

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF DECEMBER 7, 2011

REGULAR MEETING

TO: Ron Briggs, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

PREPARED BY: Erica Sanchez, Policy Analyst

AGENDA ITEM #6: Dissolution of the Grassy Run Community Services District

LAFCO Project No. 2011-04

PROPONENT: Grassy Run Community Services District

DESCRIPTION OF PROJECT

This proposal involves the dissolution of the Grassy Run Community Services District, which has not exercised its corporate powers since 1997. Grassy Run CSD is comprised of 89 parcels (approximately 447 acres) in the Shingle Springs area and includes 150 registered voters. The GRCSD Board of Directors adopted District Resolution 11-01 on February 4, 2011, initiating LAFCO proceedings to dissolve the District (Attachment A).

The dissolution is subject to the "Agreement for Use of Grassy Run Community Services District Funds," adopted by the County of El Dorado and the Grassy Run Community Services District (Attachment D). Please refer to the 'Successor Agency' section below for more information.

LOCATION

The District is located in the Shingle Springs area immediately north of U.S. Highway 50, approximately 1,000 feet west of the Greenstone Road exit and Grassy Run Court. A map of the current district boundaries is included at the end of this report (Attachment B).

PURPOSE

The Grassy Run Community Services District (GRCSD) Board of Directors is requesting dissolution of the District, which is empowered to provide road and road maintenance services, but has not exercised those powers since 1997.

GRCS D was sued in 1996 over the use of its roads, but the U.S. District Court found no evidence that the Grassy Run roads were ever dedicated as public roads. The judgment was that Grassy Run CSD roads were in fact private and not part of the public road system.

Since the ruling, the CSD has essentially been in a state of suspension, dedicating no public funds (District tax revenue) to road maintenance. All road maintenance has been performed and funded exclusively by the Homeowner's Association (GRHA). The CSD is still technically in existence and has a board of directors, but they have not held public meetings or conducted District business since the 1997 ruling. The County still collects property taxes on behalf of Grassy Run CSD; however, the accumulating funds have only been used for District insurance premiums. See the 'History' section below for more information.

RECOMMENDATIONS

Staff recommends that the Commission take the following actions:

1. Find that the project is exempt from provisions of the California Environmental Quality Act under Categorical Exemption §15320 and direct staff to file the Notice of Exemption in compliance with CEQA and local ordinances implementing the same.
2. Adopt LAFCO Resolution L-2011-13 (Attachment H), adding any additional conditions the Commission finds appropriate and approve the Dissolution of the Grassy Run Community Services District.
3. Set the Conducting Authority proceedings for this proposal on January 25, 2012 and direct the Executive Officer to open the protest period and notify the appropriate parties, pursuant to Government Code §57000 and local policies.
4. Direct the Executive Officer to complete the necessary filings and transmittals as required by law.
5. Determine the effective date of the approval of this agreement to be five (5) working days after recordation by the County Recorder of the Executive Officer's Certificate of Completion once the imposed conditions are met.

REASON FOR RECOMMENDATION

After careful consideration of the 28 factors listed in Government Code §56668 (see below) and LAFCO Policies, staff recommends dissolution of the Grassy Run Community Services District, based on 1) the 1997 United States District Court judgment that the Grassy Run roads were/are private and had not been dedicated to public use, essentially rendering GRCS D unable to provide services within its boundaries, and 2) the District's failure to exercise its corporate powers since 1997.

If the Commission approves the dissolution, Conducting Authority proceedings will be required because the dissolution petition was initiated by the GRCS D Board without the written consent of all involved landowners. At the Conducting Authority hearing, the Commission shall hear and receive any oral or written protests, objections, or evidence that is made, presented or filed. Written protests may be filed by any owner of land or registered voter, within the subject territory.

BACKGROUND

History

GRHA and GRCSD

The Grassy Run Homeowners' Association (GRHA) was formed around the Grassy Run community in 1974. GRHA was authorized, through a declaration of covenants and restrictions, to impose "special assessments for maintenance, repairs and improvements required by regional committees and for financing and paying for subsequent stages of construction of those roads within the existing property, and special assessments for the purpose of installing, maintaining and replacing street name signs and traffic control signs on the private roads within the existing property."

In 1982, the GRHA parcel owners successfully petitioned for the formation of Grassy Run CSD to assist in the collection of dues and assessments of GRHA through the use of the property tax collection system of El Dorado County. The sole authorized purpose of the GRCSD was the maintenance and expansion of a road system servicing the parcels located within the GRHA. The District functioned in accordance with its authorized purpose until 1997.

