

**Marble Mountain Homeowners
Community Services District
Municipal Service Review and
Sphere of Influence Update**

FINAL

August 2017

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

MARBLE MOUNTAIN HOMEOWNERS COMMUNITY SERVICES DISTRICT MUNICIPAL SERVICE REVIEW

AUGUST 2017

Commissioners

Shiva Frentzen, Chair

Mark Acuna

Diana Anderly

Dale Coco

Ken Humphreys

Brooke Laine

Brian Veerkamp

Alternates

John Clerici

Holly Morrison

Michael Powell

Michael Ranalli

Staff

José C. Henríquez

Erica Sanchez

Denise Tebaldi

Kara Ueda

EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

NOTICE OF EXEMPTION

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

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

COUNTY CLERK

County of El Dorado
330 Fair Lane
Placerville, CA 95667

FILED

AUG 24 2017

WILLIAM SCHULTZ, Recorder-Clerk
By *[Signature]*

Project Title: Marble Mountain Homeowners Community Services District Sphere of Influence Study; LAFCO Project No. 2017-01

Project Location – Specific: The District is located in the El Dorado Hills area, south of U.S. Highway 50, at Bass Lake Road, off Marble Valley Road.

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

Description of Nature, Purpose and Beneficiaries of Project: Update the sphere of influence for the Marble Mountain Homeowners Community Services District to establish a new sphere of influence, which was last updated in December 2007.

Name of Public Agency Approving Project: El Dorado LAFCO

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

Exempt Status: **(check one)**

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

Reasons why project is exempt: The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This sphere of influence update has no possibility for causing a significant effect on the environment.

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

If filed by applicant:

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

Signature *[Signature]* Date: August 24, 2017 Title: Executive Officer
José C. Henríquez

Signed by Lead Agency

Signed by Applicant

Date Received for filing at OPR _____



EL DORADO CO. RECORDER/CLERK

DATE POSTED: 8/25/17

DATE REMOVED: 10/05/17

DATE RETURNED: 10/09/17

RESOLUTION NUMBER L-2017-09

**Update to the Marble Mountain Homeowners
Community Services District Sphere of Influence
LAFCO Project No. 2017-01**

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

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

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

WHEREAS, pursuant to §56430, in order to prepare and update the sphere of influence, the Commission conducted a municipal service review of the Marble Mountain Homeowners Community Services District and adopted a written statement of determinations in conjunction with this sphere of influence update on August 23, 2017; and

WHEREAS, the Executive Officer reviewed the sphere of influence update pursuant to the California Environmental Quality Act (CEQA), and recommended that the project is exempt from CEQA under §15061(b)(3) because it is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA, and, based thereon, the Executive Officer prepared a Notice of Exemption; and

WHEREAS, the Executive Officer set a public hearing for August 23, 2017 for consideration of the environmental review and the sphere of influence update for the Marble Mountain Homeowners Community Services District and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, on August 23, 2017 the sphere of influence update came on regularly for hearing before LAFCO, at the time and place specified in the Notice; and

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

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

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

WHEREAS, on December 5, 2007, at the time of its last review, the Commission established the functions and classes of services provided by the Marble Mountain Homeowners Community Services District as follows: road and road maintenance services; and

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

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

Present land uses within the District are low density residential; there are no designated agricultural lands within the District. Planned land uses are anticipated to remain the same as current land uses for the majority of the District. Territory within the District which is also part of the approved East Ridge Village Subdivision will see an increase in density and population growth in the future upon build out.

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. Access for the future East Ridge Village parcels will be solely from the south, through internal roadways within the East Ridge Village, and not through MMHCSD roads.

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

The present capacity of public facilities provided appears to be sufficient for the level of service expected by District residents. The disparity in the condition of the roadways between the Upper and Lower areas is a result of the adopt resolutions.

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.

Nearby communities include the El Dorado Hills area. MMHCSD borders the El Dorado Hills Community Region on the south and west, though the majority of the District is not within the Community Region. The East Ridge Village parcels are within the Valley View Specific Plan and the EDH Community Region.

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

While Marble Mountain Homeowners CSD does not provide any municipal services as defined in Government Code 56425(e)5, LAFCO has not identified any disadvantaged communities within the District's boundaries or in its sphere of influence.

