

**Arroyo Vista
Community Services District
Municipal Service Review and
Sphere of Influence Update**

September 2018

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

ARROYO VISTA COMMUNITY SERVICES DISTRICT MUNICIPAL SERVICE REVIEW

SEPTEMBER 2018

Commissioners

Shiva Frentzen, Chair

Mark Acuna

Ken Humphreys

Brooke Laine

Tim Palmer

Michael Powell

Brian Veerkamp

Alternates

Diana Anderly

John Clerici

Holly Morrison

Michael Ranalli

Staff

José C. Henríquez

Erica Sanchez

Riley Nork

Denise Tebaldi

Kara Ueda

EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

NOTICE OF EXEMPTION

TO: OFFICE OF PLANNING AND RESEARCH
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

FROM:
EL DORADO COUNTY LAFCO
550 Main Street, Suite E
Placerville, CA 95667
José Henriquez
(530) 295-2707

FILED
SEP 27 2018

WILLIAM SCHULTZ, Recorder-Clerk
By *William Schultz*

COUNTY CLERK

County of El Dorado
330 Fair Lane
Placerville, CA 95667

Project Title: Arroyo Vista Community Services District Sphere of Influence Study; LAFCO Project No. 2017-08

Project Location – Specific: AVCSD 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.

Project Location – City: N/A Project Location – County: El Dorado

Description of Nature, Purpose and Beneficiaries of Project: Update the sphere of influence for the Arroyo Vista Community Services District to affirm the current sphere of influence, which was last updated in January 2008.

Name of Public Agency Approving Project: El Dorado LAFCO

Name of Person or Agency Carrying Out Project: El Dorado LAFCO

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: _____
- Statutory Exemptions. State code number: 15061(b)(3)

Reasons why project is exempt: The activity is 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. This sphere of influence update has no possibility for causing a significant effect on the environment.

Lead Agency
Contact Person: José C. Henríquez Area Code/Telephone/Extension: (530) 295-2707

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature *José C. Henríquez* Date: September 27, 2018 Title: Executive Officer

- Signed by Lead Agency
- Signed by Applicant

03113

408 50 932

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EL DORADO CO. RECORDER/CLERK

DATE POSTED: 9/28/2018

DATE REMOVED: 10-31-18

DATE RETURNED: 11-1-18

RESOLUTION NUMBER L-2018-10

**Update to the Arroyo Vista Community Services District
Sphere of Influence**

LAFCO Project No. 2017-08

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code §56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and

WHEREAS, §56425 et seq. provides that the local agency formation commission in each county shall develop and determine the sphere of influence of each local governmental agency within the county, and enact policies designed to promote the logical and orderly development of areas within the spheres of influence, as more fully specified in §56425 et seq.; and

WHEREAS, §56430 requires that local agency formation commissions conduct a municipal service review (MSR) prior to, or in conjunction with, consideration of actions to establish or update a sphere of influence (SOI) in accordance with §56076 and §56425; and

WHEREAS, pursuant to §56430, in order to prepare and update the sphere of influence, the Commission conducted a municipal service review of the Arroyo Vista Community Services District and adopted a written statement of determinations in conjunction with this sphere of influence update on September 26, 2018; and

WHEREAS, the Executive Officer reviewed the sphere of influence update pursuant to the California Environmental Quality Act (CEQA), and recommended that the project is exempt from CEQA under §15061(b)(3) because it is 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, and, based thereon, the Executive Officer prepared a Notice of Exemption; and

WHEREAS, the Executive Officer set a public hearing for September 26, 2018 for consideration of the environmental review and the sphere of influence update for the Arroyo Vista Community Services District and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, on September 26, 2018 the sphere of influence update came on regularly for hearing before LAFCO, at the time and place specified in the Notice; and

WHEREAS, at said hearing, LAFCO reviewed and considered the sphere of influence, and the Executive Officer's Report and Recommendations; each of the policies, priorities and factors set forth in Government Code §56425 et seq.; LAFCO's Policies and Guidelines related to spheres of influence, starting with Policy 4.0; and all other matters presented as prescribed by law; and

WHEREAS, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and

WHEREAS, the Commission received, heard, discussed, and considered all oral and written testimony related to the sphere update, including but not limited to protests and objections, the Executive Officer's report and recommendation, the environmental document and determinations and the service review; and

WHEREAS, on January 30, 2008, at the time of its last review, the Commission established the functions and classes of services provided by the Arroyo Vista Community Services District as follows: road and road maintenance services; and

WHEREAS, the Commission does hereby make the following determinations regarding the proposal pursuant to Government Code §56425(e):

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

Present land uses within the District are residential, despite the presence of five undeveloped parcels within AVCS D's boundaries. Planned land uses are anticipated to remain the same as current land uses for those five parcels. The County of El Dorado is not planning on changing the land use designation to allow for denser uses and the District is not looking to expand.

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. The District is not looking to expand road services beyond the maintenance of Arroyo Vista Way nor expand its service boundaries. The District is also not looking to provide additional services beyond road maintenance.

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 for the short term. The report noted that revenues are not keeping up

with the rising costs of providing services and the Board of Directors should strategize for the next step, if it has not done so already.

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.

5. *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

Not applicable to AVCS D since this district does not provide water, wastewater or fire services. While AVCS D does not provide any municipal services as defined in Government Code 56425(e)5, LAFCO has not identified any disadvantaged communities within the District's boundaries or in its sphere of influence.

NOW, THEREFORE BE IT HEREBY RESOLVED, DETERMINED, ORDERED AND FOUND:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The Notice of Exemption prepared by the Executive Officer is approved as the appropriate environmental document for this project.

Section 3. Pursuant to Government Code §56425(i)(2), the Commission does hereby establish the functions and classes of services provided by the Arroyo Vista Community Services District as follows: road and road maintenance services.

Section 4. The update to the Arroyo Vista Community Services District sphere of influence to affirm the current sphere is orderly, logical and justifiable.

Section 5. The Executive Officer is directed to file a Notice of Exemption under §15061(b)(3) in compliance with the California Environmental Quality Act and local ordinances implementing the same.

Section 6. The Arroyo Vista Community Services District sphere of influence is updated to affirm its current sphere as shown on the attached map, marked Exhibit A, attached hereto and incorporated herein by this reference.

PASSED AND ADOPTED by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held September 26, 2018 by the following vote of said Commission.