Federal Lawsuit

Until the construction of the Red Hawk Casino and its associated off ramp access from U.S. Highway 50, residents and visitors to the Shingle Springs Rancheria would access the Rancheria through the Grassy Run roads. In 1996, the Shingle Springs Band of Miwok Indians (Tribe) opened a tent casino on Rancheria property. When the Grassy Run residents blocked access to the roads to nonresidents, the Tribe initiated a U.S. Federal District Court lawsuit against GRCSD, asserting that the roads were public and alleging violation of its protected access rights to the Shingle Springs Rancheria over the Grassy Run roads. The suit contended that the roads were public and visitors could use the roads to access the Rancheria's casino. The suit further contended that even if the roads were not dedicated in deed as public, in creating the District and collecting and expending public monies, the residents of Grassy Run had implicitly dedicated their roads to public use.

In April 1997, United States District Judge David F. Levi issued a partial summary judgment determining and declaring that the roads were, and are, private and had not been dedicated to public use.

In 1998, El Dorado County, GRCSD and GRHA entered into a settlement agreement agreeing that the Grassy Run road system was private and not dedicated to public use.

In 2008, the Tribe, GRCSD and GRHA entered into an agreement for resolution of litigation, resolving all outstanding issues between the parties.

Landlocked Parcels

From 1997 to 2009, GRHA was responsible for the maintenance and improvement of the entire Grassy Run road system, which was coterminous with GRCSD boundaries.

However, in May 2009, eight parcels (referred to as the "landlocked parcels") were separated and terminated from membership in GRHA (but not from GRCSD) by mutual agreement. The landlocked parcels include a portion of Reservation Road immediately

adjacent to the eastern boundary of the Shingle Springs Rancheria, and all of Reservation Court (see the map included as Attachment E).

The primary expressed motivation of the landlocked parcel owners to separate from GRHA was that they felt that GRHA was paying insufficient attention to the maintenance of the roads within the landlocked area. As part of the separation agreement, GRHA cancelled and/or refunded its 2009 assessments to those parcel owners, totaling \$2,400, which presumably became available to them for use in connection with the roads in that area. GRHA also suggested to the landlocked parcel owners to form their own Homeowners' Association as a partial successor to GRHA. The recommendation was offered because the settlement agreement and the judgment entered in 2008 makes the access rights to those parcels enforceable against the Tribe only by the CSD, by GRHA, or by their successors in interest; the individual parcel owners do not have any enforcement rights. It is unknown to LAFCO or GRCSD staff if this recommendation was followed.

These eight parcels, which are still within the GRCSD boundaries, currently obtain access from U.S. Highway 50 via Red Hawk Parkway. Due to the Red Hawk Parkway access and the existing gate on the Rancheria property on Reservation Road, these parcels are isolated from the rest of the GRCSD.

Failure to Exercise Corporate Powers

GRCSD's Failure to Exercise Corporate Powers

In June 1997, the GRCSD Board adopted Resolution 97-2 stating that no further GRCSD funds would be spent on the Grassy Run roads for any purpose. As result, GRCSD became effectively inactive immediately following the adoption of the resolution and has conducted no District business after that point. The GRCSD Board did not immediately pursue dissolution with LAFCO at the time because of the possibility of an appeal which might have resulted in a reversal of the April 1997 ruling.

Service Provision and Expenditures

Since 1997, all costs and expenditures incurred in connection with the repair, maintenance and improvements of the Grassy Run roads have been made by the GRHA and private landowners, not GRCSD. GRHA maintains the roads within its boundaries and, presumably the landowners outside of GRHA maintain their own sections of private roadway as well. The GRCSD Board has no knowledge as to what the owners of the eight landlocked parcels have done with regard to the maintenance and improvement of those portions of the former Grassy Run road system located within the landlocked area.

The only expenditures being made by the District are for the required insurance premiums, which is a significant portion of the property taxes received, and the occasional administrative expense. However, the District will continue to collect its share of the property taxes until it is dissolved.

Successor Agency

Legal Provisions

Under Government Code §57451(b), if the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the

successor. Government Code §§57452 and 57453 delineate the vestment, powers and duties of the successor agency. Government Code §57454 bars the dissolving district or the successor from refunding any taxes to landowners. Government Code §§57455-57463 specify the liquidation of remaining assets and that the retirement of any outstanding debt or bond has priority in the distribution of these funds. In addition, pursuant to Government Code §57457(b), upon dissolution of the District, its remaining assets will be distributed to the County as the successor to the District.

Government Code §57463 authorizes the District's successor to use any funds, money, or property of the dissolved District for the purpose of winding up the affairs of the District and provides so far as may be practicable, the funds, money, or property of the dissolved District shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the dissolved District.

