

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF JUNE 28, 2017

REGULAR MEETING

TO: Shiva Frentzen, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #6: **OPEN THE PUBLIC COMMENT PERIOD FOR THE DRAFT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE TAHOE PARADISE RESORT IMPROVEMENT DISTRICT (LAFCO PROJECT NO. 2015-06)**

RECOMMENDATION

Staff recommends that the Commission:

1. Receive and discuss the information related to the municipal services review and sphere of influence update for the Tahoe Paradise Resort Improvement District;
2. Open the public hearing on this matter;
3. Accept statutory exemption §15061(b)(3) from environmental review as the appropriate environmental review;
4. Adopt Resolution L-2017-06, adopting the municipal service review and sphere of influence update for the Tahoe Paradise Resort Improvement District; and
5. Direct staff to complete the necessary filings and transmittals as required by law.

REASON FOR RECOMMENDED ACTION

The Tahoe Paradise Resort Improvement District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update provides a current snapshot of service delivery for the District, and also identifies areas of potential growth for future extension of services, as well as areas of potential reduction for lack of services, where appropriate. This MSR analyzes the District's ability to provide existing and future residents with road maintenance and park and recreation services within its service area.

BACKGROUND

This study analyzes the agency's ability to provide existing and future residents with park and recreation services within its service area. The MSR was prepared to meet the requirements and standards of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). The SOI study uses the data in the MSR portion to generate a guidance document for any future boundary changes to Tahoe Paradise Resort Improvement District (TPRID). This MSR will assist the Commission and its staff when considering actions that will affect the boundaries of TPRID.

Municipal Service Review Determinations

The MSR provides analysis for the statutory criteria set forth within the CKH Act, as well as additional locally adopted requirements. These criteria are listed as follows:

- Growth and Population Projections
- Disadvantaged Unincorporated Communities
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies
- Financial Ability to Provide Services
- Status of, and Opportunities for, Shared Facilities
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.
- The Potential Effect of Agency Services on Agricultural and Open Space Lands

Throughout the analysis portions of the report, as it pertains to services or administrative/operational issues, LAFCO staff did not identify any substantial areas for improvement that needed to be addressed or resolved as a part of this Municipal Service Review. Indeed, in TPRID's case the opposite is true. Its Board of Directors has updated its internal procedures and policies and created a master plan. It has also reached out to the County of El Dorado for administrative services and has collaborated more closely with its partners in the South Lake Tahoe Recreation Facilities Joint Powers Authority (JPA).

The two biggest challenges the District faces are related to governance and finances and both are interrelated. Refer to Determinations 4 and 5 below for more detailed explanations. In summary, the District operates under an outdated (and extinct) principal act and its primary source of funding has an expiration date of 2030. This is the date when the JPA's bond that is the primary revenue stream for TPRID ends. Once the funding runs out, TPRID will have to look for other sources of revenue. Assuming TPRID, the JPA or neither is interested in any more bond financing, or that voters reject a new bond, then TPRID may need to undergo a Proposition 218 election for an assessment or special tax. By itself, a Prop 218 election is difficult; but, because the District operates under an outdated law that has no ties to any code of law since 1965, it may be a Herculean task. This is why the MSR strongly recommends that the District convert to a recreation and park district this year. This is because the fast-track process to convert TPRID into a recreation and parks district sunsets on January 1, 2018.

Determination 1 – Tahoe Paradise Improvement District does not currently know the number of people served by the District's park; although, some directors believe it is the majority of the residents within Meyers. The District receives an allocation determined by the South Lake Tahoe Recreation Facilities JPA (currently \$50,000) from the parcel tax levied by The South Lake Tahoe Recreation Facilities District on all properties in that district. The number of parcels within TPRID is approximately 2,200, but it is likely it serves a larger area. The south Tahoe Basin is not expected to grow significantly in the coming decades due to Tahoe Regional Planning Agency regulations. While the District has a Master Plan, it does not have population estimates within it and does not have much of a discussion relating to increasing service demands as a result of population growth. Still, the TPRID Board states that slow population growth notwithstanding, TPRID expects, and is already experiencing, increased usage of Paradise Park as it is better managed, more attractive, and offers activities and programs valued by the community.

