

County Services Area 2 Municipal Service Review

April 2010

El Dorado Local Agency Formation Commission

EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

COUNTY SERVICE AREA 2
MUNICIPAL SERVICE REVIEW
APRIL 2010

Commissioners

Chair Ken Humphreys

Jerry Birdwell

Ron Briggs

Carl Hagen

Francesca Loftis

Harry J. Norris

James R. Sweeney

Alternates

Mark Acuna

Michael Cooper

Ray Nutting

Norm Rowett

Staff

José C. Henríquez

Erica Sanchez

Denise Tebaldi

Andrew Morris

RESOLUTION NUMBER L-2010-09

**Update to the County Service Area 2
Sphere of Influence**

LAFCO Project No. 2009-08

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 Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and

WHEREAS, Section 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 Sections 56425 et seq.; and

WHEREAS, Section 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 Sections 56076 and 56425; and

WHEREAS, pursuant to Section 56430, in order to prepare and update the sphere of influence, the Commission conducted a Municipal Service Review of County Service Area 2 and adopted a written statement of determinations in conjunction with this sphere of influence update on April 28, 2010; 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 Section 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 April 28, 2010 for consideration of the environmental review and the sphere of influence update for County Service Area 2 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 April 28, 2010 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 Section 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, the Commission established the functions and classes of services provided by County Service Area 2 as follows: road and road maintenance services; and

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

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

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

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

Present needs for public facilities and services are currently being met. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain the same.

3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

Present needs for public facilities and services are currently being met. CSA 2 is able to provide sufficient roadway services; however the zone of benefit advisory committees would eventually like to have all County roadways within the CSA paved or chip sealed. Probable needs for public facilities and services are not currently

anticipated to vary significantly from present needs, as future demands are expected to remain the same.

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

There are no social or economic communities of interest in the area. Nearby communities include the Coloma-Lotus area.

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 Section 56425(i)(2), the Commission does hereby establish the functions and classes of services provided by County Service Area 2 as follows: road and road maintenance services.

Section 4. The update to the County Service Area 2 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 Section 15061(b)(3) in compliance with the California Environmental Quality Act and local ordinances implementing the same.

Section 6. The County Service Area 2 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 April 28, 2010 by the following vote of said Commission.

AYES: Briggs, Hagen, Doftis, Norris
Sweeney, Humphreys
NOES: None
ABSTENTIONS: None
ABSENT: Birdwell

ATTEST:

