

Rate Restructuring

The Showcase Ranches CSD does not charge any rates for services; appropriate for the type services provided. The District is financed by property assessments and property taxes.

Cost Avoidance Opportunities

The Showcase Ranches CSD is currently utilizing cost avoidance opportunities available, including a competitive bid process to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Showcase Ranches CSD does not own any facilities and does not share facilities with another provider. No significant opportunities for shared facilities have been identified.

Government Structure Options

The Showcase Ranches CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation. The Showcase Ranches CSD's service boundaries are appropriate for the current services provided. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Showcase Ranches CSD does not currently employ any staff and contracts for services when needed. The District has an appoint General Manager. The District is able to operate under the existing structure.

Local Accountability

The District's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Showcase Ranches Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1995-96 to FY 1999-00

Correspondence and personal communication with Kenneth Bush, Former Board Chairman, Showcase Ranches Community Services District

2.26 SIERRA OAKS CSD

SIERRA OAKS COMMUNITY SERVICES DISTRICT

Contact Information

Address: 5180 Sierra Oaks Drive
El Dorado, CA 95623

Phone: (530) 642-9947

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: John Bebout Elected 2005 - 2009
Michael Harris Elected 2005 - 2009
Jack Tillman Elected 2003 - 2007
Jackie Palmer Elected 2006 - 2009
Tim Mack Elected 2006 - 2007

Board Meetings: Not regular, at a household within the District

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 100 acres

Population Served: 82 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$58,587

Sources of Funding: Property taxes

Rate Structure: None

2.26 SIERRA OAKS CSD

I. SETTING

Sierra Oaks Community Services District (District) maintains one roadway within the District's boundaries, Sierra Oaks Drive. The District is located on the north side of China Hills Road, approximately a quarter mile west of State Highway 49 in the El Dorado area of El Dorado County. **Figure 2.26-1** shows the District's current boundaries and Sphere of Influence.

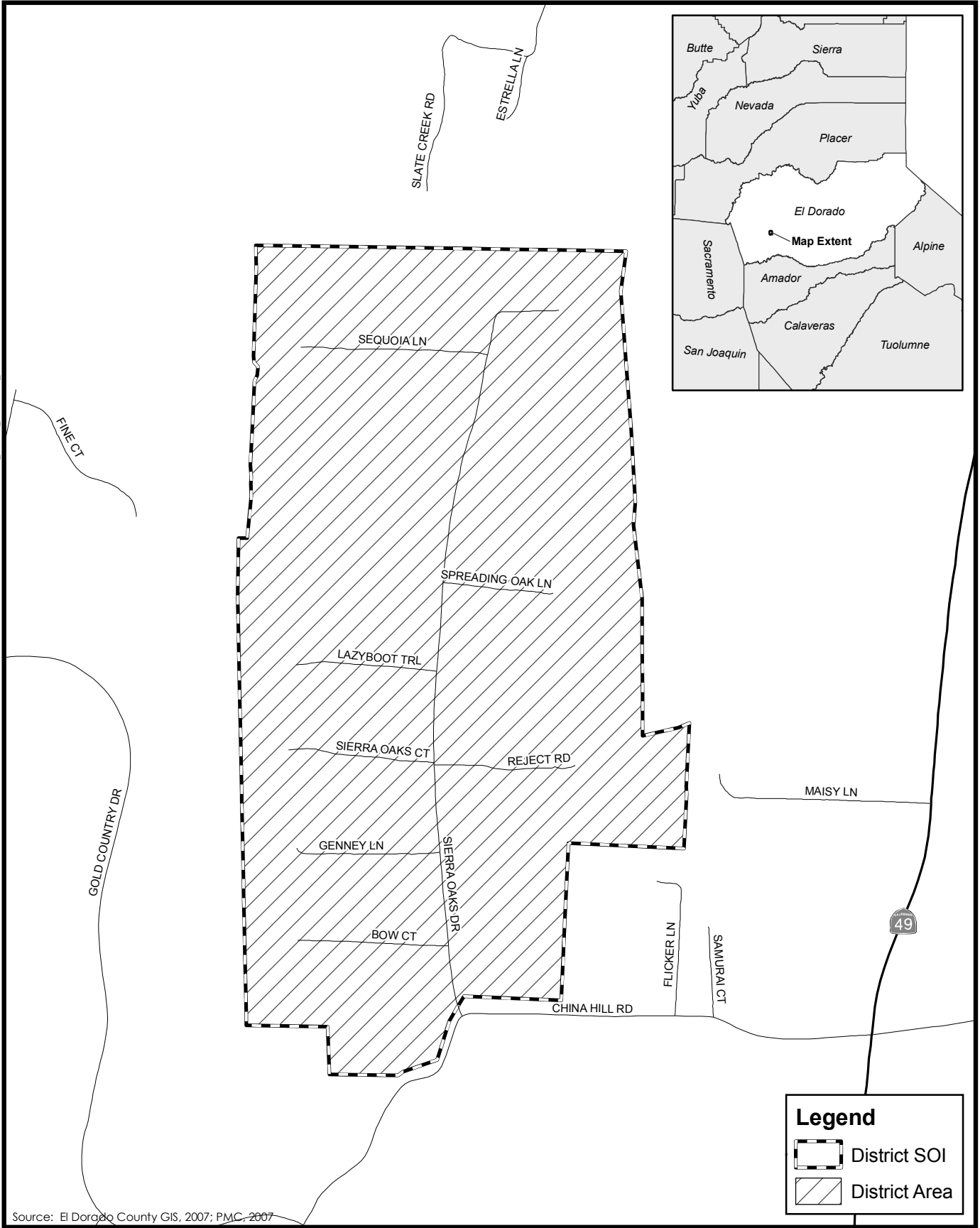
The District was formed in 1976 to maintain one roadway that provides access to the residential homes located on parcels within the District's boundaries. Sierra Oaks Drive, the District's primary public roadway, connects to a major public roadway, China Hill Road, to the south, and dead ends to the northeast. There are approximately seven private roadways within the District that branch off the primary roadway to provide more direct access to residential homes not immediately accessible by Sierra Oaks Drive. The District only maintains Sierra Oaks Drive.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to 45 parcels within the District's boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed consistent with the zoning for the area. The District does not have any plans for future expansion.