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

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

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

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

Section 4. The update to the Marble Mountain Homeowners Community Services District sphere of influence to remove territory from the current sphere is orderly, logical and justifiable. The parcels recommended to be removed from the sphere are:

119-390-11

119-390-15

119-390-16

119-390-67

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


Section 6. The Marble Mountain Homeowners Community Services District sphere of influence is updated to add and remove territory as shown on the attached map, marked Exhibit A, attached hereto and incorporated herein by this reference.

APPROVED

PASSED AND ADOPTED by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held August 23, 2017 by the following vote of said Commission.

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

ATTEST:



 Interim Clerk to the Commission

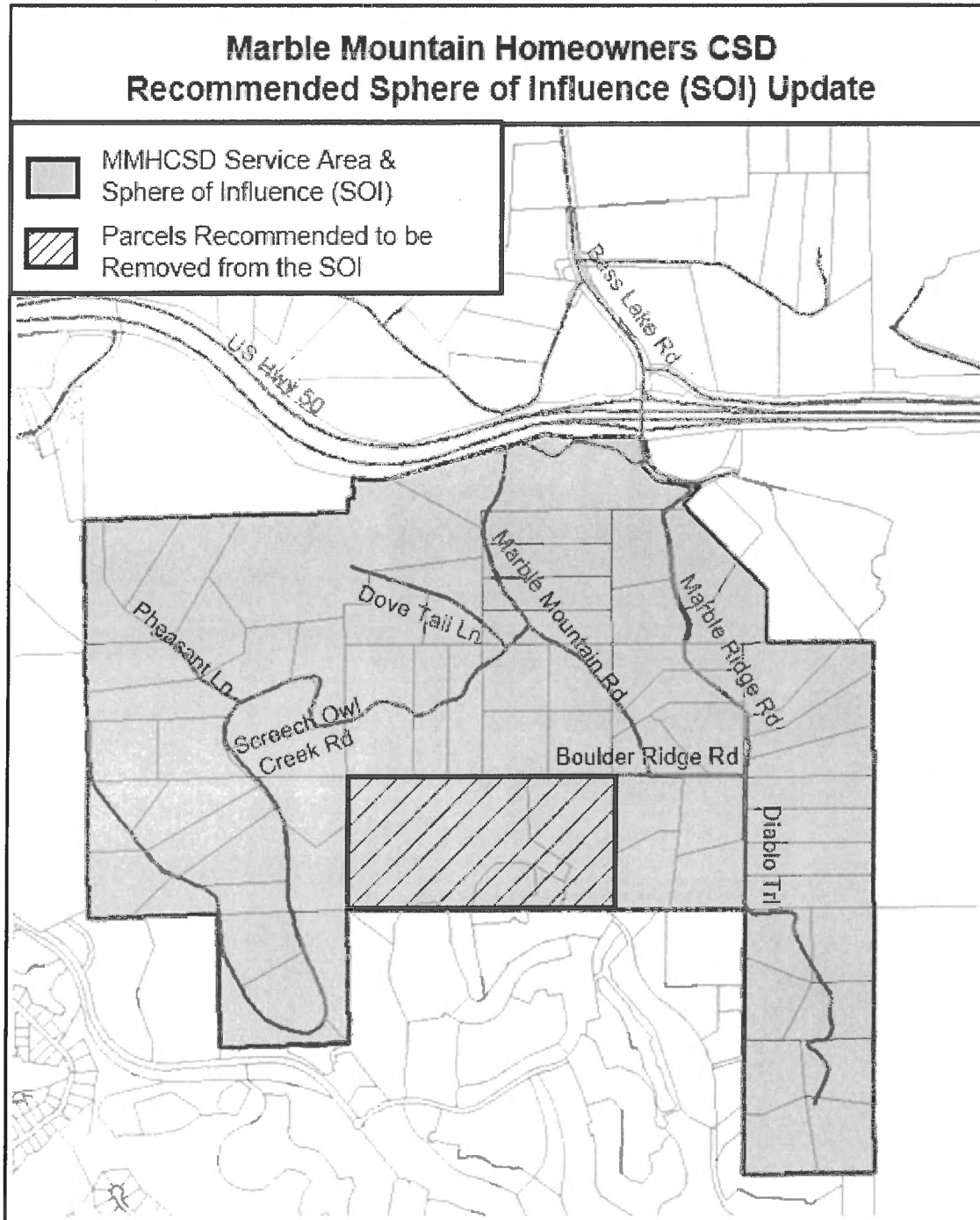


 Chairperson

APPROVED

Marble Mountain Homeowners CSD Sphere of Influence Update
LAFCO Project No. 2017-01
Resolution L-2017-09

