

EL DORADO LOCAL AGENCY FORMATION COMMISSION

TABLE OF CONTENTS

I EXECUTIVE SUMMARY 2

II BACKGROUND..... 4

 A. Legislative Framework 4

 B. Relationship Between Spheres of Influence and Service Reviews 5

 C. Service Review Guidelines 6

III AGENCY DESCRIPTION 8

 County Service Area 2 8

IV MSR DETERMINATIONS 15

VI SOI DETERMINATIONS..... 19

 ▪ ENVIRONMENTAL REVIEW..... 20

 ▪ REFERENCES AND SOURCES 21

EL DORADO LOCAL AGENCY FORMATION COMMISSION

I EXECUTIVE SUMMARY

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of County Service Area 2, along with a subsequent update to its spheres of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing road maintenance related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

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

This MSR and LAFCO's adoption of a subsequent resolution making sphere of influence determinations are statutorily exempt from the California Environmental Quality Act [Class 6, §15061(b)(3)]. In undertaking this service review and making sphere of influence determinations, LAFCO considered its responsibilities under federal and state civil rights and environmental justice laws. The activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The MSR and sphere of influence update have no possibility for causing a significant effect on the environment.

The structure of this report is as follows: Section II contains important background information, Section III contains a description of County Service Area 2, Section IV contains the service review and sphere of influence determinations,

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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

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

II BACKGROUND

A. Legislative Framework

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

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

Section 56430 of the CKH Act, in part, states as follows:

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
- (1) Growth and population projections for the affected area.
 - (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
 - (3) Financial ability of agencies to provide services.
 - (4) Status of, and opportunities for, shared facilities.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (6) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.
- (c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

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

- Section 56378 authorizes LAFCOs to initiate and make studies of existing governmental agencies. “In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments. (Those agencies) shall comply with the request of the commission for that information...”
- Section 56846 states, “Every officer of any affected county, affected city, or affected district shall make available to a reorganization committee any records, reports, maps, data, or other documents which in any way affect or pertain to the committee’s study, report, and recommendation and shall confer with the committee concerning the problems and affairs of the county, city, or district.”
- Section 56844 authorizes the Commission to undertake a study or report in place of a reorganization committee, thereby transferring those access rights.

B. Relationship Between Spheres of Influence and Service Reviews

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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

C. Service Review Guidelines

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

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

- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability and preservation of open space, important agricultural land and finite natural resources.
- Encourage infill development and direct growth to areas planned for growth in general plans.
- Learn about service issues and needs.
- Plan for provision of high quality infrastructure needed to support healthy growth.
- Provide tools to support regional perspectives or planning that address regional, cross-county or statewide issues and processes.
- Develop a structure for dialogue among agencies that provide services.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

III AGENCY DESCRIPTION

County Service Area 2

Contact Information

Address: 2441 Headington Road
Placerville, CA 95667

Phone: (530) 642-4954

Websites / Email: www.co.el-dorado.ca.us
www.arrowbeerroadzone.com
elizabeth.zangari@edcgov.us

Management Information

Manager: Elizabeth Zangari

Governing Body: El Dorado County Board of Supervisors

Board Members: James R. Sweeney: Elected 2007-2011
John Knight: Elected 2009-2013
Norma Santiago: Elected 2007-2011
Ray Nutting: Elected 2009-2013
Ron Briggs: Elected 2007-2011

Board Meetings: Weekly, Tuesdays at 8:00 am at the BOS 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 (15.62 miles of roadway)