Source: El Dorado County GIS, 2007; PMC, 2007



Legend



-  District SOI
-  District Area

Figure 2-26.1
Sierra Oaks CSD
PMC

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of one primary roadway, Sierra Oaks Drive, approximately less than one mile in length. Repairs and maintenance are contracted out accordingly on an as-needed basis. The last major roadway maintenance was performed approximately in 2005. The District has indicated that the current roadway infrastructure is adequate for the current users and existing demand. The District currently has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. As of April 30, 2007, the District has not adopted a FY 2006-07 budget. Previous annual financial statements were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and interest. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected.

The FY 2005-06 actual budget states that major revenues came from property taxes (\$4,337), interest (\$959), and other revenues, totaling \$5,849. The budgeted carryover fund balance from the previous fiscal year was \$52,738, with total financing for the District of \$58,587. Major expenses during the fiscal year included professional and specialized services (\$2,558) and other minor expenses, with total expenditures of \$2,595. The FY 2005-06 budget totals \$58,587 and resulted in revenues exceeding expenditures by \$55,992.

In addition to budget information, the District provided a financial audit from FY 1994-95 to FY 2002-03. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2002-03. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.26-1** provides a summary of the District's three most recent years of revenues and expenditures and change in net assets from FY 2000-01 to FY 2002-03.

TABLE 2.26-1
SIERRA OAKS COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 2000-01 TO FY 2002-03

	2000-01	2001-02	2002-03
Total Expenditures ¹	-	\$593	\$6
Revenues (Property Taxes)	\$4,814	\$4,897	\$4,998
Revenues (Other) ²	\$1,257	\$1,410	\$654
Total Revenues	\$6,071	\$6,307	\$5,652
Net Revenue (Deficit)	\$6,071	\$5,714	\$5,646
Net Assets (end of period)	\$32,794	\$38,508	\$44,154

1 Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

2 Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.26-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.26-1 shows the District's annual expenditures. District expenditures fluctuate over this time period. The District's supplementary information shows that the variations in annual expenditures in FY 2000-01 and FY 2002-03 were due to greater amounts spent on road maintenance.

Table 2.26-1 shows that the District's annual revenues appear to be relatively stable over time. There are minor fluctuations from year to year. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents, and fixed assets such as equipment. As shown in **Table 2.26-1**, the District's net assets change from year to year, largely due to higher expenses for roadway maintenance. The District accumulates funds annually, and then spends the carryover funds for roadway maintenance every few years. The District is able to recover from these periodic large roadway maintenance expenditures. On the other hand, it is unclear if the District roadway receives the level of service desired by District members, or if budgetary constraints limit the improvements to a less frequent repair schedule.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which sends payments to contractors. Currently, the District does not have any outstanding debt.

A review of the District's budgets, audits, and financial information indicates that the District appears to be financially stable, as the District is able to provide adequate

services. The financial audit noted no significant and unusual transactions for the years reviewed. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District solicits bids from private contractors for the maintenance and upgrades of the existing roadway, depending on the need and the availability of funds. The bid solicitation has been effective in allowing the District to select contractors with lower costs for services.

Some costs not directly related to road maintenance activities, such as weed abatement, have been reduced by the use of volunteers, who donate their time to take care of these minor tasks on behalf of the CSD.

These efforts have allowed the District to avoid and defray some costs associated with the provision of services. The District appears to be utilizing a sufficient range of cost avoidance measures. No additional significant cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

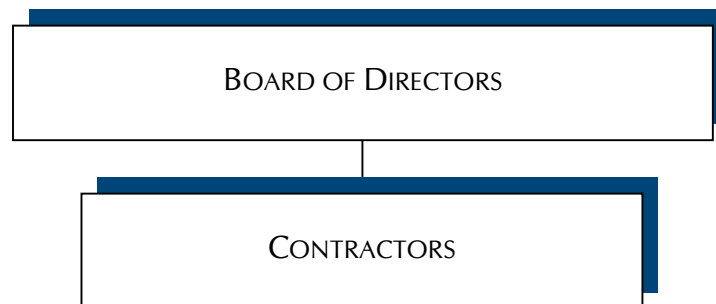
Transitioning the CSD to another government entity, such as another district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure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

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

Residents within the District appear to be the primary users of the District's roadways. The District does not have plans to expand the District's boundaries. Service provided is adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. The current boundaries appear logical and suitable for the service provided and the geography and land use distribution in the area. The District's service boundaries are appropriate for the current level of services provided.

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for services when necessary. **Figure 2.26-2** shows the District's current organization structure.

FIGURE 2.26-2
SIERRA OAKS CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. 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 board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed at a household within the

District. Meeting notices are posted on a post at the entrance to District's primary access road, Sierra Oaks Drive. The District has, in the past, placed meeting notices in resident's mailboxes. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies. The frequency of meetings does not appear to meet the Brown Act requirement of quarterly public meetings by all District boards. There appear to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District include rural residential uses and one commercial use. 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 is sufficient for the current level of service demanded.

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

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

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service within the Sierra Oaks CSD are not increasing. No significant growth or population increases are anticipated by the District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

Sierra Oaks CSD's infrastructure consists of one primary roadway, less than a mile in length. Sierra Oaks CSD does not own major roadway maintenance equipment and

contracts with private providers for roadway maintenance services. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Sierra Oaks CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Services provided by Sierra Oaks CSD are financed primarily by ad-valorem property taxes. The District does not have outstanding debts. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. Fiscal year 2005-06 actual revenues were greater than expenses. Financial information indicates that the District appears to be financially stable, although limited.