El Dorado County

As the successor agency, El Dorado County is responsible for winding up the affairs of GRCS D after dissolution, including the administration of the remaining District funds to be used for the general benefit of the dissolution area since GRCS D has no outstanding debt or bonds to retire.

On November 8, 2011, El Dorado County and GRCS D entered into an Agreement for Use of Grassy Run Community Services District Funds (Attachment D). The agreement outlines the terms for use of the remaining District funds upon dissolution, which are to be used solely for the purpose of accomplishing the four tasks specified in the agreement, for the express benefit of the former inhabitants of the District. Because public funds cannot be used for private purposes (and the GRCS D roads were found never to have been dedicated for public use) the improvements are located on public roads just outside GRCS D boundaries.

As of November 4, 2011, Grassy Run CSD had a fund balance of approximately \$119,105. Upon dissolution, and after payment of all costs incurred in connection with dissolution, including LAFCO fees, it is estimated that the District will have somewhat in excess of \$100,000 remaining in the District's account held by the County's Auditor-Controller. The County's Auditor-Controller shall transfer the funds to the County no more than ten business days following the effective date of the dissolution.

CEQA

El Dorado LAFCO is the Lead Agency for the dissolution of Grassy Run CSD. The Executive Officer reviewed the project for conformance under the California Environmental Quality Act (CEQA) and determined that the dissolution was categorically exempt from the provisions of CEQA under Section 15320 of the Public Resources Act, which provides for changes in the organization or reorganization of local government agencies where the changes do not change the geographical area in which previously existing powers are exercised.

SUMMARY OF STATUTORY AND POLICY CONSIDERATIONS

Government Code §56668 and LAFCO Policies require that the review of a proposal shall consider the following 28 factors; however, given that an approved dissolution of the Grassy Run Community Services District will remove the District's responsibility for

providing road and road maintenance services to the current GRCSO residents, many factors are not applicable to this proposal, as noted.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Need for organized services, probable future needs	1 – Consistent	The proposed dissolution of GRCSO will eliminate a non-functioning agency and transfer existing services to the GRHA and private landowners; no new services are required.
Ability to serve, level and range of service, time frames, conditions to receive service	2 – Consistent	Road maintenance services are currently and will continue to be provided by the GRHA and private landowners. As a condition of dissolution, the CSO's assets will be transferred to El Dorado County for specified improvements primarily benefiting the former GRCSO residents, subject to the agreement between the GRCSO and the County.
Timely availability of adequate water supply	3 – N/A	All 89 of the affected parcels are within EID, which will not change as a result of the dissolution of the GRCSO. Dissolution will not have an effect on water supply.
Alternatives to service, other agency boundaries, and local gov't structure	4 – Consistent	Alternatives to dissolution include the continued existence of the GRCSO. However, GRHA is a logical entity to continue road maintenance due to the 1997 Court ruling that the Grassy Run road were private roads.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Significant negative service Impacts	5 – Consistent	The dissolution is not expected to have a negative effect on the adequacy or timeliness of road maintenance because GRCS D has not provided services to its residents since the 1997 U.S. District Court judgment that the roads were private and not dedicated for public use.
Coordination of applications	6 – Consistent	Prior to dissolving GRCS D, the Commission must first take action on Agenda Item #5 to designate a zero sphere of influence for the agency (refer also to Section 17). All other needed services are in place.
Present cost/adequacy of governmental services, including public facilities	7 – Consistent	Since 1997, all road and road maintenance services to the Grassy Run road system have been provided and funded by the GRHA and private landowners, not GRCS D.
Effect of proposal on cost & adequacy of service in area and adjacent areas	8 – Consistent	The dissolution will not shift the cost of service and/or service benefits to others or other service areas.
Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas	9 – Consistent	If the dissolution is unsuccessful, GRCS D will continue to receive a portion of the property taxes collected within the District boundaries; however, none of the collected funds will be available for use within the private Grassy Run road system.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Sufficiency of revenues, per capital assessed valuation	10 – Consistent	The total net assessed value of the dissolution area is \$29,212,827. GRCS D will abandon its previous 10.0027% of the property tax revenue upon dissolution and the other agency's shares will revert back to their previous levels, before creation of the CSD.
Revenue producing territory	11 – N/A	This section is not applicable to this dissolution application, as it applies to the GRCS D.
56668.3 "best interest"	12 – N/A	This factor applies to district annexations and city detachments only.
Boundaries: logical, contiguous, not difficult to serve, definite and certain	13 – Consistent	Upon dissolution, responsibility for the continued maintenance of the Grassy Run roads falls to the private landowners, not a public entity.
Topography, natural boundaries, drainage basins, land area	14 – Consistent	The dissolution will not change the geographic area in which services are currently provided.
Creation of islands, corridors, irregular boundaries	15 – Consistent	Eight parcels within the GRCS D boundaries are not members of the GRHA, do not have access through the Grassy Run road system and are responsible for providing their own road maintenance on their private roads.
Conformance to lines of assessment, ownership	16 – Consistent	All territory from the 89 parcels of Grassy Run CSD are included with this proposal; the boundaries of the proposed dissolution conform to the existing lines of assessment and ownership.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Spheres of Influence	17 – To be Determined by the Commission	Commission approval of the zero sphere of influence for GRCSO (Agenda Item #5) is the first step towards dissolution and will allow the Commission to take action on this dissolution petition.
Effect on adjacent areas, communities of interest	18 – Consistent	The Grassy Run road system, which includes territory encompassing all of GRCSO, is currently divided by topography, access and GRHA boundaries.
Information or comments from landowners or owners	19 – Consistent	LAFCO has received one protest letter from an affected landowner protesting the dissolution (Attachment F, staff response Attachment G). Per §56157(f), all landowners and registered voters within a 300' radius of the project were individually notified of the project and hearing.
Effect on other community services, schools	20 – Consistent	There are no negative impacts expected for the other public service providers to the affected parcels.
Other agency comments, objections	21 – Consistent	LAFCO received no substantive comments regarding the proposed dissolution from other affected agencies.
Fair share of regional housing needs	22 – N/A	The dissolution proposal does not include any type of new housing or other development; therefore, it will not assist the County in achieving its RHNA goals.
Land use, information relating to existing land use designations	23 – Consistent	Adjacent land uses include low density residential parcels, the Shingle Springs Rancheria (including Red Hawk Casino) and U.S. Highway 50.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years	24 – Consistent	Dissolution of the Grassy Run CSD will not directly or indirectly induce growth.
Proximity to other populated areas	25 – Consistent	The CSD boundaries are surrounded by low density residential 5-acre parcels that are mostly built-out, the Shingle Springs Rancheria and U.S. Highway 50 to the south.
Consistency with General Plans, specific plans, zoning	26 – Consistent	The affected properties are residential and consistent with the current zoning and General Plan land use designations for the area.
Physical and economic integrity of agriculture lands and open space	27 – Consistent	The dissolution will have no impact on agriculture or open space.
Optional factor: regional growth goals and policies	28 – N/A	The dissolution proposal does not include any type of housing or other development; therefore, it will not assist the County in achieving its RHNA goals.