Fiscal Information

Sources of Funding: Property assessments and property taxes

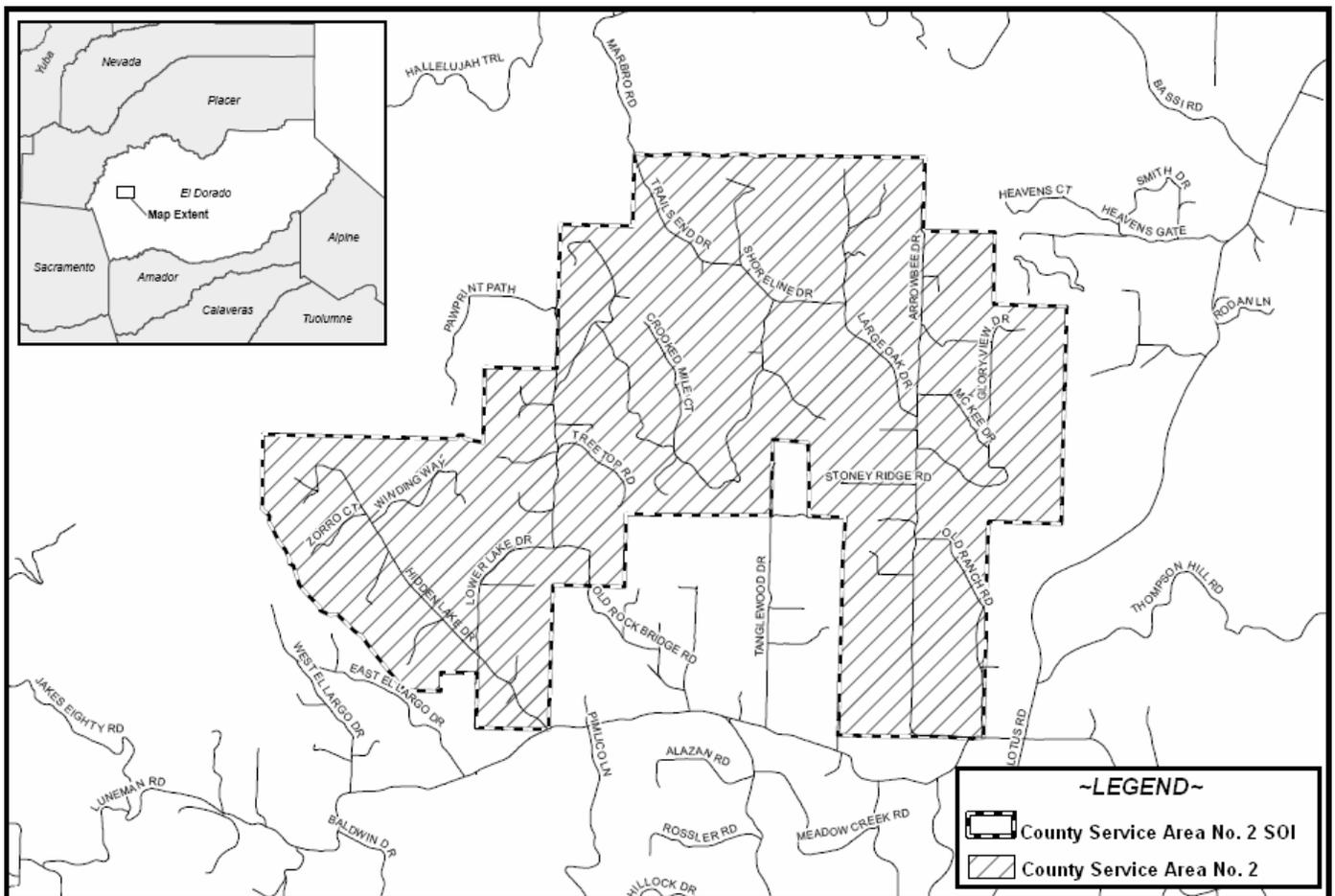
Assessments: \$200 per parcel for each zone of benefit