Determination 2 – 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. The statewide annual median household income as of 2013 was \$48,875 and \$49,546 for 2014 (United States Census Bureau 2013 and 2014). The Department of Water Resources did not designate any communities in the unincorporated area of the south Lake Tahoe Basin as disadvantaged. According to the South Lake Tahoe Municipal Services Review and Sphere of Influence Study, there is one area on the southernmost portion of the District that has a median household income below \$48,875 annually. This DUC is in the Rainbow Trail neighborhood. LAFCO's own 2015 Census data information indicates there is an additional area within TPRID that is disadvantaged on the northwest corner of the District and immediately east of the South Lake Tahoe Airport. However, pursuant to Government Code Section 56430, disadvantaged unincorporated communities also lack water, waste water, and structural fire protection services. TPRID does not provide any of these services. In addition, these areas are already in the service area for the South Tahoe Public Utility District (water and waste water services) and the Lake Valley Fire Protection District (fire protection). As a result, this neighborhood has the same providers as those from more affluent areas.

Determination 3 – Tahoe Paradise Resort Improvement District operates a single recreational facility. This is a 58-acre park situated along the Truckee River. The park has ball fields, tennis courts, picnic and barbeque areas, a recreation center and a nine-acre lake. The lake is available for boats that do not have gasoline engines. The District's Master Plan indicates the need for some improvements to the park. Improvements need to be made to the ball fields, tennis courts and the recreation center. The District will pursue grants to finance these improvements.

Determination 4 – Tahoe Paradise Resort Improvement District's main source of revenue is a \$50,000 pass through from the South Lake Tahoe Recreation Facilities Joint Powers Authority. The JPA, in turn, is financed through property tax assessments of approximately \$18 per parcel per year. Additional financing for TPRID comes from rental fees (the District charges fees for special events, including \$25-400 for large group picnics and \$125-2,500 for use of the park for weddings) and any grants for specific projects, as

needed. The District's Master Plan indicates that the current funding is not always adequate to pay for District expenses. It may be necessary to increase the District's funding options, including additional taxes and/or assessment area, in order to maintain the District's infrastructure.

Tahoe Paradise Resort Improvement District avoids some costs by partnering with various local groups, including the California Conservation Corps (CCC). The CCC has received training for its workers in exchange for doing work on District facilities. Local organizations have been able to hold events at the park in exchange for providing volunteer maintenance to the park. Further cost avoidance is achieved through the employment of part-time personnel.

Determination 5 – Tahoe Paradise Improvement is an independent special district governed by California Public Resources Code §13000, et seq. This section of California Law is a legal dead end. The code has not been updated since the Legislature barred the creation of new resort improvement districts in 1965. As a result, the statute is frozen in time, lacking clear links to subsequent statutes affecting local governments in the State, such as the Brown Act, Public Records Act, the Planning and Zoning Law, and Propositions 13, 62, and 218. The outdated law makes it harder for RIDs to deliver public services because they lack modern legal procedures.

Despite the limitation of operating under an extinct form of government, TPRID's management structure gamely carries on and is able to provide service within its boundaries; albeit, in a legal ad hoc manner. Tahoe Paradise Resort Improvement District is managed by a five-member board of elected directors. Meetings are held at the Tahoe Paradise Park Recreation Hall on the last Thursday of every month. Meeting notices are placed on the park bulletin board, on TPRID's and the County of El Dorado's websites and provided to the local newspapers for publishing. Meeting noticing is in accordance with the Brown Act. The District contracts with the County to provide almost all of its administrative services. TPRID also employs part-time employees to coordinate and plan special events, care for the park and maintain facilities.

When the Measure S/R bond funding ends in 2030, TPRID will need additional sources of revenue. It will not have the ability to follow Proposition 218 properly because of the aforementioned limitation of operating under an extinct law. Consequently, any actions the district takes makes it vulnerable to charges of not following the law, opening the door to lawsuits.

Prior to 2010's SB1023 (Wiggins), converting RIDs to another type of government was complicated and time consuming. To switch from one principal act to another requires an applicant to formally apply to LAFCO for a reorganization that proposes the dissolution of the existing RID or MID and the formation of a new CSD. The five-step LAFCO procedures take about a year to complete. Because these reorganizations propose forming new special districts, they need majority-voter approval [Government Code §57077(b)(1)]. Local officials wanted the Legislature to create a simpler way to convert RIDs.