It is unclear if the District roadway receives the level of service desired by District members, or if budgetary constraints limit the improvements to a less frequent repair schedule than sought by District members. As of April 30, 2007, the District has not adopted a FY 2006-07 budget.

Rate Restructuring

No rates are charged by Sierra Oaks CSD; appropriate for the type services provided. The District is financed by property taxes only, with no property assessments levied on properties served by the District.

Cost Avoidance Opportunities

Sierra Oaks CSD appears to utilize a sufficient range of cost avoidance opportunities; including soliciting quotes for contracted services and using volunteers to reduce costs. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Sierra Oaks CSD does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

Sierra Oaks CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the Sierra Oaks CSD is sufficient to perform necessary services and maintain operation in an efficient and effective manner. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

Sierra Oaks CSD is able to operate under its existing structure. FY 2005-05 funds used were less than revenues, allowing the District to accumulate additional reserves. The District's

Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District maintains no paid staff.

Local Accountability

The Sierra Oaks CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act, with the exception of meeting frequency. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Sierra Oaks Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 2002-03

Personal communication and correspondence with Jack Tillman, Board Member, Sierra Oaks Community Services District, February 23 to April 30, 2007

2.27 SPRINGFIELD MEADOWS CSD

SPRINGFIELD MEADOWS COMMUNITY SERVICES DISTRICT

Contact Information

Address: P. O. Box 5266
El Dorado Hills, CA 95762

Phone: (916) 365-6419

Website: <http://www.smcsd.org>

Management Information

Manager: Hal Nelson

Governing Body: Board of Directors

Board Members:

Bob Hollis	Elected 2004 - 2008
Jeff Jones	Elected 2006 - 2010
Tim Halverson	Elected 2006 - 2010
Cruz Arellanes	Elected 2006 - 2008
Bobbie Jones	Elected 2006 - 2008

Board Meetings: Third Thursdays of the month at 7pm in the Rolling Hills Church, located at 800 White Rock Road, in El Dorado Hills

Staffing: 2 (general manager and secretary), also contracts for services

Service Information

Empowered Services: Roadway maintenance, parks and recreation

Services Provided: Roadway maintenance, parks and recreation

Latent Powers: None

Area Served: Approximately 250 acres

Population Served: 508 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$231,884

Sources of Funding: Property assessment and property taxes

Assessments: \$200 per parcel

Rate Structure: None

2.27 SPRINGFIELD MEADOWS CSD

I. SETTING

The Springfield Meadows Community Service District (District) maintains all roadways within the District's boundaries, which currently includes the following subdivisions: Springfield Meadows, Shadow Hills Estates, and Stonebriar. The District is located on the south side of US Highway 50 and on the north side of White Rock Road, adjacent to the Sacramento County line in the El Dorado Hills area. **Figure 2.27-1** shows the District's current boundaries and Sphere of Influence.

The District was originally formed in 1978 to maintain roadways and provide other services in the Springfield Meadows subdivision. Primary roadways connect to a major public roadway maintained by the County, White Rock Road.

The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120, for Community Service Districts. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers. The District provides other authorized services not analyzed in this MSR, as this MSR only pertains to roadway services.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to approximately 630 residential lots, approximately 250 acres, within the District's boundaries. In the past decade, the District experienced significant growth and population increases due to the construction of two new subdivisions, the Shadow Hills Estates and the Stonebriar subdivision. Major construction has been completed. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area.

District staff has indicated that there is a vacant site zoned for high-density residential, but no proposals have been discussed with the District. No significant growth or population increases is expected which would affect the District's ability to provide of services. The District does not have any immediate plans for future expansion, although development of the high-density residential site may necessitate the expansion of current roadway facilities. El Dorado County requires a full traffic and roadway analysis with multi-family housing applications, thus the need for expansion will be determined at the time of application for development of the property.

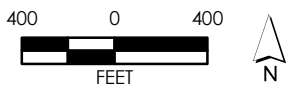
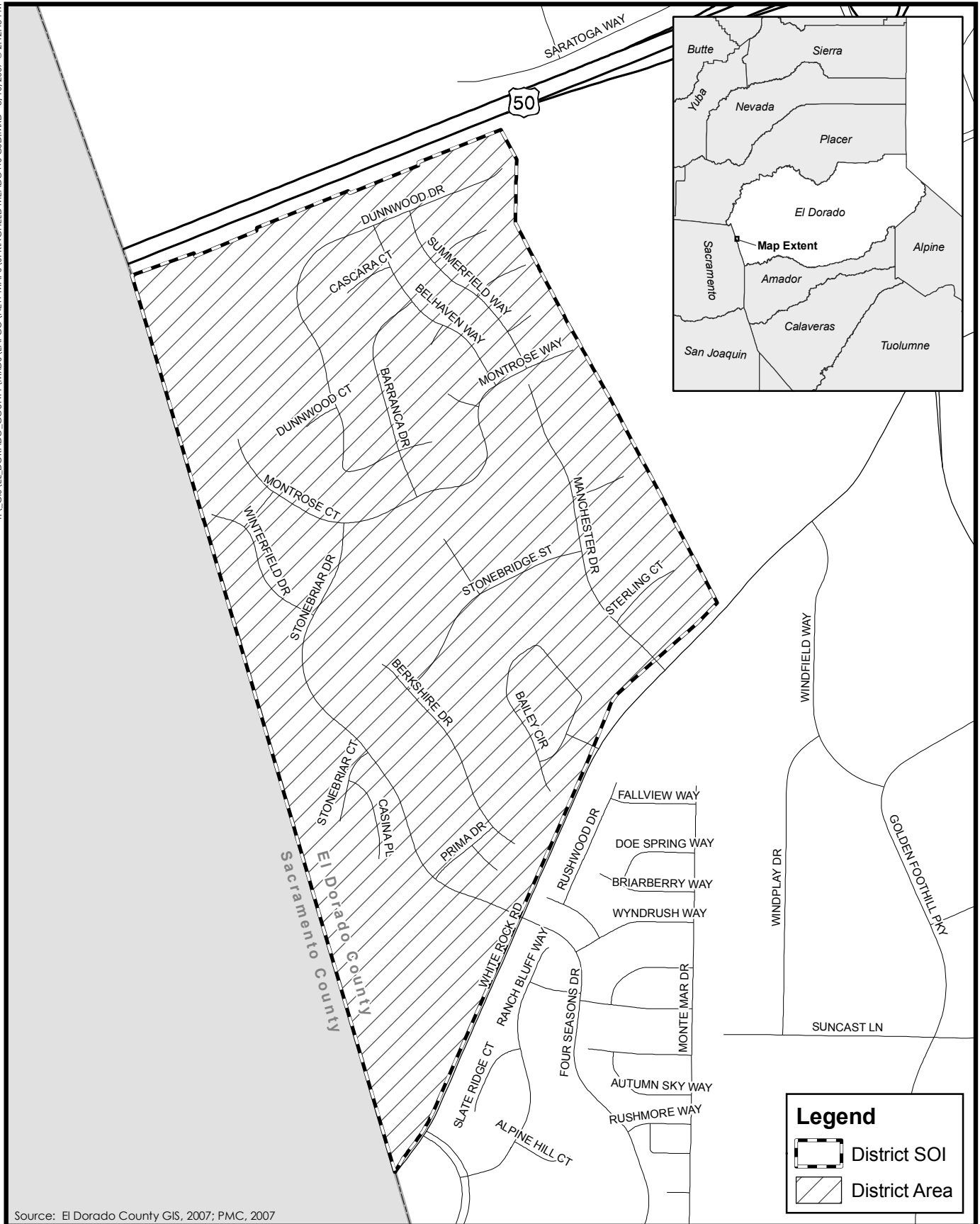