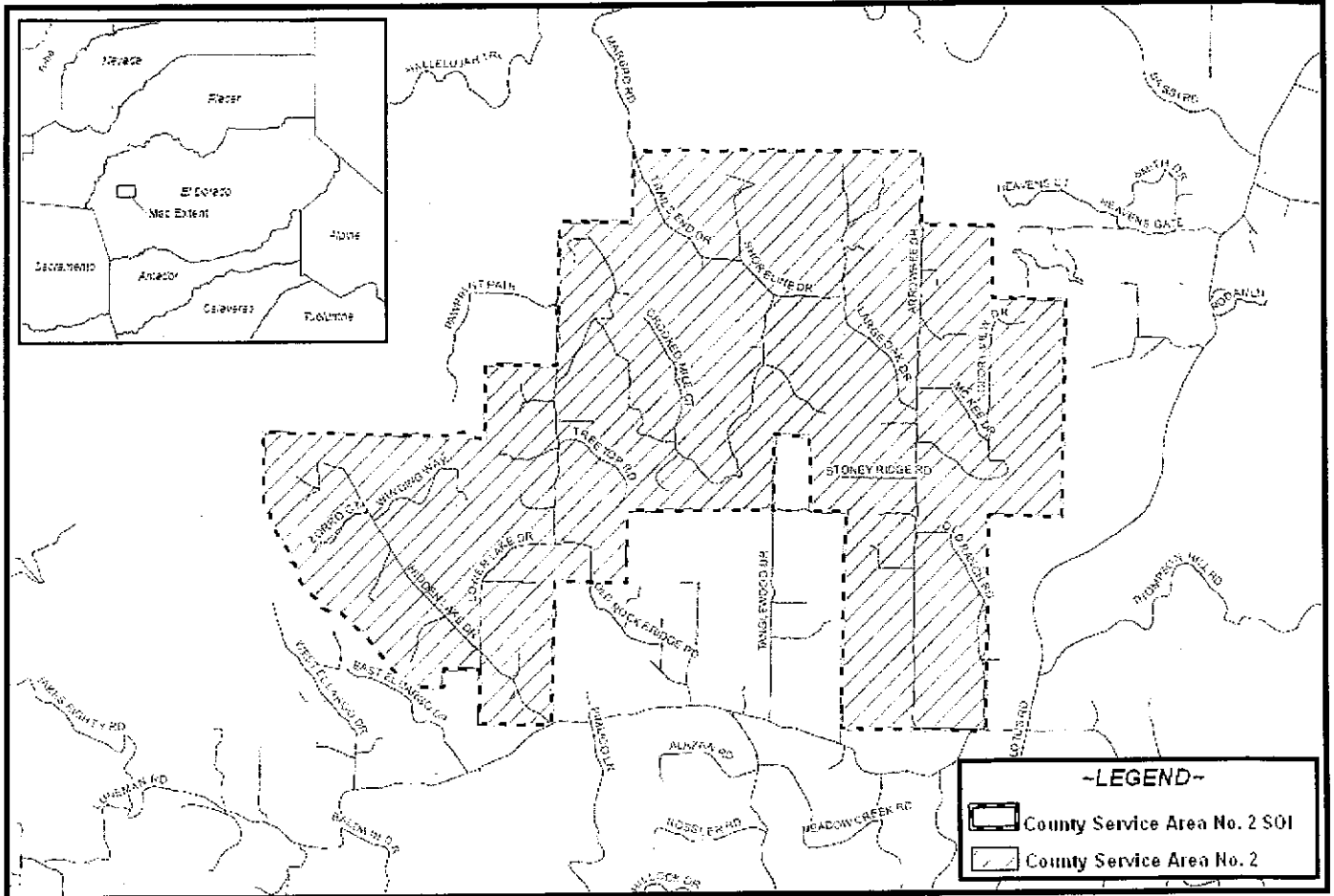

Interim Clerk to the Commission


Chairperson

APPROVED

EXHIBIT A

County Service Area 2 Sphere of Influence Update
LAFCO Project No. 2009-08



EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

NOTICE OF EXEMPTION

TO: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: El Dorado LAFCO
550 Main Street, Suite E
Placerville, CA 95667
(530) 295-2707

County Clerk
County of El Dorado

Project Title: County Service Area 2 SOI Update; LAFCO Project No. 2009-08

Project Location - Specific: Northwest side of the intersection of Luneman and Coloma/Lotus Roads, on the east side of the South Fork of the American River, in the Gold Hill/Lotus area.

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

Description of Project: Update the sphere of influence of County Service Area 2 to reaffirm the existing sphere of influence, which is coterminous with the district boundaries.

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);
 Categorical Exemption. State type and selection 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 (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: [Signature] Date: June 1, 2010 Title: Executive Officer

Signed by Lead Agency

Date received for filing at OPR:

Signed by Applicant

RECEIVED
AUG 14 2010
EL DORADO LAFCO

FILED

JUN 01 2010

WILLIAM E. SCHULTZ, Recorder-Clerk
By [Signature]

EL DORADO CO. RECORDER/CLERK

DATE POSTED: 6/1/10

DATE REMOVED: 8-6-10

DATE RETURNED: 8-13-10

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I EXECUTIVE SUMMARY

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of County Service Area No. 2, along with a subsequent update to its spheres of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing road maintenance related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

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

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

The structure of this report is as follows: Section II contains important background information, Section III contains a description of County Service Area No. 2, Section IV contains the service review and sphere of influence

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

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

II BACKGROUND

A. Legislative Framework

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

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

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

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

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

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

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

B. Relationship Between Spheres of Influence and Service Reviews

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

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

C. Service Review Guidelines

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

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

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

- 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.