DETERMINATIONS

The Commission should review the factors summarized above and discussed below, then make its own determinations regarding the project. Staff recommends the following determinations based on project research, state law and local policies:

1. The subject territory is “inhabited” per Government Code §56046. Application for this dissolution is made subject to Government Code §56650 et seq. by District resolution.
2. El Dorado LAFCO will consider the designation of a “zero” sphere of influence for the Grassy Run Community Services District on December 7, 2011 immediately prior to the consideration of this item.
3. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under Categorical Exemption §15320.
4. The dissolution will not result in negative impacts to the cost and adequacy of service otherwise provided in the area, and is in the best interests of the affected area and the total organization of local government agencies.

5. The dissolution will not have an adverse effect on agriculture and open space lands.
6. The dissolution will not have an effect on water supply available for the build-out of regional housing needs determined by the Sacramento Area Council of Governments.

DISCUSSION

Government Code §56668 and LAFCO Policies require that the review of a change of organization shall consider the following factors:

(Numbered items 1-6 relate to services)

1. ***NEED FOR ORGANIZED COMMUNITY SERVICES, PROBABLE FUTURE NEEDS:*** Applicants shall demonstrate the need and/or future need for governmental services and that the proposal is the best alternative to provide service (Policies 3.1.4(b), 6.1.7; §56668(b)).

RESPONSE: The proposed dissolution of the Grassy Run CSD will eliminate a non-functioning agency and transfer the District's responsibility for providing road maintenance services to the current GRCSO residents and the Grassy Run Homeowners' Association (GRHA). The District has not provided any services to its residents for almost fifteen years; road maintenance is currently and will continue to be provided by the GRHA and private landowners. No new services are anticipated.

2. ***ABILITY TO SERVE, LEVEL AND RANGE OF SERVICE, TIME FRAMES, CONDITIONS TO RECEIVE SERVICE:*** Prior to annexation the applicants and proposed service providers shall demonstrate that the annexing agency will be capable of providing adequate services which are the subject of the application and shall submit a plan for providing services (Policy 3.3, §56668(j)).