Figure 2-27.1
Springfield Meadows CSD

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of many roadways serving the three subdivisions, with one primary roadway, connecting to White Rock Road, serving each subdivision. The primary roadways connecting to White Rock Road are Stonebriar Drive, Bailey Circle, and Manchester Drive. All of the District's roadways are paved. The District's roadways are paved with slurry seal and a two-inch overlay. A 2003 Draft Financing Plan estimates that the District's facilities will include a total of 42,960 square feet of sidewalks, and 59,534 square feet of landscaped corridors.

In 2006, the County widened White Rock Road, and the subdivision developer repaired the entrances to the District's roadways that connected to White Rock Road.

The road is repaired approximately every few years, depending on the current condition of the roadway and available funding. The roadway repair cycle is estimated in the District's 2003 Financing Plan, which estimates a slurry seal application is required every seven years, crack seal and patching every ten years, and two-inch overlay every 30 years. The District's board evaluates the current roadway to determine if repairs or overall maintenance is required. Repairs and maintenance are then contracted out to private roadway maintenance service providers. The current roadway is adequate for the current users and existing demand.

The District has indicated that the current roadways are adequate for the current roadway usage. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and property assessments. No rates are charged and no user fees are collected. Properties are currently assessed \$200 annually per parcel. The current assessment rate of \$200 per parcel was approved in 1987. Previous attempts to raise assessments in 2006 were rejected by voters. The District intends to put another measure for raising assessments on the ballot again in 2007.

In 2003, an engineering report recommended that the District raise the District's assessments to \$350 with an annual escalation clause for the District to have sufficient

funding to maintain adequate services. According to this report, previously adequate funding may no longer be adequate for the District.

The FY 2006-07 budget estimates revenues from property taxes (\$70,484), direct assessments (\$70,400) and other miscellaneous income, totaling \$153,884. The budget includes utilizing \$78,000 from reserves, with total financing for the District of \$231,884. Major expenses budgeted include building and improvements maintenance (\$75,500), park maintenance (\$30,000), grounds maintenance (\$27,700), professional and specialized services (\$27,620), utilities (\$18,389), legal services (\$9,000), office expenses (\$6,760), and other miscellaneous expenses, with total expenditures of \$209,175. The remaining \$22,709 is transferred back to reserves. The FY 2007 budget is expected to result in fiscal year expenditures greater than revenues.

In addition to budget information, the District provided a financial audit from FY 1993-94 to FY 2002-03. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1993-94 to FY 2002-03. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.27-1** provides a summary of the District's four most recent years of revenues and expenditures and change in net assets from FY 1999-00 to FY 2002-03.

TABLE 2.27-1
SPRINGFIELD MEADOWS COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 2000-01 TO FY 2002-03

	1999-00	2000-01	2001-02	2002-03
Total Expenditures ¹	\$10,576	\$63,322	\$62,806	\$197,989
Revenues (Property Taxes)	\$27,917	\$28,605	\$35,774	\$73,082
Revenues (Other) ²	\$15,523	\$28,227	\$12,583	\$5,600
Total Revenues	\$43,440	\$56,832	\$48,357	\$78,682
Net Revenue (Deficit)	\$32,864	(\$6,490)	(\$14,449)	(\$119,307)
Net Assets (end of period)	\$305,639	\$299,149	\$284,700	\$165,393

¹ Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

² Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.27-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.27-1 shows the District's annual expenditures increasing. District expenditures fluctuate over this time period. The District's supplementary information shows that variations in annual expenditures in FY 1999-00 and FY 2002-03 were due to greater amounts spent on road maintenance. Annual expenditures appear to be generally increasing over time, due to increased roadway maintenance expenditures.

Table 2.27-1 shows that the District's annual revenues appear to be relatively stable over time. There are fluctuations from year to year which cannot be accounted for in budgetary projections. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents, and fixed assets such as equipment. As shown in **Table 2.27-1**, the District's net assets change from year to year, due primarily to higher expenses for roadway maintenance. The District attempts to accumulate funds annually, and then expend a significant portion of the accumulated funds for major roadway maintenance every few years. The District is able to recover from these periodic large roadway maintenance expenditures due to the large fund balance. However, if current fiscal trends continue, the District may become financially unstable as annual expenditures exceed revenues.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which sends payments to contractors. Currently, the District does not have any outstanding debt.