III **AGENCY DESCRIPTION**

County Service Area 2

Contact Information

Address: 2441 Headington Road
Placerville, CA 95667

Phone: (530) 642-4954

Websites / Email: www.edcgov.us
www.arrowbeerroadzone.com
elizabeth.zangari@edcgov.us

Management Information

Manager: Elizabeth Zangari, Department of Transportation

Governing Body: El Dorado County Board of Supervisors

Board Members: James R. Sweeney: Current Term 2009-2012
John Knight: Current Term 2009-2012
Norma Santiago: Current Term 2007-2010
Ray Nutting: Current Term 2009-2012
Ron Briggs: Current Term 2007-2010

Board Meetings: Weekly, Tuesdays at 8:00 am at the BOS Meeting Room, located at 330 Fair Lane, Bldg A, in Placerville.

Staffing: 1.5

Service Information

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

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

Area Served: Approximately 2,039 acres

Major Infrastructure: None (15.62 miles of roadway)

Fiscal Information

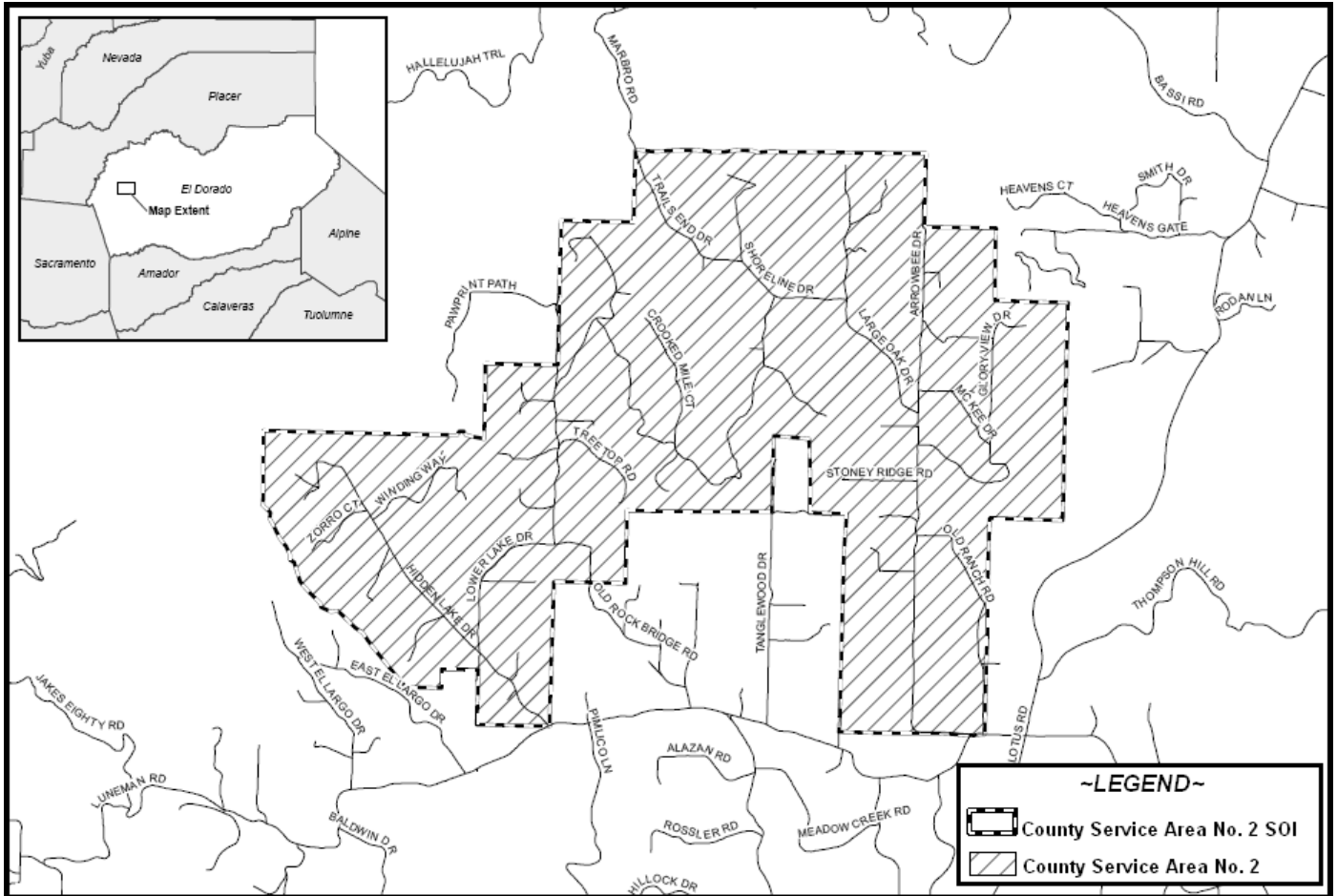
Sources of Funding: Property assessments and property taxes