	AYE	NO	ABSTAIN	ABSENT	NOT VOTING
Commissioner Acuna	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Frentzen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Humphreys	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Laine	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Palmer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Powell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commissioner Veerkamp	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Anderly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Clerici	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Alt. Commissioner Morrison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Alt. Commissioner Ranalli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

ATTEST:



 Interim Clerk to the Commission



 Chairperson

APPROVED

Arroyo Vista CSD Sphere of Influence Update
LAFCO Project No. 2017-08
Resolution L-2018-10

EXHIBIT A

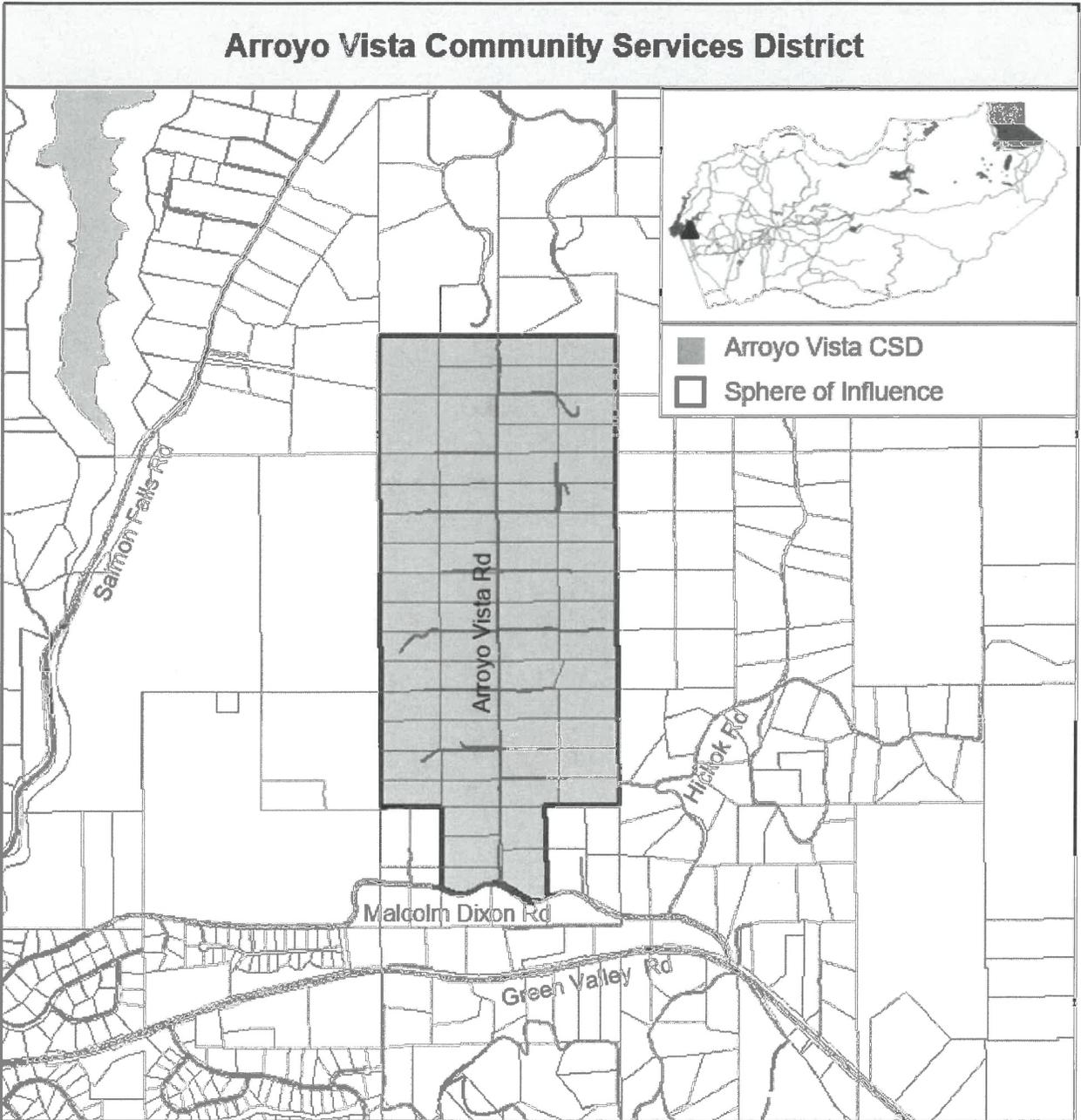


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I EXECUTIVE SUMMARY

Background

The Arroyo Vista Community Services District (District) maintains the full length of the one-mile long Arroyo Vista Way, which serves as the primary accessway for residents. 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.

Arroyo Vista Way connects to County-maintained Malcolm Dixon Road to the south and dead-ends to the north. Within the District's boundaries, there are several privately maintained roads that bisect Arroyo Vista Way in order to provide more direct accessways to residential homes that are not immediately adjacent to Arroyo Vista Way. 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.

Roadway maintenance services are necessary to ensure that Arroyo Vista Way remains 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. The services provided by the District do not extend beyond designated service boundaries.

II **AGENCY DESCRIPTION**

Arroyo Vista Community Services District

Contact Information

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

Phone: (916) 296-4243

Website: None

Management Information

Board of Directors:

Jason Jurrens	2015 - 2020
Dennis Forsberg	2015 - 2020
Garland E. Gagnon	2013 - 2018
Joy Miller	2013 - 2018
Vicki Sacksteder	2015 - 2020

Board Meetings: Quarterly, as needed

Staff: None

Service Information

Principal Act: Government Code Section 61000 et seq.

Empowered Services:
(at the time of formation) Roadway Maintenance and Recreation and Parks Services

Services Currently Provided: Roadway Maintenance

Latent Powers: Recreation and Parks Services
(LAFCO approval required)