Rate Structure: None

EL DORADO LOCAL AGENCY FORMATION COMMISSION

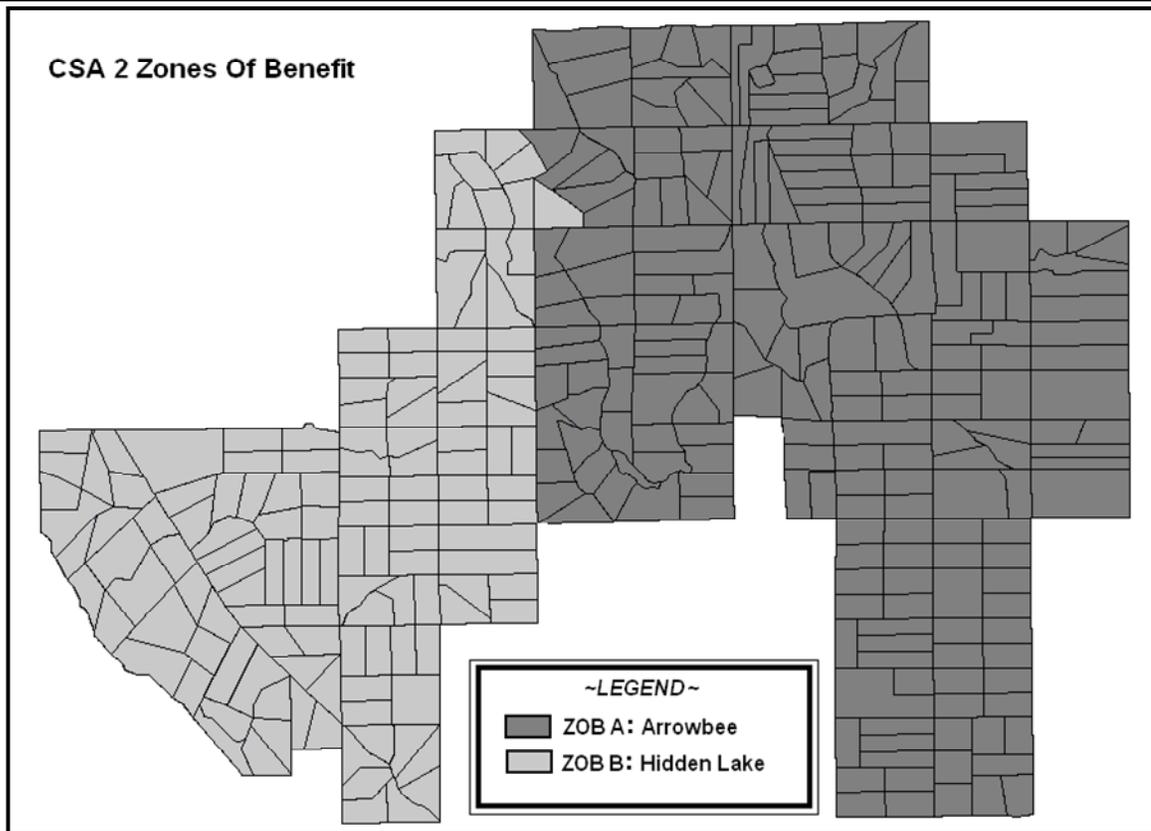
Background

County Service Area 2 (CSA 2 or the District) was formed in 1963 as a mechanism to collect revenue for the provision of road maintenance and related services within the Coloma-Lotus area. The District maintains approximately 15.62 miles of roadway within its boundaries, which encompass approximately 2,039 acres. The District 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 (see map).



There are two zones of benefit within CSA 2. A road 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, such as, road improvement and maintenance. Landowner assessments are collected on behalf of each zone by the County and can be used for only that road system. The two zones of benefit within CSA 2 are Arrowbee Road and Hidden Lake Road, which essentially bisect the CSA vertically, as shown below:

EL DORADO LOCAL AGENCY FORMATION COMMISSION



The provision of roadway maintenance and related services are within the powers of CSA 2, as authorized in its enabling legislation, Government Code §25210.1. Roadway maintenance services are necessary to ensure that roadways remain usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in service demand are expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient.

Population and Growth

The CSA is currently providing service only to roadways serving residents within the two zones of benefit. Following its formation in 1963, CSA 2 annexed additional territory in 1967 and 1971. No annexations or changes to service boundary or SOI have occurred since that time. No significant growth or population increases are currently anticipated by CSA 2 staff to affect the 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.

Infrastructure

CSA 2 maintains approximately 15.62 miles of roadway, with roadway surfaces ranging from asphalt to dirt. Approximately 0.8 miles of that is gravel or dirt roadway, with the remaining 14.82 miles being comprised of a combination of chip sealed and asphalt concrete. The CSA does not own any 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.

The adequacy of the CSA'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. The roadways maintained by CSA 2 are not required to be in conformance with the County's roadway standards; thus it is up to CSA 2 to determine the extent of its own maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

An advisory committee, appointed by the County Board of Supervisors, directs and determines the roadway maintenance required within each zone of benefit. The advisory committee develops a maintenance plan based on input from the residents within the zone and upon the available maintenance budget. The advisory committee sends its recommendations to the Board of Supervisors, which is 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.

Road Maintenance

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; the maintenance work must be performed by private contractors or volunteers as contracted by the advisory committees. All maintenance work is performed by contractors and volunteers as needed, which varies annually based on the goals of each individual zone and available funding. 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. Repairs are generally limited to pothole patching and applications of chip or slurry seal.

CSA 2 does not own any road maintenance equipment or facilities; however it may rent equipment for the use by volunteers, in accordance with the Volunteer

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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. All rental agreements are negotiated through County administration on behalf of the zones of benefit.

The CSA has indicated that the current roadways are adequate for the current users and existing demand. The advisory committees determine which aspects of their roadways are most important and require regular maintenance. The CSA has no plans for providing additional services or major infrastructure and facilities.