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

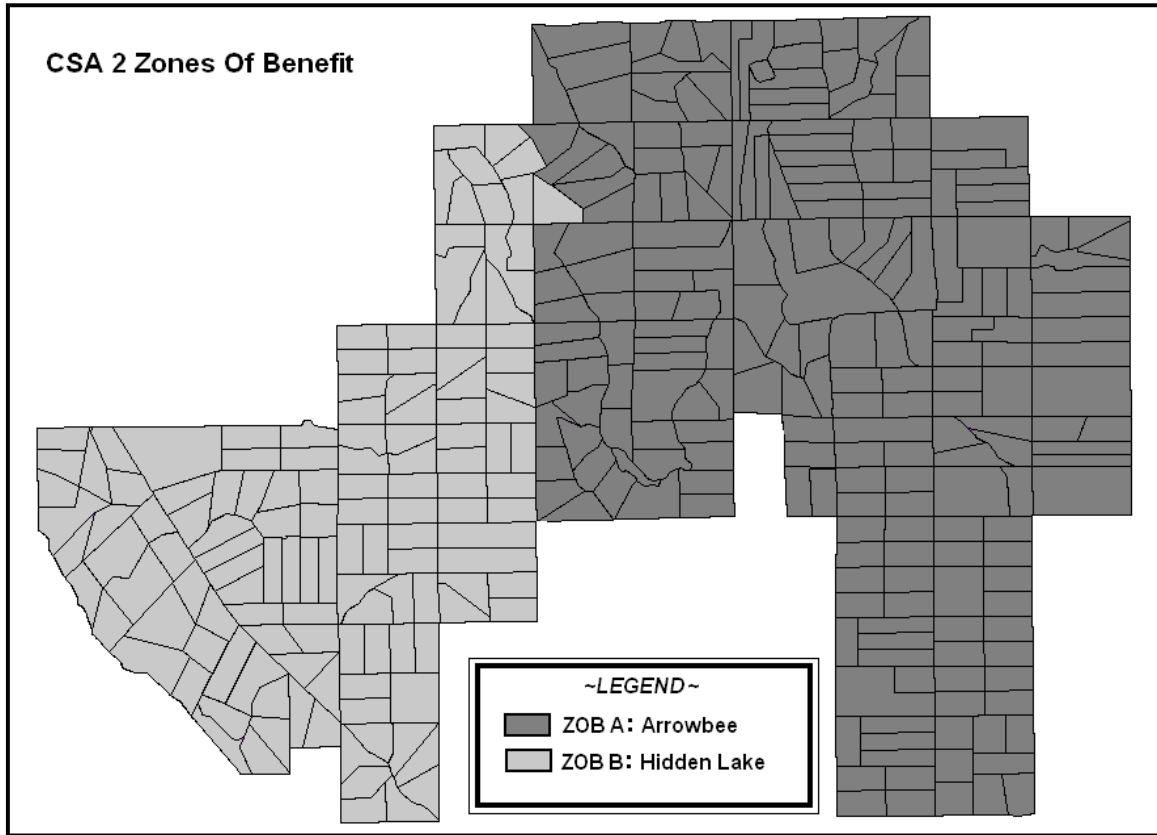
Rate Structure: None

Background

County Service Area 2 (CSA 2) was formed in 1963 by the County Board of Supervisors as a mechanism to collect revenue for the provision of road maintenance and related services within the Coloma-Lotus area. The CSA maintains approximately 15.62 miles of roadway within its boundaries, which encompass approximately 2,039 acres. CSA 2 is located at the northwest side of the intersection at Luneman Road and Coloma/Lotus Road, on the east side of the South Fork of the American River (see map).



There are two zones of benefit within CSA 2. A road zone of benefit is a geographic area formed under County Service Area law to provide extended services not already being provided by any other entity, such as, road improvement and maintenance. Landowner assessments are collected on behalf of each zone by the County and can be used for only that road system. The two zones of benefit within CSA 2 are Arrowbee Road and Hidden Lake Road, which essentially bisect the CSA vertically, as shown below:



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

Population and Growth

The CSA only provides service to roadways serving residents within the two zones of benefit. Additional territory was annexed into CSA 2 in 1967 and 1971; no annexations or changes to service boundary or SOI have occurred since that time. No significant growth or population increases are currently anticipated by CSA 2 staff to affect the ability to adequately provide roadway maintenance services. Any expansion of CSA 2’s service area would involve the creation of a separate, self-contained zone of benefit to provide services to that area. Thus, any new areas created would not impact existing zones of benefit.

Boundaries

When CSA 9 was created twenty years after CSA 2, its boundaries were formed concurrent with the boundaries of CSA 7, which encompasses the entire west slope of the county, except for the City of Placerville. However, the overlap with CSA 2 boundaries was overlooked and CSA 2 was not excluded from the CSA 9 boundaries. Both CSAs are authorized to provide road improvement and maintenance services for individual zones of benefit within their boundaries.

Infrastructure