Area Served: 335 Acres

Population Served: 124 registered voters

Major Infrastructure: Roadways

Fiscal Information

Budget: \$20,710 budgeted for FY2016-17

Sources of Funding: Special taxes and property taxes

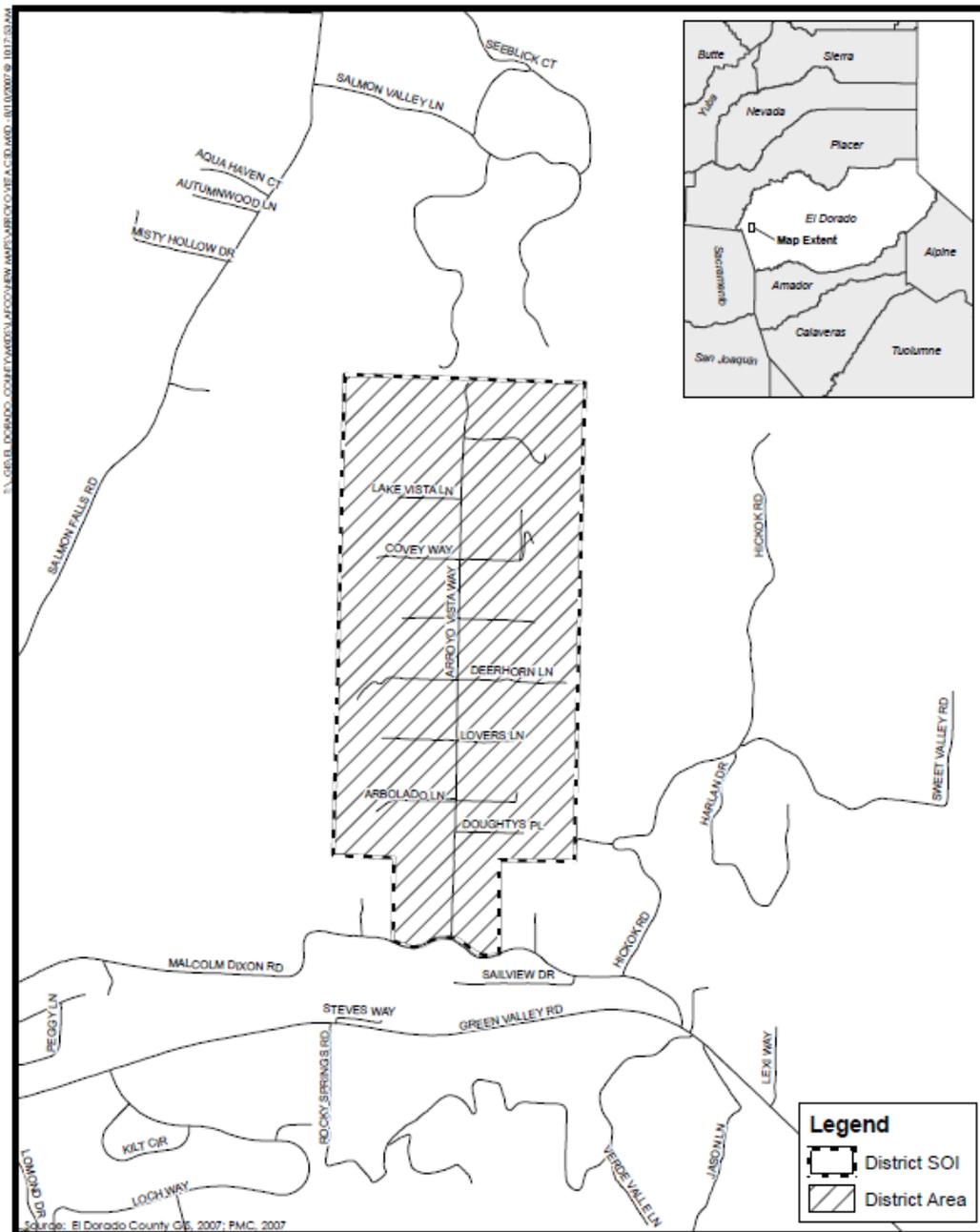


Figure 2-1.1
Arroyo Vista CSD



III **MSR DETERMINATIONS**

In preparing a municipal service review, Government Code §56430 requires the Commission to prepare a written statement of its determinations. Appendix A contains a summary of the current determinations.

In addition, the Commission's Policies and Guidelines Section 4.4 require that additional determinations be made in an MSR prior to establishing a sphere of influence. These additional determinations are included among the Government Code §56430 determinations below and in Appendix A.

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 services provided by this agency.

Please note that determination #7 below is not in Government Code. This is because the Government Code §56430(a)7 allows for the Commission to review "any other matter related to effective or efficient service delivery as required by commission policy." El Dorado LAFCO chose to study the potential effects of service delivery and/or extension on agricultural land as its seventh determination.

1. Growth and population projections for the affected area.
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<i>Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.</i>

Information in this section addresses the following factors in LAFCO Policy 4.4:

- 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 Arroyo Vista Community Services District only maintains Arroyo Vista Way, which is the main throughway that provides access to 66 parcels (totaling 335 acres) within the District's boundaries. Five of these parcels are currently undeveloped. The 2004 General Plan designates all residential parcels within the district as low-density residential, RE-5 (residential estate, one-dwelling per 5 acres). While there are other roadways that bisect and sprout off of Arroyo Vista Way, these are considered private driveways.

The setting described above has not changed much since the AVCS D was formed in 1983. The District does not currently anticipate any significant future growth, population increases, or changes in land uses that will affect the District's ability to provide services, 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.

Theoretically speaking, the district's population could increase slightly with the possible addition of no more than five single-family homes built on the five currently undeveloped parcels. Compared to the estimated population of 140, the increase of

13 persons brought about by the development of these five remaining parcels (2.3 persons per dwelling unit) translates to a maximum growth of 9% distributed over an unknown future timeframe. The projected maximum population increase will not affect services.

The territory surrounding AVCSD currently has three separate designations. On the north, the designation is RE-10, low-density residential. To the east and west, the designation is RE-5, low density residential, the same as that of AVCSD. One of the two parcels to the west definitely has a more intensive use: The density of the Alto project is one home on 2-3 acres.

To the southwest, the possibility for a fourth land use designation is up in the air. The currently-approved project called “Diamante” can subdivide the parcel into 19 homes on 114 acres, each sitting on lots 5-10 acres in size. However, the owners of that parcel have submitted a request to the County to amend the General Plan designation to increase the density for their “Vineyards at El Dorado Hills” project so that 42 homes can be built. The General Plan Amendment is in its early stages, with the environmental review being written up as of the writing of this report.

Traffic from the Alto, Diamante (or Vineyards) and two other adjacent projects farther north will be routed to Malcolm Dixon and Salmon Falls Roads. The traffic from these four projects will not run directly on Arroyo Vista Way; however, the increase in traffic along Malcolm Dixon Road will impact the Arroyo Vista residents in that Malcolm Dixon Road is the only ingress/egress used by the Arroyo Vista residents in and out of their neighborhood.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
Purpose: To identify the communities within the agency’s service area or sphere of influence that have been traditionally unserved or underserved.

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual median household income, which was \$51,002 as of 2016 (United States Census Bureau, 2016¹).

The Department of Water Resources did not designate the area in or around the Arroyo Vista CSD as belonging to a disadvantaged community. The 2015 Census data show that Arroyo Vista CSD is a Census Block Group with a median household income between \$75,001-100,000, with an MHI of \$77,946. In addition, according to City-data.com, the median household income for the neighborhoods in and around Arroyo Vista CSD is \$95,995. In either case, it is reasonable to assume that that the MHI for the District is well above the median income level for a DUC.

Pursuant to Government Code Section 56430, disadvantaged unincorporated communities also lack water, waste water, and structural fire protection services. AVCSD does not provide any of these services. In addition, the Arroyo Vista

¹ The 2017 family income data will be released in September of 2018

neighborhood is already within the service boundaries of the El Dorado Hills Fire Department (El Dorado Hills County Water District). The Arroyo Vista subdivision, while it is currently outside the service boundaries of the El Dorado Irrigation District (which provides water and waste water services), is within the EID sphere of influence. Since its inception, the Arroyo Vista residents have relied on private wells and septic for their water and wastewater needs. LAFCO staff is not aware of any problems or issues with these private systems.

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

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

Information in this section addresses the following factors in LAFCO Policy 4.4:

- 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.

Infrastructure

The Arroyo Vista Community Services District's infrastructure and facilities consists of a one-mile roadway, Arroyo Vista Way, and a bus shelter (an 8' by 6' rain shed used primarily by school children waiting for the bus). Major roadway maintenance is performed approximately every two to three years, depending on the current condition of Arroyo Vista Way and available funding.

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 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.

Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction. The District's Board of Directors 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 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.

A LAFCO staff driving tour of Arroyo Vista Way in mid-February found the road to be in very good shape, with no bumps, potholes or cracks in the pavement. While the road is unmarked and narrow, it is wide enough to allow two vehicles to pass side-by-side. There are no paved shoulders on either side. The road's highest point is in the middle, curving down slightly on the sides to allow for proper drainage. There is no deep culvert or drainage ditch on either side of the road. In addition, the bus shelter also serves as a community board where the agenda for the December 7, 2017 District Board Meeting was publicly noticed.

The only thing observed that was out of the ordinary was a sign at the entrance of Arroyo Vista Way from Malcolm Dixon indicating that Arroyo Vista was a "private road." This is not the case. Arroyo Vista Way is a publicly dedicated road. While it does not lead to a specific house, Arroyo Vista Way is the primary throughway for landowners to access their property.

Operations

AVCSD operates similarly to other small CSDs in El Dorado County, with a volunteer Board of Directors, the use of contractors for large projects and relying on volunteers for minor maintenance. Currently, there is no designated general manager. Arroyo Vista CSD does not have a public office, paid staff, regular publications, a website, or a public phone line.