Personnel and Staffing

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. An administrative services officer provides program oversight. CSA 2 utilizes a combination of volunteers to perform some basic roadway maintenance work, as specified under the Volunteer Work Plan approved and authorized by the Board of Supervisors, as well as contracting for roadway maintenance services utilizing a competitive bid process.

Administration and Management

County Service Area 2 is a dependent special district, governed by the El Dorado County Board of Supervisors. The county charges each zone of benefit fees for administration costs and requires it to contribute to the purchase of a liability insurance policy covering all zone roads. Each of the two zones of benefit in CSA 2 has an advisory committee appointed by the Board of Supervisors with an identified key contact that acts as liaison to the Board. Members of the committees serve in an advisory capacity and, as such, are subject to the provisions of California's open meeting laws, also known as the Brown Act. The Advisory Committees are required to meet at least four times each year. All meetings are open to the public and must be noticed accordingly. The committees identify special projects to be completed and develop a recommended annual budget to be approved by the Board of Supervisors.

Funding and Budget

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.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

All monetary amounts cited in this section are rounded to the nearest whole number and based on fiscal year (FY) 2007-08 budgetary information received from the County Auditor-Controller's Office.

Revenues

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

Revenues	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
Fund Balance Available	\$ 37,242	\$ 87,715	\$ 81,438
Taxes	85,932	44,707	90,901
Property Taxes	18,511	10,903	22,270
Special Assessments	67,187	33,687	67,587
SHPTR*	234	117	234
Penalties/Cost Delinquent Taxes	104	35	464
Interest	2,593	1,804	2,097
Total Revenues	\$125,872	\$134,260	\$174,090

* State Homeowners Property Tax Relief

In addition to any carryover fund balance from the previous fiscal year, the following sources of revenue are available to the CSA:

Property Taxes – Property taxes are calculated and collected by the County and transferred to the CSA. During FY 2007-08, CSA 2 received an average property tax increment of 4.221% from each of the 341 parcels within the county service area, which is a little over four cents of every dollar collected in property tax revenue.

Special Assessments – Both zones of benefit have established special taxes of \$200 per parcel, paid to the County on behalf of the zones for road maintenance and repair. The funds are collected with the property taxes and deposited into an interest bearing account for use within the zones. The Department of Transportation Special Districts Unit administers all funds. Special assessments are the primary source of revenue for the CSA.

SHPT Relief – The CSA receives a small amount from the State Homeowners Property Tax Relief program, which is additional funding provided to independent special districts to offset the amount of revenue lost from the state homeowner's tax exemption.

Interest – CSA 2 earns interest from the balance in its operating account with the County. The County Treasury has an annual variable interest rate that is between 1% to 5.5%, depending on how the entire pool of County-controlled funds is invested. The amount received by each independent and dependent district whose funds are deposited in the County Treasury is apportioned by the County based on the ratio of the district's average daily cash balance to the total cash balance within the Treasury.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Expenditures:

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

Expenditures	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
Administrative Costs	\$ 173	\$ 22	\$ 17
Office Expense	85	0	0
Postage	57	0	0
Publication and Legal Notices	22	22	17
Staff Development	9	0	0
Services and Supplies	25,627	82,589	87,444
Road Maintenance and Construction	25,627	82,589	84,815
Small Tools and Instruments	0	0	160
Plant Mix	0	0	1,992
Signs	0	0	285
Fuel Purchases	0	0	192
Interfund Expenditures	1,850	69	65
Interfund Exp. – Internal Data Processing	215	114	500
Interfund Exp. – Road District Tax Fund	4,782	2,919	9,330
Intrafund: CSA Insurance	5,512	0	6,064
Total Expenditures	\$38,158	\$85,713	\$103,420

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. 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.

The County handles the CSA's fiscal administration. The County charges each zone of benefit fees for administration costs and requires it to contribute to the purchase of a liability insurance policy covering all zone roads. All of the CSA'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.

IV MSR DETERMINATIONS

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

- (1) Growth and population projections for the affected area.
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- (3) Financial ability of agencies to provide services.
- (4) Status of, and opportunities for, shared facilities.
- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (6) Any other matter related to effective or efficient service delivery, as required by commission policy. On January 30, 2008, the Commission adopted the following determination as the sixth factor to study: "The potential effect of agency services on agricultural and open space lands."