The District will receive additional funding through additional property taxes and assessments, due to the new developments. However, the District is also responsible for maintaining the new roadways, potentially negating any additional revenues. Current budgets still show that fiscal year expenditures are greater than revenues.

Review of the District's budgets, audits, and financial information indicates that the District does not appear to be financially stable, as the District's expenditure generally exceed revenues. The District will require additional funding to be able to sustain the current level of services provided, or reduce the level of service provided. No additional financing opportunities have been identified, but additional financing is needed. The District is currently pursuing several avenues to increase financing.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

New roadways serving the new subdivisions within the District's boundaries were constructed by the developers, which allowed the District to avoid the cost of constructing new roadways.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are circulated, depending on the need and the availability of funds, approximately every few years. The competitive bid process has been effective in controlling costs.

The District is a member of the California Special Districts Association, which provides insurance services through the Special District Risk Management Authority, a joint powers

agreement among 200 special districts and other agencies. This form of pooled insurance allows the District to reduce insurance costs for the District.

The District occasionally utilizes volunteers for minor irregular roadway maintenance, resulting in an avoidance of costs.

The District has recently started a committee to look for grant funding that the District may be eligible. If the District is successful in receiving grant funding, this will help further in avoiding costs.

Potential cost avoidance opportunities available were analyzed. No additional significant cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District is currently contracting out roadway maintenance services. Since the District does not own any facilities, there are no opportunities for shared facilities for roadway maintenance.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District. California Government Code Section 61101-61120 enables the formation of Community Service Districts to provide roadway services. Springfield Meadows CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, in its current legal form, is able to function under its current governmental structure, although financial limitations listed above will require attention in order to assure residents of this continued functioning. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

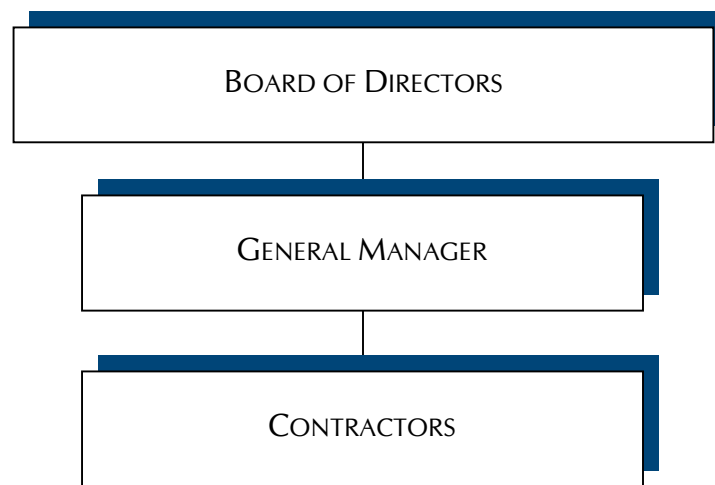
Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, reverting roadway service responsibilities to the County of El Dorado Department of Transportation may be appropriate. A possible operational limitation may result from an insufficient number of residents interested in becoming a board member, creating an instance where a quorum cannot be met. The County may be able to continue to provide roadway maintenance services. The County provides similar services to surrounding roadways, including roadways adjacent to the District's road. This may involve the dissolution of the District and transferring roadway maintenance responsibilities back to the County. A full

analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

The District employs a General Manager and a Clerk/Secretary. The District occasionally utilizes volunteers for irregular road maintenance. The District contracts for services when necessary. **Figure 2.27-2** shows the District's current organization structure.

The District's current service boundaries overlap with another service provider, the El Dorado Hills Community Service District. The El Dorado Hills Community Service District is empowered to provide roadway maintenance services, but does not currently provide those services and has not expressed any interest in providing roadway maintenance services. The District has not expressed interest in changing the current District boundaries. Residents within the District appear to be the primary users of the District's roadways. Service provided is adequate within the District's existing boundaries and does not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided.

FIGURE 2.27-2
SPRINGFIELD MEADOWS CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. Terms for 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 District has stated that there is a low level of interest among residents to serve on the board. This may affect the District's ability to operate if the board is unable to meet a quorum.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held on the third Thursdays of the month at 7 p.m. in the Rolling Hills Church, located at 800 White Rock Road, in El Dorado Hills. Meeting announcements are posted on the District bulletin board at Montrose Drive at the park in Stonebriar. Board meetings and notices appear to be consistent with Brown

Act requirements, which govern open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

One of the District's board members and other volunteers privately maintains a email listserv and website at <http://www.smcsd.org>, as a benefit to residents within the District. The website and listserv is not controlled by the District or the board, and is not funded by the District. These both help to inform the District's residents about the District and services provided.

The District has previously published newsletters to inform the District's residents.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

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.

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

Present land uses within the District include residential, vacant residential lands and parks. 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 is adequate to serve the existing community.

- 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 social or economic communities of interest in the area, which include the unincorporated El Dorado Hills community.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

The Springfield Meadows CSD's has recently experienced significant growth and population increases with two new subdivisions constructed. Current demands for service are not increasing significantly. No significant growth or population increases are anticipated by Springfield Meadows CSD until a vacant high density residential property is developed. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

The Springfield Meadows CSD's infrastructure and facilities consists of approximately eight miles of roadway. The Springfield Meadows CSD does not own major roadway maintenance equipment and contracts for roadway maintenance services. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The Springfield Meadows CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

The Springfield Meadows CSD is financed by assessment and property taxes, which are becoming less than adequate for the District. Fiscal year 2007 budgeted expenses are greater than revenues. The District does not have outstanding debts. The District does not appear to be financially stable, as the District's expenditure generally exceed revenues. The District will require additional funding to be able to sustain the current level of services provided, or reduce the level of service provided. The District is currently pursuing additional financing sources, including attempting to raise assessments, and pursuing grant funding. No additional significant financing opportunities have been identified.