For just the Tahoe Paradise RID, SB 1023 creates a new boundary change procedure, called an "accelerated reorganization," and allows El Dorado LAFCO to convert the Tahoe Paradise RID into a recreation and park district. The legislation specifically states that all rights, responsibilities, powers, revenues and obligations transfer in the

conversion. It allows for the new entity to take ownership and possession of the RID's personal and real property. Any TPRID funds are transferred to the new district. The new district will continue to operate as an independent special district with locally elected representatives to serve on its board.

The accelerated reorganization relies on the existing procedures for applying to El Dorado LAFCO and for LAFCO's review and approval. If LAFCO approves or conditionally approves the expedited reorganization, there is no protest hearing and no election, cutting down the costs and the process time significantly. In addition, El Dorado LAFCO has agreed to waive its own fees to provide incentive to TPRID to undergo conversion. SB 1023 automatically terminates on January 1, 2018. The District Board hopes to have a decision on conversion by the end of June 2017.

Determination 6 – The services provided by the District have no effect on agricultural and open space lands. Park services have no growth inducing effects. Most of the land on Tahoe Paradise Resort Improvement District's periphery is either protected open space or slated for development, but at a very low growth rate.

Sphere of Influence Determinations

The MSR also includes a review of the existing SOI for the District to determine if changes should be made. Written determinations are included within the MSR consistent with the requirements of CKH that address the following:

- Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands
- Present and Probable Need for Public Facilities and Services
- Present Capacity of Public Facilities and Adequacy of Public Services
- Existence of Any Social or Economic Communities of Interest
- The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence for districts exercising certain powers

Determination 1 – Land uses within the District are primarily residential. Land uses are not anticipated to change.

Determination 2 – The District, along with other recreation providers, currently meets the need for public recreation facilities in the area.

Determination 3 – The District provides recreation facilities and facilities are adequate; although, some are in need of repair, replacement or rehabilitation.

The district's ability to continue to function under an outdated law over the long term is problematic. It calls into question whether it should continue to operate in this manner and whether it should convert to a more modern form of independent special district government.

The District is not operating with sufficient funding. Further, the District indicated that residents outside of the District's assessment area utilize the park. Adjusting the District's boundary to increase the assessment area may provide the District with the funds necessary for service provision.

Determination 4 – Tahoe Paradise Resort Improvement District encompasses a substantial portion of the unincorporated community of Meyers. Indeed, based on community feedback the residents of Meyers take pride of the Tahoe Paradise Park and want the park to return to its “glory days” of the 1960s.

Because it has been identified as a community park, the Tahoe Paradise Park is likely being used by people who live in Meyers but reside outside of TPRID’s service area. At least two large neighborhoods that comprise Meyers are located outside of the TPRID. The District should explore the possibility of expanding its service area to better match their customers. If the District is interested in this proposal, it should prepare a service plan to complement its master plan by discussing how it plans to expand services to the area and the finances (both amounts and source) it would need to offset the cost of the expansion.

No other social or economic communities of interest exist outside of Meyers and the City of South Lake Tahoe to the north of the District.

Determination 5 – While Tahoe Paradise RID does not provide any municipal services as defined in Government Code 56425(e)5, LAFCO identified a block group that contains at least one disadvantaged community. Most of this area is within the City of South Lake Tahoe city limits, but a small portion lies within TPRID’s boundaries.

Sphere of Influence Recommendation

Based upon the information contained in the MSR/SOI study, it is recommended that Tahoe Paradise Resort Improvement District should convert to a more modern form of government, preferably before January 2018. It is also recommended that TPRID’s current sphere of influence, which was last updated on February 27, 2008, be reaffirmed as shown in Map 3 of the TPRID MSR/SOI study. Before the next MSR/SOI report, the Board of Directors should start exploring how to fund TPRID operations post-Measures S/R, as well as researching a possible expansion of its boundaries.

Changes to the Study Since March

Only minor changes were made to the report. The most significant change will depend on the June 5, 2017 meeting the Board is scheduled to have on the issue of conversion.

Attachments:

Attachment A: Tahoe Paradise Resort Improvement District Municipal Service Review and Sphere of Influence Update (LAFCO Project 2015-06)

Attachment B: Resolution L-2017-06