In addition, the Commission's Policies and Guidelines Section 4.4 require that it make the following determinations prior to establishing a sphere of influence:

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

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

1. Growth and Population Projections for the Affected Area

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

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

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

The area is designated for low density and rural residential land use per the El Dorado County General Plan Land Use Element; no land use changes are anticipated in the immediate area. Little growth is anticipated within the District's boundaries other than what will occur as a result of development of existing parcels. No significant growth or population increases are currently anticipated to affect the CSA's ability to provide road services within each zone of benefit.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies of a district in terms of capacity, condition of facilities, service quality, and levels of service and its relationship to existing and planned service users.

Information in this section addresses #1 and #6 of LAFCO Policy 4.4, which are:

- Service capacity, level and types of services currently provided by the agency, and areas where these services are provided.
- A description of the services that will be provided to any areas which may be added to the sphere and the timing and method for funding expansion of facilities or services.

CSA 2 currently maintains approximately 15.6 miles of roadway owned by the County. The zone of benefit advisory committees would prefer to have all road surfaces asphalt paved or chip sealed; however due to limited funds less than 15 miles are a combination of chip sealed and asphalt concrete and 0.8 miles are gravel or dirt roadways. CSA 2 contracts with private providers for roadway services as needed. CSA 2 is able to provide sufficient roadway services.

3. Financial Ability of the Agency to Provide Services

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

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

- Financial capabilities and costs of service.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

County Service Area 2 is financed by special assessments; which are adequate for the service provided. CSA 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 financing or cost avoidance opportunities have been identified.

4. Status of, and Opportunities for, Shared Facilities

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

CSA 2 is managed by the Special Districts Unit of the El Dorado County Department of Transportation. CSA 2 shares administrative staff with CSA 9, funded by all of the road zones of benefit within the County. No significant opportunities for shared facilities have been identified.

5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

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

Information in this section addresses #7 of LAFCO Policy 4.4, which is:

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

County Service Area 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 may 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.

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 with the other County Service Areas in El Dorado County. Additionally, CSA 2 contracts for roadway services when necessary.

6. The Potential Effect of Agency Services on Agricultural and Open Space Lands.

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

Information in this section addresses #5 of LAFCO Policy 4.4, which is:

- Potential effects on agricultural and open space lands.

The 2004 General Plan directs unincorporated growth to already existing population centers, or “community regions,” such as the Coloma-Lotus area. CSA 2 is located just west of Lotus Road and north of Luneman Road. The CSA comprised of low density residential parcels and is surrounded by similar residential uses, agricultural parcels and open space. However, it is unlikely that the services provided by the CSA would induce urban growth or the premature conversion of agricultural or open space lands to urban uses. Any detrimental impact to the area due to residential development has already occurred. The CSA has no current plans for expansion, so there are no additional impacts expected for the surrounding areas.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

V SOI DETERMINATIONS

In determining the sphere of influence for each local agency, Government Code §56425(e) requires the Commission to consider and prepare a written statement of determinations with respect to four factors. Staff recommends the following determinations for amending the sphere for the Knolls Property Owners Community Services District:

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

Land uses within CSA 2 are primarily low density residential land with some rural residential areas on the outer edges of the District. The CSA is mostly surrounded by lands zoned for low density and rural residential uses; however there are areas designated for open space and agricultural lands in the general area to the north and northwest. Planned land uses within the CSA 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.*

Present needs for public facilities and services are currently being met. CSA 2 is able to provide sufficient roadway services; however the zone of benefit advisory committees would like to have all County roadways within the CSA paved or chip sealed. Probable needs for public facilities and services are not currently anticipated to vary significantly from present needs, as future demands are expected to remain the same.

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 Coloma-Lotus area.

Based upon the information contained in this report, it is recommended that no changes be made to the County Service Area 2 sphere of influence at this time and that the Commission reaffirm the current SOI, which was last updated in December 2007.

VI ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA, Public Resources Code §21000 et seq.) requires public agencies to evaluate the potential environmental effects of their actions. OPR's Service Review Guidelines Chapter 7, *Integrating Municipal Service Reviews with the California Environmental Quality Act*, advises that "no two municipal service reviews will be exactly alike and each needs to be evaluated on its specific merits and characteristics." The environmental review for El Dorado LAFCO's service review of County Service Area 2 is specific to this study and may differ from the environmental review of other service reviews and other LAFCOs.

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

Exemption

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

VII REFERENCES AND SOURCES

General Background Information:

2004 El Dorado County General Plan: A Plan for Managed Growth and Open Roads; a Plan for Quality Neighborhoods and Traffic Relief, adopted July 19, 2004

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