Rate Restructuring

The Springfield Meadows CSD does not charge any rates for services; appropriate for the type services provided. The District is financed by assessment and property taxes.

Cost Avoidance Opportunities

The Springfield Meadows CSD appears to be utilizing a sufficient range of cost avoidance opportunities; including bidding of contracted services and utilizing contract services to reduce costs, utilizing volunteers, pooling of insurance funds, and having developers construct new District roadways. The District is currently pursuing grant funding. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The Springfield Meadows CSD does not own any facilities and does not share any facilities with another provider; no significant opportunities for shared facilities have been identified.

Government Structure Options

The Springfield Meadows CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The Springfield Meadows CSD also provides other authorized public services. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

The Springfield Meadows CSD is able to operate under its existing structure. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The Springfield Meadows CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. The District has stated that there is a low level of interest among residents to serve on the board. This may affect the District's ability to operate if the board is unable to meet a quorum.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, Springfield Meadows Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1993-94 to FY 2002-03

Bob Hollis, <http://www.smcsd.org>, Springfield Meadows CSD website (privately maintained)

El Dorado LAFCo, West County Parks, Recreation, and Open Space Municipal Service Review, July 28, 2004

Correspondence and personal communication with Bob Hollis, Board Member, Springfield Meadows Community Services District, April 2007

2.28 WEST EL LARGO CSD

WEST EL LARGO COMMUNITY SERVICES DISTRICT

Contact Information

Address: 9030 Celestial Way
Placerville, CA 95667

Phone: (530) 621-1155

Website: None

Management Information

Manager: None

Governing Body: Board of Directors

Board Members: John Proctor Elected 2005 - 2009
Greg Pasiuk Elected 2003 - 2007
Donald Uelmen Elected 2003 - 2007
Stephen Griffin Elected 2006 - 2009
Thomas Jamrowski Elected 2006 - 2009

Board Meetings: As needed, approximately every three months

Staffing: None, contracts for services

Service Information

Empowered Services: Roadway maintenance

Services Provided: Roadway maintenance

Latent Powers: None

Area Served: Approximately 85 acres

Population Served: 33 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$12,370

Sources of Funding: Property assessment and property taxes

Assessments: Developed: \$100 per parcel, Undeveloped: \$50 per parcel

Rate Structure: None

2.28 WEST EL LARGO CSD

I. SETTING

West El Largo Community Services District (District) maintains West El Largo Drive and Sierra East Court. The District is located on the north side of Luneman Road, approximately two and a half miles west of Lotus Road, in the Gold Hill area, in El Dorado County. **Figure 2.28-1** shows the District's current boundaries and Sphere of Influence.

The District was formed in 1982 to maintain West El Largo Drive to provide access to residential homes located within the District's boundaries. West El Largo Drive connects to a public roadway, Luneman Road, to the south, and connects to other roadways to the north, Coffey Lane and East El Largo Drive. Sierra East Court branches off West El Largo Drive. There are several long privately maintained driveways within the District that branch off West El Largo Drive to provide direct access to residential homes not immediately adjacent to the District's primary roadways.

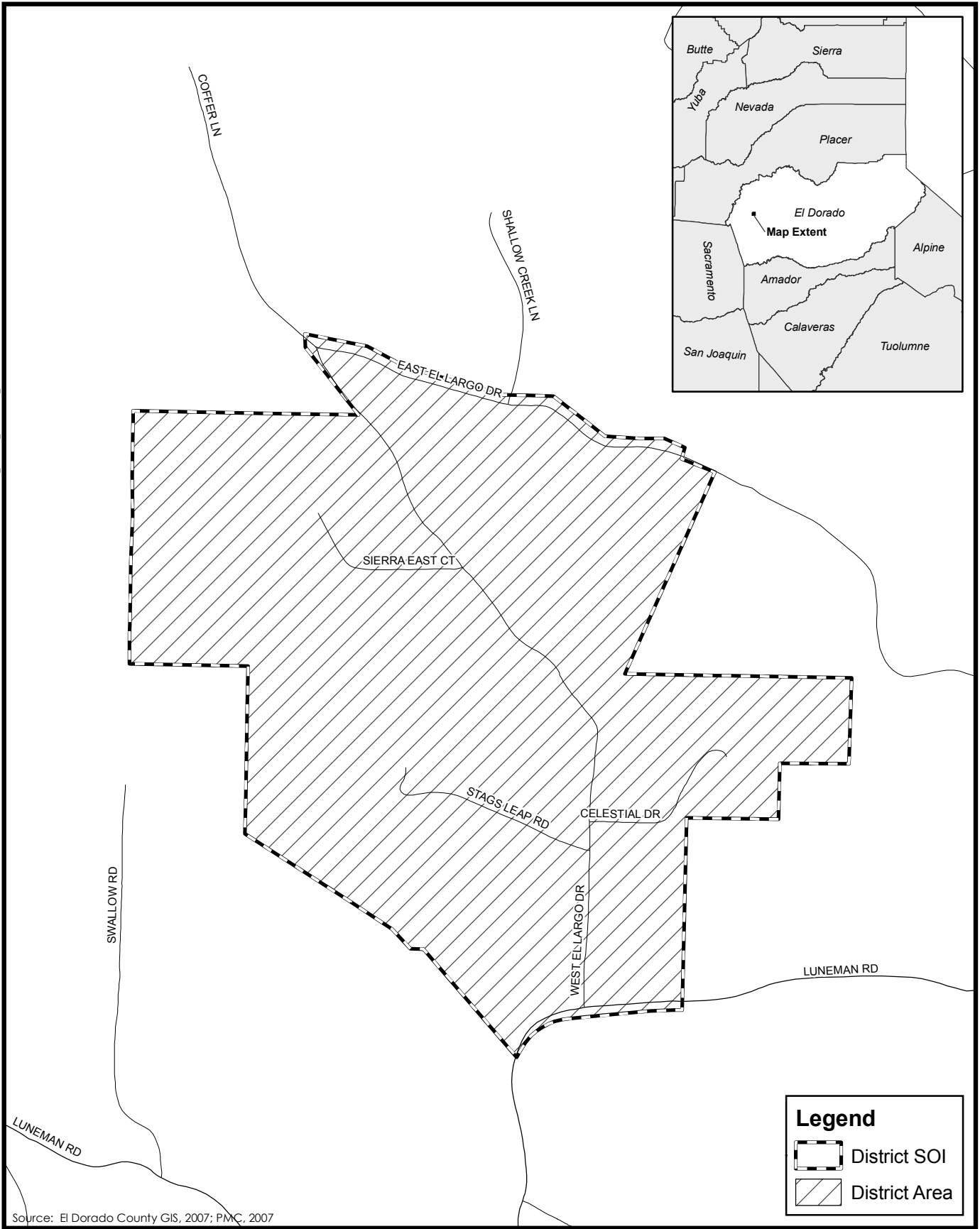
The provision of roadway maintenance and related services are within the District's powers, as authorized in its enabling legislation, codified in Government Code 61101-61120, for Community Service Districts. The District does not provide additional services outside of their enabling legislation. Service provided does not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