CSA 2 maintains approximately 15.62 miles of roadway, with roadway surfaces ranging from asphalt to dirt. Approximately 0.8 miles of that is gravel or dirt roadway, with the remaining 14.82 miles being comprised of a combination of chip sealed and asphalt concrete. The CSA does not own any equipment or facilities. CSA 2 requires that new developments within its boundaries provide an irrevocable offer of dedication for road and public utility easements, to be granted to the County. CSA 2 only maintains the County owned roads within the zones of benefit.

The adequacy of the CSA's roadways is generally based on self-assessment, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. The roadways maintained by CSA 2 are not required to be in conformance with the County's roadway standards; thus it is up to CSA 2 to determine the extent of its own maintenance programs. Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction.

An advisory committee, appointed by the County Board of Supervisors, directs and determines the roadway maintenance required within each zone of benefit. The advisory committee develops a maintenance plan based on input from the residents within the zone and upon the available maintenance budget. The advisory committee sends its recommendations to the Board of Supervisors, which is responsible for approving or denying the recommendations and authorizes contracted services. The roadways maintained by each zone of benefit are not required to be in conformance with the County's roadway standards.

Road Maintenance

Although CSA 2 is staffed and managed by the County, County maintenance staff is not authorized to perform roadway maintenance work within zones of benefit; the maintenance work must be performed by private contractors or volunteers as contracted by the advisory committees. All maintenance work is performed by contractors and volunteers as needed, which varies annually based on the goals of each individual zone and available funding. The advisory

committees would prefer to have all roadway surfaces asphalt paved or chip sealed; however, these wishes are not being met due to limited funds available. Current funds allow for basic roadway maintenance sufficient for current demands. Repairs are generally limited to pothole patching and applications of chip or slurry seal.

CSA 2 does not own any road maintenance equipment or facilities; however, it may rent equipment for the use by volunteers, in accordance with the Volunteer Work Plan approved and authorized by the Board of Supervisors. Such equipment may be rented upon approval by the County, which includes rollers, sweepers, and tampers. All rental agreements are negotiated through County administration on behalf of the zones of benefit.