RESPONSE: Upon dissolution, GRCSO will no longer be legally responsible to provide road services to district residents. From a de facto standpoint, road maintenance and improvements are currently and will continue to be provided by the Grassy Run Homeowners' Association and private landowners. As a condition of dissolution, the CSD's assets will be transferred to County of El Dorado for specified improvements primarily benefiting the Grassy Run residents as delineated in a recently-approved contract by GRCSO and the County. According to the Auditor-Controller's Office, the Grassy Run CSD account in the County Treasury had an estimated balance of approximately \$119,105, as of November 4, 2011. It is estimated that there will be in excess of \$100,000 left to pay for the improvements in the contract after the payment of some bills.

3. ***TIMELY AVAILABILITY OF ADEQUATE WATER SUPPLY:*** The Commission shall consider the timely availability of water supplies adequate for projected needs (§56668(k)).

RESPONSE: The 89 affected parcels are all within the El Dorado Irrigation District, which will not change as a result of the dissolution of the GRCS D. Dissolution will not have an effect on water supply.

4. **ALTERNATIVES TO SERVICE, OTHER AGENCY BOUNDARIES, AND LOCAL GOVERNMENT STRUCTURE:** The Commission shall consider alternatives to the proposal, proximity of other agency boundaries and alternative courses of action. Where another agency objects to the proposal, LAFCO will determine the best alternative for service (Policies 3.3.2.2(g), 6.1.3).

RESPONSE: Upon approval of the dissolution, GRCS D will no longer have any responsibility for road maintenance service to the Grassy Run road system. The Grassy Run Homeowners' Association will continue to provide road maintenance to 81 of the 89 parcels within the district boundaries, which it has done since the roads were determined to be private in 1997; the remaining 8 parcels will be responsible for their own road maintenance if they choose not to join the GRHA. Dissolution is a logical alternative for the provision of service due to the 1997 Court ruling that the Grassy Run roads were private roads, which limits the ability of another public entity from providing road service within the Grassy Run subdivision.

No other agencies have objected to the dissolution proposal.

5. **SIGNIFICANT NEGATIVE SERVICE IMPACTS:** Services provided to the territory will not result in a significant negative impact on the cost and adequacy of services otherwise provided (Policy 6.2.4, §56668.3(b)).

RESPONSE: The dissolution is not expected to have a negative effect on the adequacy or timeliness of service because GRCS D has not provided services to its residents since the 1997 judgment that the roads were private. All road maintenance since has been conducted by either the Grassy Run Homeowners' Association or private landowners.

6. **COORDINATION OF APPLICATIONS:** If a project site can be anticipated to require additional changes of organization in order to provide complete services, the proposal shall be processed as a reorganization (Policy 3.1.10). Where related changes of organization are expected on adjacent properties, petitioners are encouraged to combine applications and LAFCO may modify boundaries, including the addition of adjacent parcels to encourage orderly boundaries (Policy 3.1.9).

RESPONSE: The 89 affected parcels are within EID for water service and Diamond Springs-El Dorado Fire Protection District for fire protection and emergency medical services; no other necessary services have been identified for the area.

Prior to dissolving GRCS D, the Commission must first take action on Agenda Item #5 to designate a zero sphere of influence for the agency. For additional information, refer to Agenda Item #5 and Section 17 below.

(Numbered items 7-12 relate to cost and revenues)

7. **PRESENT COST/ADEQUACY OF GOVERNMENTAL SERVICES, INCLUDING PUBLIC FACILITIES:** The Commission shall consider existing government services and facilities, cost and adequacy of such services and facilities (§56668(b), Policy 3.3). If service capacity and/or infrastructure will be expanded, the applicant will submit cost and financing plans (Policy 3.3.2.2).

RESPONSE: Since June 1997, all road maintenance and improvements to the Grassy Run road system have been provided and funded by the GRHA and private landowners, not GRCSD. No public funds have been used for these services.

8. **EFFECT OF PROPOSAL ON COST & ADEQUACY OF SERVICE IN AREA AND ADJACENT AREAS:** The Commission shall consider existing and proposed government services and facilities, the cost and adequacy of such services and facilities and probable effect of the proposal on the area and adjacent areas (§56668(b) and Policy 3.3). LAFCO will discourage projects that shift the cost of service and/or service benefits to others or other service areas (Policy 6.1.8).

RESPONSE: The dissolution will not shift the cost of service and/or service benefits to others or other service areas. Ongoing road maintenance will be provided by the GRHA and private landowners and the dissolution is subject to the terms of the Agreement for Unused Funds between El Dorado County and GRCSD (Attachment D); one of the provisions of the Agreement states that the County shall not be obligated to expend any County funds, other than the GRCSD funds, to complete any task outlined in the Agreement.