4. Financial ability of agencies to provide services.

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

Information in this section addresses the following factors in LAFCO Policy 4.4:

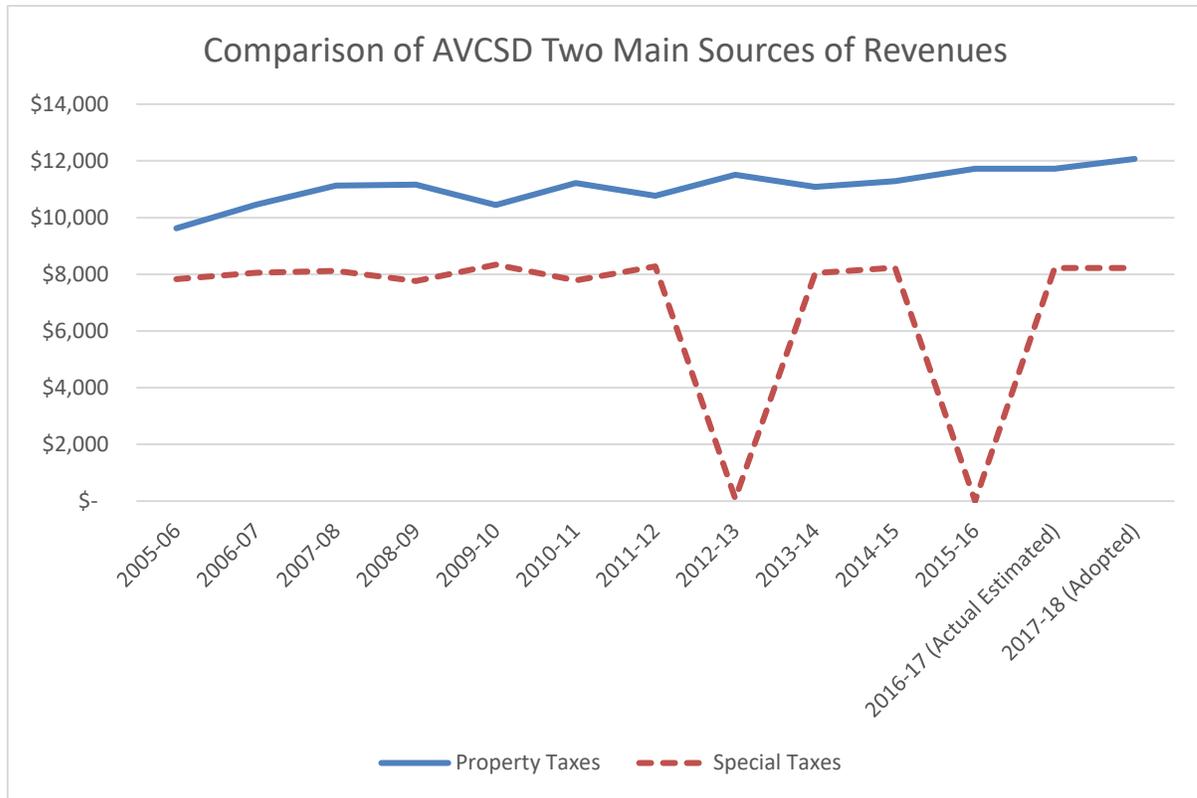
- Financial capabilities and costs of service.

Funding and Budget

Revenue Sources

AVCSD's revenue streams include receiving a portion of property taxes and a special tax, the latter approved in 1984. The percentage of property taxes that go to the District is 6.1056%. District voters approved a special tax of \$125 for developed parcels and \$100 for undeveloped parcels in April 1984. According to data from the Auditor-Controller's Office, approximately 61 parcels are assessed the \$125 tax and five parcels are assessed the \$100 special tax.

In terms of size and importance, there is no question that the property taxes generate more revenue for the District. In any given year, the collected property tax amounts are about 30% larger than the funds collected from special taxes. As seen in the chart below, both revenue streams are relatively stable and the amounts collected by the District do not fluctuate much from year to year. There are two significant dips in special tax revenue in 2012-13 and 2015-16 that LAFCO staff is unable to account for in the financial data received from the Auditor-Controller's Office, as it will be explained a little later in this section.



The County handles the District’s fiscal administration. All the District’s funds are deposited into the County Treasury and the Auditor’s office manages the District’s receivables and payables. The District submits payment requests for reimbursements to the County, which in turn sends payments to contractors. The District currently does not have any outstanding debt.

Financing Constraints and Opportunities

As indicated above, Arroyo Vista CSD is funded through property taxes and a long-standing district-wide special tax. No rates are charged and no user fees are collected. The District maintains a single road with those funds. The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed.

Table 1: District Revenues, Expenditures and Net Assets in Detail (FY 2013-14 to 2017-18)

	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual Estimated)	2017-18 (Adopted by District)
Revenues – Property Taxes	\$11,082	\$11,281	\$11,727	\$12,058	\$12,069
Revenues – Direct Special taxes	\$8,038	\$8,238	\$0	\$7,785	\$8,225
Revenues – Other	\$436	\$523	\$763	\$1,077	\$1,115
Total Revenues	\$19,556	\$20,042	\$12,490	\$20,921	\$21,409
Expenditures – Road Maintenance	\$970	\$970	\$970	\$8,027	\$83,600
Expenditures – Insurance	\$1,067	\$1,293	\$1,115	\$1,224	\$2,500
Expenditures – Administrative	\$384	\$363	\$1,853	\$1,367	\$17,080
Expenditures – Professional Servs	\$0	\$0	\$0	\$0	\$3,500
Expenditures – Appropriations for Contingencies	\$0	\$0	\$0	\$0	\$82,833
Total Expenditures	\$2,421	\$2,626	\$3,937	\$10,618	\$189,513
Net Revenue (Deficit)	\$17,135	\$17,416	\$8,553	\$10,303	(\$168,104)
Fund Balance: \$16,551* June 30, 2013	\$(26,337)* June 30, 2014	\$17,135* June 30, 2015	\$17,416* June 30, 2016	\$8,553* June 30, 2017	\$10,303* June 30, 2018