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

II. GROWTH AND POPULATION

The District currently is providing roadway services to 18 parcels within the District's boundaries. Fifteen of the 18 parcels are developed, while three of the rest remain undeveloped. The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as most of the parcels have been developed according to the zoning for the area. No significant growth or population increases is expected, which will not affect the District's ability to provide of services. The District does not have any plans for future expansion.

The District is interested in expanding their current Sphere of Influence and boundaries to include two additional parcels immediately adjacent to the District, as the residents currently utilize the District's roadways to access their parcels. The District's roadways serve as the sole access way for those two parcels. The two parcels are within the East El Largo road association, but do not have access to the association's roads or services. It is possible that these two parcels may eventually become a part of the District's service boundaries.



Source: El Dorado County GIS, 2007; PMC, 2007

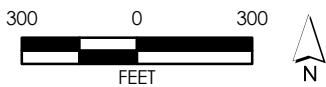


Figure 2-28.1
West El Largo CSD

III. INFRASTRUCTURE

This section addresses the adequacy of roadways and roadway maintenance programs within the District. 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 each agency to determine the extent of maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

The District's current infrastructure consists of one primary roadway, West El Largo Drive, approximately less than half a mile in length, and a shorter roadway, Sierra East Court, which dead-ends to the west.

Repairs and maintenance are contracted out to private roadway maintenance service providers on an as-needed basis. Maintenance and repairs are currently divided into three sections, with one of the sections undergoing major repairs and maintenance every five years. This results in a section of the roadway undergoing major repairs approximately once every fifteen years.

The current roadway infrastructure is adequate for the current users and existing demand.

The District has indicated that the current roadways are adequate for the current roadway usage. The District has no plans for future expansion of services or major infrastructure and facilities.

IV. FINANCING AND RATE RESTRUCTURING

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. Annual financial statements from fiscal year (FY) 2006-07 were reviewed to determine the fiscal status of the District.

Community Services Districts in El Dorado County typically rely upon property taxes, property assessments, and volunteers to provide roadway maintenance services. The District is financed primarily through property taxes and property assessments. Improved (developed) properties are assessed \$300 annually, whereas unimproved (vacant) property is assessed \$100 annually. Property assessments were last increased in 2006 from \$100 and \$50 per parcel, respectively. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected.

The FY 2006-07 budget states that revenues are expected to come from property taxes (\$1,599) and direct assessments (\$4,800), totaling \$6,399. The budgeted carryover fund balance from the previous fiscal year is \$5,971, with total financing for the District of \$12,370. Major expenses budgeted include road maintenance (\$10,758) and insurance (\$1,100), with a total expenditures of \$12,370 and is expected to result in current year expenditures equal to current year funds available.

In addition to budget information, West El Largo Community Services District provided a financial audit from FY 1993-94 to FY 2000-01. The District's audit provides a statement of assets and liabilities and a statement of the District's revenues, expenditures and change in net assets from FY 1994-95 to FY 2000-01. The statement of revenues, expenditures and change in net assets is an indicator of the District's ability to meet its annual expenditures with the funds available. A continual decline in net assets may mean the District will encounter future financial problems. **Table 2.28-1** provides a summary of the District's revenues and expenditures and change in net assets from FY 1993-94 to FY 2000-01.

TABLE 2.28-1
WEST EL LARGO COMMUNITY SERVICES DISTRICT: REVENUES, EXPENDITURES AND NET ASSETS
FY 1993-94 TO FY 2000-01

	1994-95	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Total Expenditures ¹	\$4,480	-	\$4,495	-	\$320	-	\$7,453	-
Revenues (Property Taxes)	\$3,525	\$909	\$1,036	\$937	\$2,596	\$2,646	\$2,761	\$2,936
Revenues (Other) ²	\$134	\$194	\$174	\$102	\$227	\$412	\$258	\$196
Total Revenues	\$3,659	\$1,103	\$1,210	\$1,039	\$2,823	\$3,058	\$3,019	\$3,132
Net Revenue (Deficit)	(\$821)	\$1,103	(\$3,285)	\$1,039	\$2,503	\$3,058	(\$4,434)	\$3,132
Net Assets (end of period)	\$3,443	\$4,546	\$1,261	\$2,300	\$4,803	\$7,861	\$3,427	\$6,559

¹ Total Expenditures are included as one category, covering current operating expenditures for services and supplies and salaries and employee benefits as well as capital outlay for fixed assets such as the purchase of equipment.

² Revenues (Other) is the total revenue from interest and intergovernmental revenues. They are included as a sum instead of separate categories because neither is a significant revenue source for most of the years covered.

The information provided in **Table 2.28-1** shows general trends in the District's expenditures and revenues; however, there may be other factors which affect the District's financial stability. The District's audit includes supplementary information which gives a more detailed accounting of revenues and expenditures. This information was reviewed to further assess the District's financial stability.