9. **EFFECT OF ALTERNATIVE COURSES OF ACTION ON COST & ADEQUACY OF SERVICE IN AREA AND ADJACENT AREAS:** The Commission shall consider the cost and adequacy of alternative services and facilities (§56668).

RESPONSE: If the dissolution is not successful, GRCSD will continue to receive a portion of the property taxes collected within the District boundaries; however, due to the judgment ruling the roads are private, none of the collected funds will be available for use within the private Grassy Run road system. Because public agencies may not extend services outside their service boundaries except under certain circumstances, GRCSD would be unable to expend those funds in the surrounding vicinity either.

Regardless of the outcome of the dissolution petition, maintenance of the Grassy Run road system will continue to be the responsibility of, and provided by, the Grassy Run Homeowners' Association and private landowners. GRHA provides road maintenance for 81 of the 89 parcels; the owners of the remaining eight parcels opted out of the HOA in 2009. The owners of these landlocked parcels do not have access through the Grassy Run road system and are responsible for their own road maintenance. A map of the GRHA boundaries and the landlocked parcels is included as Attachment E.

10. SUFFICIENCY OF REVENUES, PER CAPITA ASSESSED VALUATION: 56668(j)

RESPONSE: According to the County Assessor, the total net assessed value of the dissolution area is \$29,212,827. On August 2, 2011 the County approved a division of the tax increment due to the dissolution of GRCSD, based on the property tax redistribution plan shown in Attachment C. The plan provides that GRCSD will abandon its previous 10.0027% of the property tax revenue upon dissolution, and that the other agency's shares will revert back to their previous levels before the creation of the CSD.

11. REVENUE PRODUCING TERRITORY: The proposed annexation shall not represent an attempt to annex only revenue-producing territory (Policy 6.1.1).

RESPONSE: For reasons explained immediately above, this section is not applicable to this dissolution application.

12. "BEST INTEREST": The Commission shall consider whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district (§56668.3).

RESPONSE: This factor applies to district annexations and city detachments only.

(Numbered items 13-17 relate to boundaries)**13. BOUNDARIES: LOGICAL, CONTIGUOUS, NOT DIFFICULT TO SERVE, DEFINITE AND CERTAIN:** The proposed boundary shall be a logical and reasonable expansion and shall not produce areas that are difficult to serve (§56001). Lands to be annexed shall be contiguous (Policy 3.9.3, §56741-cities) and should not create irregular boundaries, islands, peninsulas or flags (Policy 3.9.4). The boundaries of the annexation shall be definite and certain and conform to existing lines of assessment and ownership (Policy 3.9.2, §56668(f)).

RESPONSE: The dissolution will encompass the entire GRCSD service boundary. Due to the specific circumstances of GRCSD and the 1997 court ruling that the Grassy Run road system is private rather than public, responsibility for the continued maintenance of the Grassy Run roads falls to the private landowners. Eighty-one of the 89 affected parcels are members of the Grassy Run Homeowners' Association for the provision of road maintenance; the remaining eight parcels maintain their roads privately.

14. TOPOGRAPHY, NATURAL BOUNDARIES, DRAINAGE BASINS, LAND AREA: Natural boundary lines which may be irregular may be appropriate (Policy 3.9.6). The resulting boundary shall not produce areas that are difficult to serve (Policy 3.9.7).

RESPONSE: The 447 subject acres consist of gently rolling hills with several oak and pine varieties with an average elevation of 1,400 feet above mean sea level.

The dissolution will not change the geographic area in which services are currently provided.

- 15. CREATION OF IRREGULAR BOUNDARIES:** Islands, peninsulas, "flags", "cherry stems", or pin point contiguity shall be strongly discouraged. The resulting boundary shall not produce areas that are difficult to serve. The Commission shall determine contiguity (Policies 3.9.3, 3.9.4, 3.9.7).

RESPONSE: Eight parcels within the GRCS D boundaries are not members of the GRHA, do not have access through the Grassy Run road system and are responsible for providing their own road maintenance on their private roads. The parcels currently obtain access from U.S. Highway 50 on the Rancheria-constructed Red Hawk Parkway. Because of Red Hawk Parkway access and the existing gate on the Rancheria property on Reservation Road, these parcels within the GRCS D are isolated from the rest of the GRHA. The landlocked parcels include a portion of Reservation Road immediately adjacent to the eastern boundary of the Shingle Springs Rancheria, and all of Reservation Court (Attachment E).

- 16. CONFORMANCE TO LINES OF ASSESSMENT, OWNERSHIP:** The Commission shall modify, condition or disapprove boundaries that are not definite and certain or do not conform to lines of assessment or ownership (Policy 3.9.2).