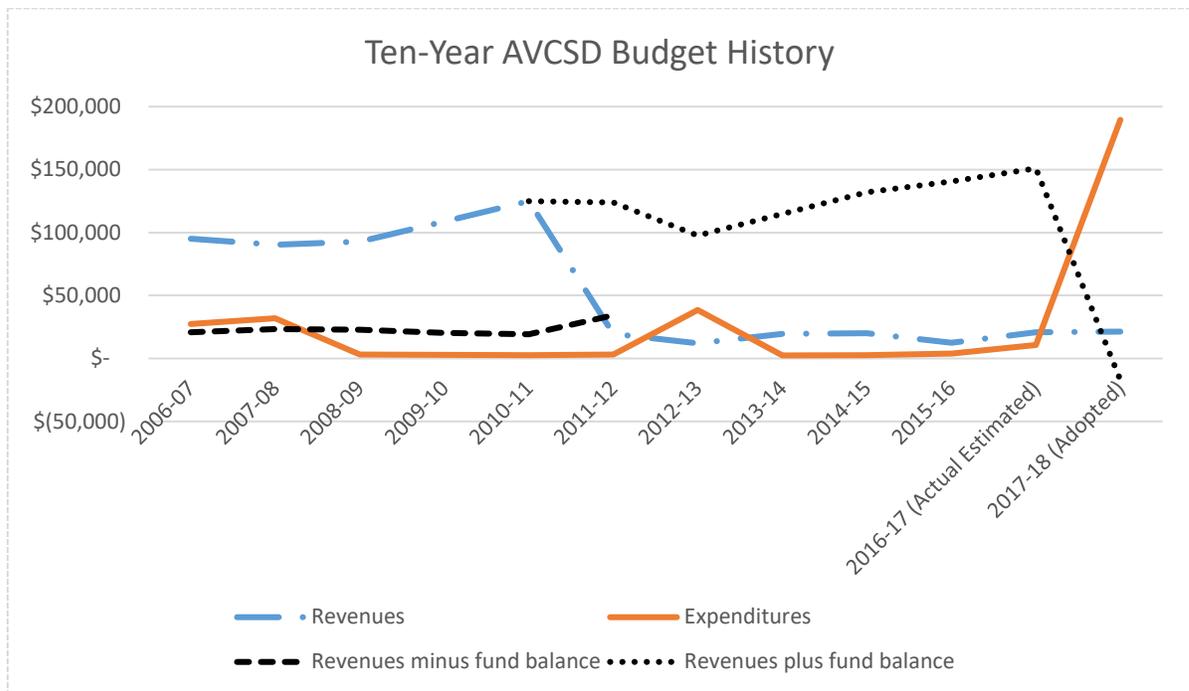
* Approximate amount estimated by LAFCO staff; County Auditor Special District Final Budget Reports no longer include Fund Balance information beyond FY 2010-11.

It should also be noted that the data used to compile the table above comes from the Auditor-Controller’s Office. Actual numbers were used in order to reflect the true expenditures used by the District with the exception where actual data has not been compiled yet, such as the 2017-18 Fiscal Year (and to some extent the financial data from FY2016-17). Unfortunately, the actual financial data for FYs 2012-13 and 2015-16 appear to be incomplete and LAFCO was unable to retrieve it. According to the Auditor’s website, just \$80 and \$0, respectively, were collected in “Direct Assessments” for those two years. Those numbers cannot be correct since the direct assessment revenues should not be so low. Budgeted data could be used as a rough substitute; however, those numbers are not listed either.

As it can be seen in the table above, the data suggests that the District’s revenues are not keeping up with its expenditures. The District survives by spending as minimal as possible on a given number of fiscal years and saving up the carryover. This accumulation of funds are then used up periodically. The chart below shows AVCS D’s revenues and expenditures for the last 10 years, thereby giving a longer

view perspective of both this dynamic and to illustrate that the revenue streams are no longer adequate for AVCSD's expenditures.

In order to make this determination, an explanation is needed. Prior to fiscal year 2010-11, the District's budgets counted the fund balance as a revenue source. This is why the "Revenue" (dash-dot) line is really high between 2007 and 2010. However, the Auditor-Controller's Office changed how it counted revenues in FY2010-11. The AVCSD budgets found after that date no longer contained the fund balance. Revenues meant strictly incoming "new" revenues for that year. That change caused the Revenue line's "collapse" in that year. However, the depiction of a revenues "collapse" is not really accurate in that fund balances still exist; they're just not depicted after FY2010-11. In order to normalize the District's revenue stream to make an apples-to-apples comparison, LAFCO staff calculated the fund balance and removed it so that the revenue stream was primarily property tax and special tax revenues prior to FY2010-11 (dashed line). Also included is the dotted line, which would be the amount of new revenues plus the fund balance. That resulted in the following chart. In order to be consistent with the Auditor's numbers, the revenue stream is essentially flat for the past 10 years if you don't count the fund balance:



Cost-Avoidance Opportunities

Arroyo Vista CSD 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.

In other instances, where the maintenance does not require a licensed contractor or is relatively minor, the District uses volunteers to provide roadway maintenance 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 issuing joint 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.

The District does not have any paid employees or a designated general manager as required by Government Code Section 61240. Additionally, the district carries liability insurance through the Special District Risk Management Association (SDRMA).

Opportunities for Rate Restructuring

Arroyo Vista CSD does not offer any other services, programs or special events besides maintaining the roadway. The district has no plans for expansion of its existing facilities or the future annexation of new territory.

There has also been no inclination to modify the special tax currently in place. LAFCO staff was unable to find any recent actions to increase or decrease the amount collected annually in order to affect the District's revenues.

Audit

There is usually a review of an agency's last audit included in this type of report. Unfortunately, the last audit performed for Arroyo Vista Community Services District is the same reviewed in *2007's Streets and Highways MSR*, the audit for FY 1994-95 to FY 2000-01. As a result, the following is the analysis conducted by PMC in the *2007 Streets and Highways MSR*:

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

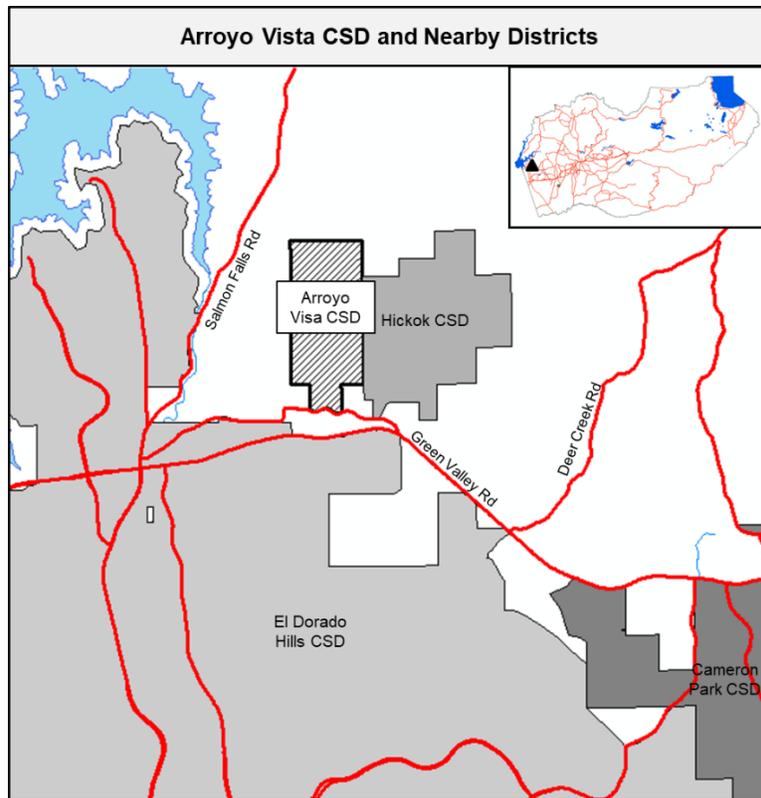
"The District does not have any outstanding debt.

“[A review] of the District’s budgets, audits, and financial information indicates that the District appears to be financially stable, leading to the District being able to provide adequate services.”

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

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

The Arroyo Vista Community Services District does not share any facilities with another provider even though it is next to Hickok Road CSD and is almost adjacent to El Dorado Hills CSD. Partnering with El Dorado Hills CSD does not make much sense given that these two districts provide separate services. However, there may be a missed opportunity with Hickok Road CSD since both districts provide road maintenance services. While there would be no administrative cost savings (neither district employs staff or own equipment), both utilize contractors for large projects. If the districts can synchronize their respective finances and maintenance schedules, there may be an opportunity for them to issue a joint contract for services. This may produce savings to both districts by introducing some economies of scale.