Table 2.28-1 shows the District's annual expenditures. District expenditures fluctuate drastically over this time period. The District's supplementary information shows that variations in annual expenditures in FY 1994-95 and FY 1999-00 were due to greater amounts spent on road maintenance.

Table 2.28-1 shows that the District's annual revenues appear to be relatively stable over time. There are fluctuations from year to year which could be due to when property owners pay their property taxes. There are no additional factors that are expected to affect the District's revenues.

The District's net assets include cash and cash equivalents, and fixed assets such as equipment. As shown in **Table 2.28-1**, the District's net assets change from year to year, due to higher expenses for roadway maintenance. The District carries forward funds annually, and expends the accumulated amount for roadway maintenance every few years. The District seems able to recover from these periodic large roadway maintenance expenditures.

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 receivable and payables. The District submits payment requests or reimbursements to the County, which sends payments to contractors. Currently, the District does not have any outstanding debt.

Review of the District's budgets, audits, and financial information indicates that the District appears to be financially stable with the recent increase in property assessments, as the District is able to provide adequate services. No additional financing opportunities have been identified.

V. COST AVOIDANCE OPPORTUNITIES

This section considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The District utilizes a competitive bid process for the maintenance and upgrades of the existing roadway. Requests for proposals are sent out depending on the need and the availability of funds. The competitive bid process has been effective in controlling costs, as it allows the District to select the lowest cost qualified contractor to provide services.

Indirect road maintenance costs have been reduced by the use of volunteers who complete minor road maintenance repairs, such as patching the District's roadways.

No additional significant cost avoidance opportunities have been identified that would result in a significant reduction in costs associated with service provision.

VI. OPPORTUNITIES FOR SHARED FACILITIES

This section of the MSR addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations. The District does not share any facilities with another service provider. No significant opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

This section considers the appropriateness and adequacy of the legal structure of the service provider, as well as the adequacy of the existing physical boundaries and SOI of the District.

California Government Code Section 61101-61120 enables the formation of Community Services Districts to provide roadway services. This district is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

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

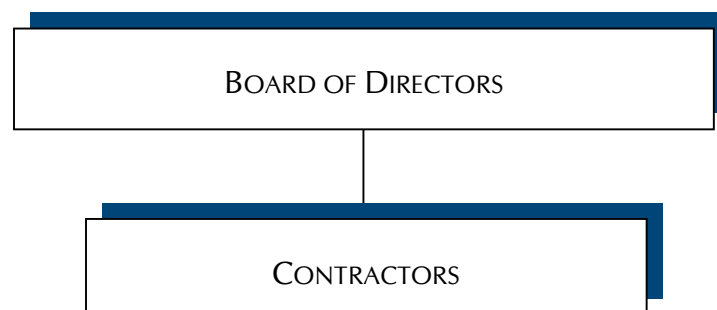
to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

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

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

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of March 2007, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for services when necessary. **Figure 2.28-2** shows the District's current organization structure.

FIGURE 2.28-2
WEST EL LARGO CSD ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

The District's governing Board of Directors is composed of five officials, elected by voters to four-year terms. The board elections are held every two years. Terms for the board are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District. Board positions are unpaid.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held as needed, approximately once every three months, at a household within the District. Meeting notices are posted at the front of mailboxes for residents within the community, prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements, which govern open meetings for local government bodies. There appears to be ample opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

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

Present land uses within the District are primarily rural residential. 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 the public facilities provided is sufficient for the current level of service demanded.

Currently the District has a "free rider" problem with out-of-district landowners who utilize District roads to access their property. This causes wear and tear on the roads that is not appropriately offset by revenues.

- 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 area. Nearby communities include the Lotus area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service within West El Largo CSD's boundaries are not currently increasing. The District is currently providing roadway services to two parcels adjacent to the District's boundaries and may eventually be included within the District boundaries. No significant growth or population increases are anticipated by the District. Current and future land uses are anticipated to remain primarily residential.

Infrastructure

West El Largo CSD's infrastructure consists of two roadways, approximately less than half a mile in length. West El Largo CSD does not own major roadway maintenance equipment and contracts with private providers for roadway maintenance services. West El Largo CSD schedules major roadway repairs for one section every five years. The District does not have any standards for roadway repair and maintenance. Services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. West El Largo CSD does not have plans for expansion of infrastructure or facilities.

Financing Constraints and Opportunities

Services provided by West El Largo CSD is financed primarily by assessments and ad-valorem property taxes. Assessments were last increased in 2006. The District does not have outstanding debts. The District has accumulated reserves annually to be expended for roadway maintenance every few years when needed. Fiscal year 2007 budgeted expenses are equal to revenues. The District's budget is balanced. The District appears to be financially stable with the recent increase in property assessments

Rate Restructuring

No rates are charged by West El Largo CSD; appropriate for the type of services provided. The District is financed by property assessments and property taxes.

Cost Avoidance Opportunities

West El Largo CSD appears to be utilize a sufficient range of cost avoidance opportunities; including bidding for services and using volunteers for minor maintenance activities. No additional significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The District does not own any facilities and does not share any facilities with another provider. No opportunities for shared facilities have been identified.

Government Structure Options

West El Largo CSD is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the West El Largo CSD is sufficient to perform necessary services and maintain operation in an efficient and

effective manner. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Evaluation of Management Efficiencies

West El Largo CSD is able to operate under its existing structure. FY 2006-07 budgeted funds available equal budgeted expenditures. The District's Board of Directors has not appointed a General Manager, as required of all Community Services Districts. The District does not currently employ any staff and contracts for services when needed.

Local Accountability

The West El Largo CSD's board is elected by voters within the District. Board meetings appear to be held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

XI. BIBLIOGRAPHY

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2007

County of El Dorado, West El Largo Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1993-94 to FY 2000-01

Personal communication and correspondence with Don Uelmen, Board Member, West El Largo Community Services District, April 2007