RESPONSE: All territory from the Grassy Run CSD is included with this proposal. The boundaries of the proposed dissolution conform to the existing lines of assessment and ownership. The proposal maps have been reviewed by the County Surveyor and have been found to be definite and certain.

- 17. SPHERES OF INFLUENCE:** Commission determinations shall be consistent with the spheres of influence of affected local agencies (Policy 3.9.1).

RESPONSE: Government Code §56375.5 requires Commission actions regarding changes of district boundaries be consistent with the affected district's sphere of influence. The GRCS D sphere of influence is currently concurrent with its service area, pending Commission action on Agenda Item #5 of this Agenda, which is a recommendation to update the GRCS D sphere of influence to a zero sphere of influence.

A "zero" sphere of influence is a determination by LAFCO that the service responsibilities and functions of an agency should be reassigned to another entity, and that the agency assigned a zero sphere of influence should be dissolved. A LAFCO's designation of a zero sphere of influence is a necessary precursor to dissolution of a special district.

(Numbered items 18-21 relate to potential effect on others and comments)

- 18. EFFECT ON ADJACENT AREAS, COMMUNITIES OF INTEREST:** The Commission shall consider the effect of the proposal and alternative actions on adjacent areas, mutual social and economic interests and on the local governmental structure of the county (§56668(c)).

RESPONSE: The Grassy Run road system, which includes territory encompassing all of GRCSO, is currently divided by topography, access and GRHA boundaries; dissolution of the GRCSO will not further divide the neighborhood.

Owners of the eight landlocked parcels, which have opted out of the GRHA but are still within the GRCSO boundaries, currently obtain access from U.S. Highway 50 via Red Hawk Parkway. Due to the Red Hawk Parkway access and the existing gate on the Rancheria property on Reservation Road, these parcels are isolated from the rest of the GRCSO.

- 19. INFORMATION OR COMMENTS FROM THE LANDOWNER OR OWNERS:** The Commission shall consider any information or comments from the landowner or owners.

RESPONSE: LAFCO received a letter from Haven T. Bays, owner of one of the eight landlocked parcels at the end of Reservation Court, protesting the dissolution and questioning, among other things, the lack of service from GRCSO and the private status of the roads (Attachment F).

The Executive Officer reviewed the letter and responded to Mr. Bays in writing to address those concerns which fall under LAFCO jurisdiction (Attachment G). The response pointed to GRCSO's failure and inability to exercise its corporate powers since 1997, summarized the private road judgment and clarified the legal provisions for dissolution, including the allocation of remaining District funds, among other things.

Because the proposal was initiated by GRCSO Board resolution without the written consent of all involved landowners, per §56157(f) all landowners and registered voters within a 300' radius of the project were individually notified of the project and hearing 21 days in advance.

- 20. EFFECT ON OTHER COMMUNITY SERVICES, SCHOOLS:** LAFCO's review of services refers to governmental services whether or not those services are provided by local agencies subject to the Cortese-Knox-Hertzberg Act, and includes public facilities necessary to provide those services.

RESPONSE: There are no negative impacts expected for the other public service providers to the subject area.

Police Protection services are provided by the El Dorado County Sheriff's Department through a compensated agreement. Response times to the area would depend on the location of the nearest unit at the time of dispatch.

The affected parcels are currently within El Dorado County's Service Area 9, Zone 17 – Ponderosa Recreation Zone for park and recreation services, which is not requested to change as a part of this proposal. The El Dorado County Parks and Recreation Department is responsible for providing recreation areas and parks within the unincorporated areas of the County.

The affected parcels are located within the Mother Lode Union School District, the El Dorado Union High School District and the Los Rios Community College District. Students within the dissolution area would most likely attend the following schools: Indian Creek Elementary at 6701 Green Valley in Placerville, Herbert Green Middle School at 3781 Forni Road in Placerville and Ponderosa High School at 3661 Ponderosa Road in Shingle Springs.

- 21. OTHER AGENCY COMMENTS, OBJECTIONS:** All affected and interested agencies are provided application related material and notified of the proposal and proposed property tax redistribution plan. Comments have been requested and shall be considered (Policy 3.1.4 (l), §56668(i)).

For district annexations and city detachments only, the Commission shall also consider any resolution objecting to the action filed by an affected agency (§56668.3(4)). The Commission must give great weight to any resolution objecting to the action which is filed by a city or a district. The Commission's consideration shall be based only on financial or service related concerns expressed in the protest (§56668.3(5b)).