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

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

Information in this section addresses the following factors in LAFCO Policy 4.4:

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

Local Accountability

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 the El Dorado County Board of Supervisors). 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 and these positions are unpaid. As stated earlier, the District does not have a general manager appointed, salaried or volunteer, and relies on licensed contractors to perform large and complex projects but relies on volunteers to conduct simple maintenance.

ARROYO VISTA CSD ORGANIZATIONAL CHART



The board president maintains a “complaint/suggestion” box on a fence post 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 consistent with the Brown Act. District board meetings are held as needed. Meeting announcements are posted on public mailboxes 72 hours prior to the board meeting. Notices of board meetings are also posted on the bus shelter. 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.

Arroyo Vista CSD does not own or main a website. In the last few years and in the wake of several local government scandals, the Legislature, the Little Hoover Commission, the Governor's Office of Planning and Research and a host of other public and private entities have been studying local governments. Specifically, the scrutiny on locals' practices has led to more mandates and requirements for greater governmental, operational and financial transparency. In 2017, the Little Hoover Commission recommended more transparency measures to the Legislature, including the requirement that every special district have a website. Also in 2017, Senate Bill 448 (Wieckowski) requires all special districts to file their audits with LAFCO in addition to the State Controller's Office.

Personnel and Staffing

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 January 2018, 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.

Is Consolidation an Answer?

In the previous section, there was a brief discussion on Arroyo Vista and Hickok Road CSDs achieving economies of scale through joint contracting. Another way to achieve economies of scale would be for Hickok Road and Arroyo Vista Road CSDs to consolidate.

Both districts are small single purpose public agencies providing the same road maintenance service. The similarities do not end there: The two districts are next to each other, levy similar special tax amounts, use a similar approach about maintaining their respective roads and the size of their budgets are similar. While their subdivisions are different, it is not unprecedented to have comparable districts comprised of two or more separate subdivisions. Examples of this are Holiday Lake and Rolling Hills CSDs. If the concern is that the two areas have separate levels of maintenance, the combined CSD can have "zones of benefit" where service levels vary. Comparable examples include Marble Mountain and Hillwood CSDs.

From a technical or legal standpoint, consolidation is feasible. It is in the political realm where consolidation becomes difficult. Resident support for the idea plays a central role in all instances.

- *Initiated By Both Districts* – While only one district can initiate the consolidation process, it would be more politically viable and advantageous for both to do so. Government Code §56853(a) states that if the agencies pursuing consolidation adopt substantially similar resolutions of application, LAFCO must either approve or conditionally approve the proposal and the reorganization could be ordered without an election unless the conditions under GC §57081(b) are met (essentially, 25% of voters within the entire territory protest the action).

- *Initiated By One District* – If only one district initiates a consolidation and the other adopts a formal resolution objecting the action, 25% of voters within either district can force an election (assuming LAFCO approves the consolidation).
- *LAFCO Initiated* – While State Law allows for LAFCO to initiate a consolidation on its own, only 10% of registered voters can force an election. Once the election begins, it would be easy for the an objecting board of directors to marshal enough voters to reject the consolidation in an election. Because of these provisions, a LAFCO-initiated project is politically infeasible. It would be best for the districts to pursue consolidation voluntarily and through their own petition.

What About Other Governmental Structures?

Should financial or operational limitations lead to the District ceasing operations or pursuing alternatives for providing service, there are two possible options available:

- Form a homeowners' association. 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.
- Revert to County maintenance of the District's roadway. The County of El Dorado provides similar services to surrounding roadways, including roads adjacent to the District.

Either scenario involves the dissolution of the District and transferring roadway maintenance responsibilities to another organization. The first difficulty would be on whether the residents would contemplate either of these two options or the consolidation option. Needless to say, 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.

Because Arroyo Vista Way is a public road, in some ways transferring the responsibilities to the County is easier. The County already has a mechanism to do this in County Service Area 9, which is its administrative arm for road maintenance. Since Arroyo Vista Way is not up to County road standards, it could become a "zone of benefit" within CSA 9, allowing the County to maintain the roads at a level that corresponds with the funds generated within the zone. The residents can raise taxes on themselves if they want the roads improved or maintained more frequently. It is unknown how this idea is viewed within the County; though County Department of Transportation staff has viewed this idea with skepticism when LAFCO staff floated it in its discussion with another CSD.

The biggest hurdle on the homeowner's association option is that Arroyo Vista Way would have to be abandoned in order for private funds to be expended on it. A way to minimize this would be to enter into a contractual relationship in which the District and an HOA continue to exist independently. The District would outsource the maintenance to this HOA and the CSD would continue to exist only to set up its budget and meet its reporting requirements to the State. A few road maintenance CSDs in El Dorado County operate in this manner.

7. The potential effect of Arroyo Vista CSD 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 the following factors in LAFCO Policy 4.4:

- Potential effects on agricultural and open space lands.

Arroyo Vista CSD is surrounded by existing residential development to the east and south or areas designated for residential development to the west and southwest. Additionally, the District is located adjacent to, but outside of, the El Dorado Hills Community Region. While the installation of roads can be growth inducing, it is unlikely that AVCSD's services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand and topography and lack of easements prevents Arroyo Vista Way from being lengthened any further. There should be no additional impacts to the economic viability of surrounding agricultural operations as a result of AVCSD's activities or actions.

IV 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, which are listed in Appendix A. Staff recommends the following determinations for amending the sphere for Arroyo Vista CSD:

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

Present land uses within the District are residential, despite the presence of five undeveloped parcels within AVCS D's boundaries. Planned land uses are anticipated to remain the same as current land uses for those five parcels. The County of El Dorado is not planning on changing the land use designation to allow for denser uses and the District is not looking to expand.

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. The District is not looking to expand road services beyond the maintenance of Arroyo Vista Way nor expand its service boundaries. The District is also not looking to provide additional services beyond road maintenance.

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 for the short term. The report noted that revenues are not keeping up with the rising costs of providing services and the Board of Directors should strategize for the next step, if it has not done so already.

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.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Not applicable to AVCS D since this district does not provide water, wastewater or fire services. While AVCS D does not provide any municipal services as defined in Government Code 56425(e)5, LAFCO has not identified any disadvantaged communities within the District's boundaries or on its sphere of influence.

Service Area and Sphere of Influence

This SOI which was last updated on January 30, 2008. Based upon the information contained in this report, it is recommended that the Arroyo Vista CSD sphere of influence be reaffirmed to be concurrent with its service area boundaries as depicted in Map 1 of Section VIII.

V 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 Arroyo Vista CSD 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.

VI REFERENCES AND SOURCES

General Background Information:

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

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, prepared by Assembly Committee on Local Government, last updated November 2017

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

LAFCO Procedures Guide, 2013 Edition, San Diego County LAFCO

El Dorado LAFCO's Streets and Highways Municipal Service Review (prepared by PMC), 2008

Governing and Defining Legislation:

Government Code §61000 et seq.

Arroyo Vista CSD:

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2006-2017

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*

VII **APPENDICES**

A. Appendix I: Background on MSR/SOI

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 Arroyo Vista CSD, along with a subsequent update to its sphere of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing 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.