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

Personnel and Staffing

CSA 2 currently has one full-time department analyst, dedicated to the county service area zone of benefit program, with direct funding provided collectively by all of the road zones of benefits within the county. An administrative services officer provides program oversight. CSA 2 utilizes a combination of volunteers to perform some basic roadway maintenance work, as specified under the Volunteer Work Plan approved and authorized by the Board of Supervisors, as well as contracting for roadway maintenance services utilizing a competitive bid process.

Administration and Management

County Service Area 2 is a dependent special district, governed by the El Dorado County Board of Supervisors. Administration of County Service Areas 2, 5 and 9 and the zones of benefit within has been the responsibility of the Department of Transportation since May of 2005. The county charges each zone of benefit fees for administration costs and requires it to contribute to the purchase of a liability insurance policy covering all zone roads. Each of the two zones of benefit in CSA 2 has an advisory committee appointed by the Board of Supervisors with an identified key contact that acts as liaison to the Board. Members of the committees serve in an advisory capacity and, as such, are subject to the provisions of California's open meeting laws, also known as the Brown Act. The Advisory Committees are required to meet at least four times each year. All meetings are open to the public and must be noticed accordingly. The

committees identify special projects to be completed and develop a recommended annual budget to be approved by the Board of Supervisors.

Funding and Budget

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

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

Revenues

Table 11: Three-Year History of CSA Revenues (Fiscal Years 05/06 – 07/08)

Revenues	2005-2006			2006-2007			2007-2008		
	Arrowbee	Hidden Lake	Total CSA 2	Arrowbee	Hidden Lake	Total CSA 2	Arrowbee	Hidden Lake	Total CSA 2
Fund Balance	3,197	34,045	37,242	50,150	35,617	85,767	42,066	37,425	79,491
Property Taxes	12,958	5,534	18,492	15,036	6,444	21,480	15,589	6,680	22,269
Benefit Assessment	41,637	25,550	67,187	41,837	25,950	67,787	41,837	25,750	67,587
SHPTR*	164	70	234	164	70	234	164	70	234
Penalties/Cost Delinquent Taxes	102	3	105	143	55	198	458	6	464
Interest	926	1,668	2,594	2,008	1,421	3,429	1,025	1,072	2,097
Total Revenues	\$58,984	\$66,870	\$125,854	\$109,338	\$69,557	\$178,895	\$101,139	\$71,003	\$172,142

* State Homeowners Property Tax Relief

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

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

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

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

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

Expenditures:

Table 22: Three-Year History of District Expenditures (Fiscal Years 05/06 – 07/08)

Revenues	2005-2006			2006-2007			2007-2008		
	Arrowbee	Hidden Lake	Total CSA 2	Arrowbee	Hidden Lake	Total CSA 2	Arrowbee	Hidden Lake	Total CSA 2
Administrative Costs	18	154	172	90	101	191	9	9	18
Office Expense	0	85	85	0	36	36	0	0	0
Postage	3	54	57	0	47	47	0	0	0
Publication and Legal Notices	11	11	22	86	14	100	9	9	18
Staff Development	4	4	8	4	4	8	0	0	0
Services / Supplies	0	25,627	25,627	56,605	27,409	84,014	53,742	33,702	87,444
Road Maintenance and Construction	0	25,627	25,627	56,605	27,409	84,014	53,457	31,358	84,815
Small Tools and Instruments	0	0	0	0	0	0	0	160	160
Plant Mix	0	0	0	0	0	0	0	1,992	1,992
Signs	0	0	0	0	0	0	285	0	285
Fuel Purchases	0	0	0	0	0	0	0	192	192
Interfund Expenditures	1,160	691	1,851	34	34	68	33	33	66
Internal Data Processing	108	108	216	114	114	228	250	250	500
Road District Tax Fund (Zone Admin. Charges)	2,507	2,275	4,782	5,490	2,558	8,048	5,845	3,485	9,330
CSA Insurance	3,677	1,835	5,512	3,839	1,916	5,755	4,045	2,019	6,064
Total Expenditures	\$7,470	\$30,690	\$38,158	\$66,172	\$32,132	\$98,304	\$63,924	\$39,498	\$103,422

Roadway maintenance expenditures vary from year to year, depending on the amount of roadwork recommended by each advisory committee and approved by

the Board of Supervisors. Fluctuating legal noticing costs are a result of bids for road work. Funds in each zone of benefit are accumulated annually to be used for extensive roadway maintenance every few years. By law, zone funds cannot be used for any purpose other than approved work in the zone and costs associated with operation and administration of the zone.