RESPONSE: The following agencies were provided an opportunity to comment on this proposal:

- El Dorado Irrigation District
- Diamond Springs-El Dorado Fire Protection District
- El Dorado County Emergency Services Authority
- El Dorado County Representing CSAs 7, 9, 9 Mother Lode Recreation Tax, 10 and 10 Zone H
- El Dorado County Water Agency
- El Dorado County Resource Conservation District
- El Dorado County Department of Agriculture
- El Dorado County Chief Administrative Office
- El Dorado County Office of Education
- Mother Lode Union School District
- El Dorado Union High School District
- Los Rios Community College District
- El Dorado County Planning Department
- El Dorado County Surveyor's Office
- El Dorado County Elections Department
- El Dorado County Sheriff's Department
- Farm Bureau

LAFCO received no substantive comments regarding the proposed dissolution from other affected agencies.

(Numbered items 22-26 relate to land use, population and planning)

22. FAIR SHARE OF REGIONAL HOUSING NEEDS: The Commission shall review the extent to which the proposal will assist the receiving entity in achieving its fair share of regional housing needs as determined by Sacramento Area Council of Governments (SACOG) (§56668(l)).

RESPONSE: The dissolution proposal does not include any type of new housing or other development; therefore, it will not assist the County in achieving its RHNA goals. This section is not applicable to this dissolution application, as it applies to GRCSO.

23. LAND USE, INFORMATION RELATING TO EXISTING LAND USE DESIGNATIONS: The Commission shall consider any information relating to existing land use designations (§56668(m)).

RESPONSE: Existing land uses within the Grassy Run Community Services District and adjacent properties consist of the following:

	Zoning	General Plan	Current Land Use
Grassy Run CSD	RE-5	LDR	Residential
North:	RE-5	LDR	Residential
East:	RE-5	LDR	Residential
South:	RE-5	LDR	US Highway 50
West:	RE-5	Shingle Springs Rancheria (SSR)	Red Hawk Casino, residential, tribal community facilities; not subject to zoning/land use designations of the General Plan
West:	RE-10	LDR	Undeveloped; BLM land

24. POPULATION, DENSITY, GROWTH, LIKELIHOOD OF GROWTH IN AND IN ADJACENT AREAS OVER 10 YEARS: The Commission will consider information related to current population, projected growth and number of registered voters and inhabitants in the proposal area.

RESPONSE: According to the County Registrar of Voters, there are currently 150 registered voters residing within the CSD boundaries, which means the subject territory is considered inhabited per State Law. Dissolution of GRCSO will not directly or indirectly induce growth.

25. PROXIMITY TO OTHER POPULATED AREAS: The Commission shall consider population and the proximity of other populated areas, growth in the area and in adjacent incorporated and unincorporated areas during the next 10 years (Policy 3.1.4 (a)).

RESPONSE: The CSD boundaries are surrounded by low density residential 5-acre parcels that are mostly built-out, the Shingle Springs Rancheria and Highway 50 to the south.

- 26. CONSISTENCY WITH GENERAL PLANS, SPECIFIC PLANS, ZONING:** The Commission shall consider the general plans of neighboring governmental entities (Policy 3.1.4(g)).

RESPONSE: The affected properties within the CSD boundaries are residential and consistent with the current zoning and General Plan land use designations for the area (see Section 23 for further details). According to County Assessor records, six of the 89 parcels are currently undeveloped.

- 27. PHYSICAL AND ECONOMIC INTEGRITY OF AGRICULTURE LANDS AND OPEN SPACE LANDS:** LAFCO decisions will reflect it's legislative responsibility to maximize the retention of prime agricultural land while facilitating the logical and orderly expansion of urban areas (Policy 3.1.4(e), §56016, 56064).

RESPONSE: The subject area is not considered to be "Prime Farmland," nor does it contain any choice soils. There are no formal agricultural operations or activities within the CSD or adjacent to the site. The current CSD boundaries are bounded by low density residential parcels (LDR) zoned RE-5, the Shingle Springs Rancheria and U.S. Highway 50. The dissolution will have no impact on agriculture or open space.

- 28. OPTIONAL FACTOR: REGIONAL GROWTH GOALS AND POLICIES:** The Commission may, but is not required to, consider regional growth goals on a regional or sub-regional basis (§56668.5).

RESPONSE: The dissolution proposal does not include any type of housing or other development; therefore, it will not assist the County in achieving its RHNA goals.

Attachments:

- Attachment A: GRCSO Intent to File & Resolution of Application
- Attachment B: GRCSO Map
- Attachment C: BOS Property Tax Redistribution (AB-8) Resolution
- Attachment D: EDC and GRCSO "Agreement for Use of GRCSO Funds"
- Attachment E: Map of GRHA & Landlocked Parcels
- Attachment F: Landowner Protest Letter
- Attachment G: Executive Officer Response Letter
- Attachment H: LAFCO Draft Resolution L-2011-13