This review is part of El Dorado LAFCO's Third Cycle of municipal service reviews (2013-2021). For a past review of AVCSD, please refer to the *2007 Streets and Highways Municipal Services Review*.

Background

Legislative Framework

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

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

Government Reorganization Act of 2000 (CKH), which became effective on January 1, 2001.

Section 56430 of the CKH Act, in part, and as amended effective January 1, 2012, states as follows:

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
 - (1) Growth and population projections for the affected area.
 - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 - (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
 - (4) Financial ability of agencies to provide services.
 - (5) Status of, and opportunities for, shared facilities.
 - (6) Accountability for community service needs, including governmental structure and operational efficiencies.
 - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.
- (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.

- (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
- (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

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.

Relationship Between Spheres of Influence and Service Reviews

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

The information and determinations contained in a municipal service review are intended to guide and inform SOI decisions. Service reviews enable LAFCO to determine SOI boundaries and to establish the most efficient service provider for areas needing new service. They also function as the basis for other government reorganizations. Section 56430, as noted above, states that LAFCO can conduct

these reviews “before, in conjunction with, but no later than the time it is considering an action to establish a SOI.”

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

- (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.

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 seven required areas. These goals and objectives are as follows:

- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability and preservation of open space, important agricultural land and finite natural resources.
- Encourage infill development and direct growth to areas planned for growth in general plans.
- Learn about service issues and needs.
- Plan for provision of high quality infrastructure needed to support healthy growth.

- Provide tools to support regional perspectives or planning that address regional, cross-county or statewide issues and processes.
- Develop a structure for dialogue among agencies that provide services.
- Develop a support network for smaller or ill-funded districts that provide valuable services.
- 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.

Determinations for Amending the Sphere for an Agency per Government Code §56425:

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is 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.

B. Appendix II: Background on Disadvantaged Unincorporated Communities

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

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

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

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

For this report LAFCO relied on data from the following sources:

- GIS layers from the State Department of Water Resources (DWR), based on income data at the Census Block level; and
- Census information compiled by QK (fdba Quad Knopf) and purchased by El Dorado LAFCO. The information is contained in GIS layers that LAFCO can then use to generate maps.

GIS Layers from the State Department of Water Resources

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

QK Compilation

Data compiled by QK is at the block group level. It contains information from the 2010 Census and from the 2015 American Community Survey, which contains a more comprehensive demographic look at some communities, but is limited in that not all households are interviewed by the US Census Bureau. Nevertheless, the information in the ACS is supposed to be statistically representative.

C. Appendix III: Environmental Justice

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

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

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

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

Demographic data for the study area is limited and generally does not clearly distinguish between population groups of different races, cultures, and incomes. Demographic data for the County as a whole is limited. Typically analysts rely on Census data, specifically information gleaned from the Census’ American Community Survey since that data tends to be more recent even if the pool or respondents is not as large as the pool for the decennial Census. It must be acknowledged, however, that information from the ACS is at the tract level, which is the smallest level in which ACS information can be aggregated. In a rural county, with a dispersed population and few concentrated communities, this means that tracts cover large geographic areas.

Specific to Arroyo Vista CSD, we can only approximate, as the District boundaries do not conform to any demographic area in the Census. As it can be seen on Map 2 in Section VIII, while AVCSD lies on only one census tract, it is but a portion of a large tract. As a result, Census Tract 308.01 will contain demographic data from other neighborhoods and areas outside of Arroyo Vista CSD.

The information summarized in the below from the 2012-16 ACS should not be interpreted as solely representing Arroyo Vista CSD. For comparative purposes, information from the 2012-16 ACS on El Dorado County is also included:

Table 1: Study Area Population by Race

Area	Total	RACE							Hispanic or Latino (Of Any Race)
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	
Census Tract 308.01	4,592	3,580 (78%)	19 (0.4%)	12 (0.3%)	345 (8%)	0 (0%)	0 (0%)	238 (5%)	398 (9%)
El Dorado County	180,411	144,069 (79%)	1,576 (1%)	1,203 (1%)	7,542 (4%)	331 (0.2%)	235 (0.1%)	5,176 (3%)	22,868 (12%)

Sources: 2012-2016 American Community Survey by the U.S. Census

Percentages may not add due to rounding

It can be seen that Whites comprise the largest racial group; however there is also a statistically significant Asian population to warrant a look. Latinos are also a statistically significant ethnic population to pull additional data for Census Tract 308.01. It should be noted that Hispanic/Latino is considered an ethnic group, not a racial group. Because some Hispanic/Latinos could be racially categorized as “White,” Tables 2 and 3 gathered data for Whites who self-identified as “not Hispanic or Latino.” This was done to exclude double-counting individuals. It also explains the difference in population numbers between Table 1 and Tables 2 and 3 for Whites.

Table 2: Poverty Status in the Past 12 Months by Ethnicity, by Sex and by Census Tract

		Total Population	Total Under Poverty	Total Male	Total Male Under Poverty	Total Female	Total Female Under Poverty
Census Tract 308.01	White not Hispanic or Latino	3,577	153 (9%)	1,720	113 (7%)	1,897	40 (2%)
	Asian	345	0 (0%)	173	0 (0%)	172	0 (0%)
	Hispanic or Latino (of any race)	395	2 (0.5%)	167	0 (0%)	228	2 (1%)
El Dorado County		181,369	17,839 (10.4%)	90,390	8,477 (9.4%)	90,979	9,362 (10.2%)

Table 2 tells us that the poverty numbers for Asian and Latinos are not significant. Between the two groups, only 4 people had incomes below the poverty level. Because of this, no further analysis will be undertaken here on for the rest of the report.

Whites in Census Tract 308.01 seem to fare a little better than the County as a whole, with the percentage of women with incomes below poverty level being a much smaller percentage in this tract than in the county. Men comprise the largest gender living under poverty in the tract, but again at a percentage rate that is better than the rate of the county as a whole. Table 3 below helps us understand who is poor among Whites.