The County handles the CSA's fiscal administration. The County charges each zone of benefit fees for administration costs and requires it to contribute to the purchase of a liability insurance policy covering all zone roads. All of the CSA's funds are deposited into the County Treasury. The County Auditor's office manages the receivables and payables of CSA 2. Contracts are established between the Contractors and the County on behalf of the CSA. All contract administration is managed by the County. Once a project has been completed, payment for the contract work is made from the respective zone of benefit funds by the County Auditor Controller, which sends payments to contractors.

IV MSR DETERMINATIONS

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

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

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

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

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

1. Growth and Population Projections for the Affected Area

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

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

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

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

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

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

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

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

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

3. Financial Ability of the Agency to Provide Services

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

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

- Financial capabilities and costs of service.

County Service Area 2 is financed by special assessments, which are adequate for the service provided. CSA 2 is currently utilizing cost avoidance opportunities available, including a competitive bid process, use of volunteers, and pooling of insurance, and sharing of staff to reduce costs. No additional significant financing or cost avoidance opportunities have been identified.

4. Status of, and Opportunities for, Shared Facilities

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

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

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

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

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

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

County Service Area Number 2 is able to operating efficiently under its existing structure. CSA 2 jointly employs one full-time and one part-time person with the other County Service Areas in El Dorado County. Additionally, CSA 2 contracts for roadway services when necessary. Even though CSAs 2 and 9 share administrative staff and common boundaries, CSA 2 is the only agency currently providing roadway maintenance services within its jurisdictional boundary; each of the CSAs only provide service to areas within their individual zones of benefit.

The overall management structure of CSA 2 is sufficient to perform necessary services and maintain operation in an effective manner; however, consolidation of CSAs 2 and 9 into a single county service area may allow greater efficiency for the administration of funds, given the shared staff and duplication of services. Combining the service areas of CSA 2 and CSA 9, while retaining the existing zones of benefit that provide funding for specific services within their boundaries would, in effect, add two road zones of benefit to the 95 other various zones within CSA 9.

The overlap of boundaries was highlighted in 2004 by a property owner's request to annex territory into the Arrowbee Zone of Benefit within CSA 2. Subsequently, County Counsel directed Department of Transportation staff to work with LAFCO to address the situation. LAFCO staff has discussed the overlap of boundaries and possible consolidation with DOT staff; however, initiation of any change of organization would require a resolution of petition by the Board of Supervisors, as the governing body for CSA 2. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of CSA 2.

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

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

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

- Potential effects on agricultural and open space lands.

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

V **SOI DETERMINATIONS**

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

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

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

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

Present needs for public facilities and services are currently being met. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain the same.

3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

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

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

There are no social or economic communities of interest in the area. Nearby communities include the Coloma-Lotus area.

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

VI ENVIRONMENTAL REVIEW

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

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

Exemption

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

VII REFERENCES AND SOURCES

General Background Information:

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

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, prepared by Assembly Committee on Local Government, last updated November 2008

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

LAFCO Procedures Guide, 2006 Edition, San Diego County LAFCO

Google Maps, www.maps.google.com

Governing and Defining Legislation:

California Government Code, Title 6 (Districts), Division 3 (Community Services Districts).

County Service Area #2:

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

Arrowbee Road Zone Website, www.arrowbeeroadzone.com

County of El Dorado, Independent Special Districts Final Budgets, County Service Area #2 Budget Actuals, Fiscal Years 2005-06, 2006-07, 2007-08