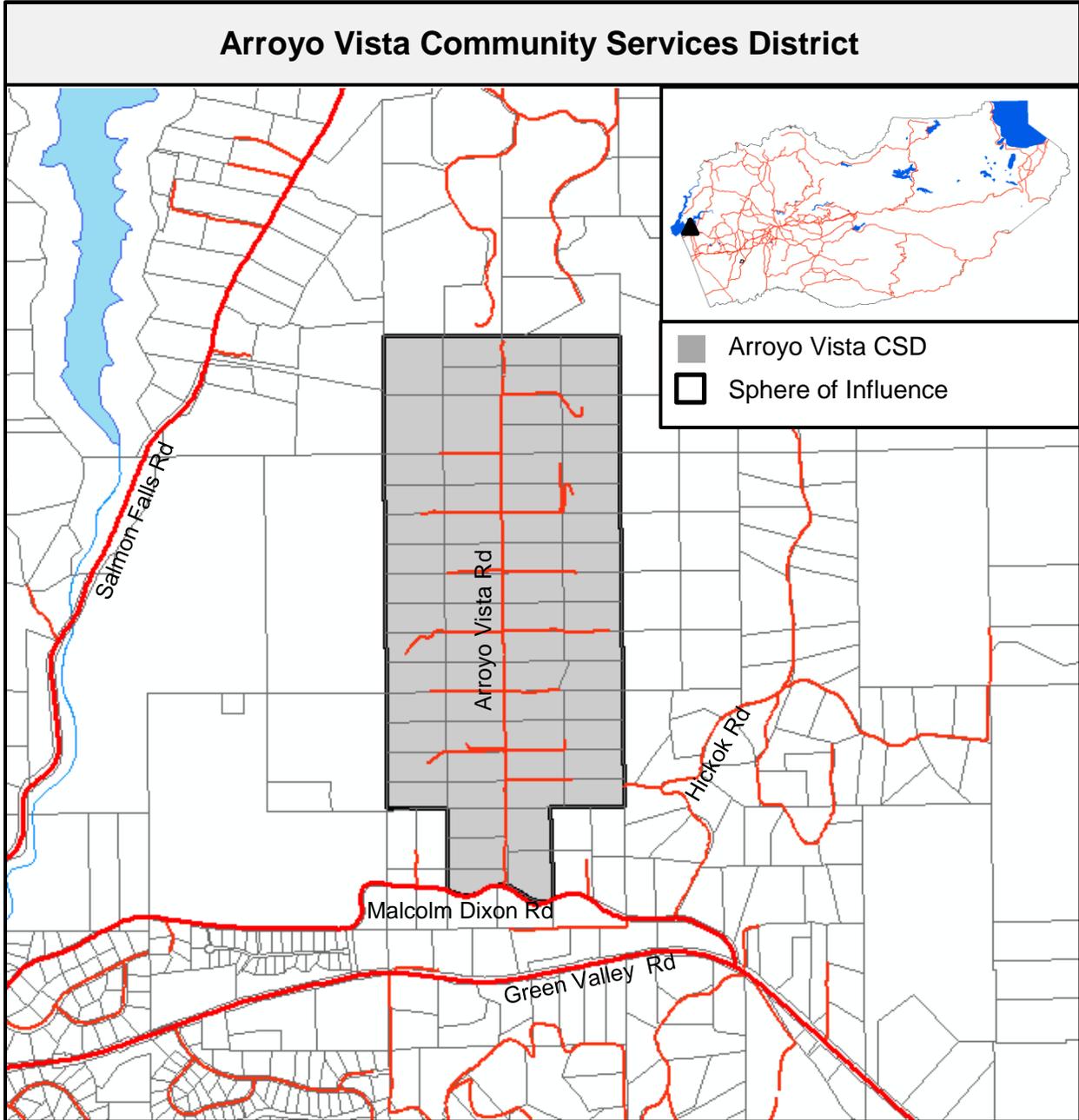
Table 3: Poverty Status in the Past 12 Months by Sex, by Age and by Ethnicity for Census Tract 308.01

Age	White not Hispanic or Latino			
	Total Male	Total Male Under Poverty	Total Female	Total Female Under Poverty
Under 11 years	145	0 (0%)	176	0 (0%)
12-17 years	112	0 (0%)	185	0 (0%)
18-24 years	194	43 (22%)	158	1 (0.6%)
25-34 years	136	0 (0%)	168	0 (0%)
35-44 years	185	0 (0%)	170	20 (12%)
45-64 years	592	30 (5%)	605	11 (2%)
65+ years	316	0 (0%)	415	8 (2%)

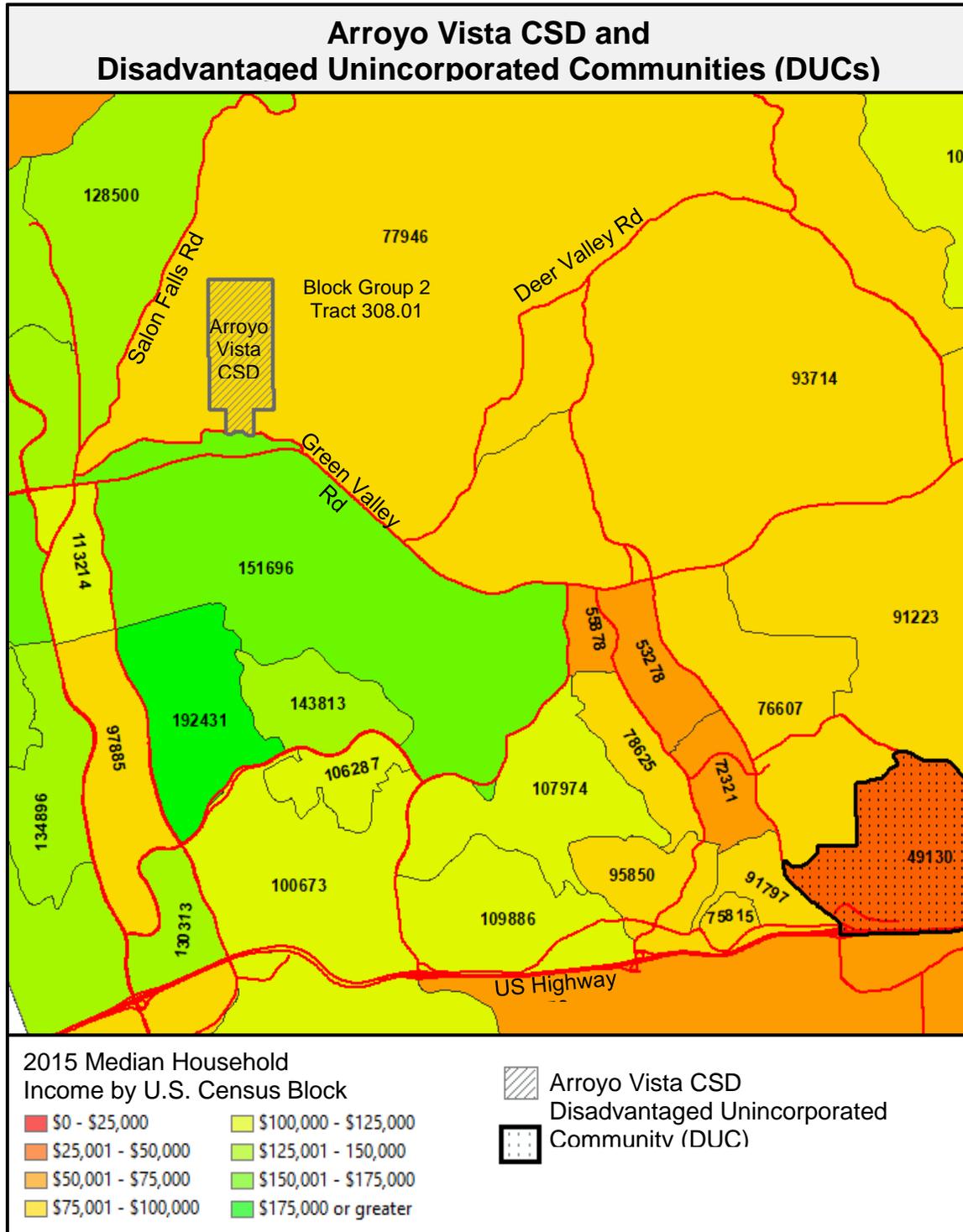
For White men, the poverty rate looks worse for young adults and for some in late middle-age. For White women, the poverty rate is higher among adults starting from the mid-middle age to later in life.

VIII **MAPS**

Map 1 – Arroyo Vista CSD Boundaries and Sphere of Influence



Map 2 – Census Tracts Around Arroyo Vista CSD



Map 3 – Nearby CSDs