EXHIBIT A



Parcels to be Removed from the SOI:

119-390-11 119-390-15 119-390-16 119-390-67

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I EXECUTIVE SUMMARY

Background

Marble Mountain Homeowners Community Services District (MMHCSD or District) was formed in 1982 as a single-purpose special district to provide road maintenance services to approximately 7.5 miles of roadway within its boundaries. MMHCSD maintains a total of seven paved roadways that provide access to 73 residential parcels within the Marble Mountain Homeowners community. Roadway services provided are within the District's powers, as authorized in its enabling legislation codified in Government Code §61000 et seq.

The District is located in the El Dorado Hills area, south of U.S. Highway 50, at Bass Lake Road, off Marble Valley Road. Two of the primary roadways, Marble Mountain Road and Marble Ridge Road, connect to Marble Valley Road, the remaining secondary roadways provide more direct access to residential homes within the subdivision.

Services Provided

Special districts are limited-purpose governments that have only the powers that the Legislature has delegated to them. MMHCSD is empowered to provide roadway services by California Community Services District Law (Government Code §61100).

At the time that the District was formed in 1982, it was authorized to provide roadway services as specified under Government Code Sections 61600 (j) and (k), which read, in part:

- 61600: A district formed under this law may exercise the powers granted for any of the following purposes designated in the petition for formation of the district and for any other of the following purposes that the district shall adopt:
- (j) The constructing, opening, widening, extending, straightening, surfacing and maintaining, in whole or in part, of any street in the district, subject to the consent of the governing body of the county or city in which the improvement is made.
 - (k) The construction and improvement of bridges, culverts, curbs, gutters, drains, and works incidental to the purposes specified in subdivision (j), subject to the consent of the governing body of the county or city in which the improvement is made.

However, in 2005 the Community Services District Law was reformed by Senate Bill 135 (Kehoe, 2005) and the reference to Government Code 61600 is now outdated. Among other things, SB 135 overhauled the CSD Law to consolidate, renumber and delete the provisions governing the authorized powers that a CSD may have. The modern, post-SB135 equivalent to Government Code Sections 61600 (j) and (k) is Government Code Section 61100(l), which reads in part:

61100: Within its boundaries, a district may do any of the following:

- (l) Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works. A district shall not acquire, construct, improve, or maintain any work owned by another public agency unless that other public agency gives its written consent.

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 demand are to be expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient.

MMHCSD does not provide additional non-roadway services outside of its enabling legislation nor does it provide service beyond designated service boundaries. Additionally, the District is not contracted to provide service to other service providers.

Boundaries

The Marble Mountain Homeowners CSD sphere of influence (SOI) is coterminous with the District's service boundaries.

Internally, the District is split into two separate service areas: 1) the Lower Road Zone of Benefit (Zone 1) which collects an additional special tax for road maintenance purposes, and 2) the Upper Road area, which is not designated as a special zone of benefit.

MMHCSD is almost completely surrounded by the El Dorado Hills CSD boundaries. It is also bounded by the Valley View Specific Plan to the west and south, U.S. Highway 50 to the north, and the Marble Valley Subdivision to the east (pending Village of Marble Valley Specific Plan). The MMHCSD is also surrounded by the El Dorado Hills Community Region boundaries, adjacent to the CSD's southern and eastern boundaries. The four parcels within MMHCSD that are part of the East Ridge Village are within the EDH Community Region.

MMHCSD is wholly within County Service Areas 7 (ambulance services), 9 (road maintenance services) and 10 (library services), the El Dorado Hills County Water District (fire protection), the El Dorado Resource Conservation District, and partially within the El Dorado Irrigation District (water service).

II AGENCY DESCRIPTION

Marble Mountain Homeowners Community Services District

Contact Information

Address: 4249 Marble Ridge Road
El Dorado Hills, CA 95762

Phone: (916) 672-8031

Website: None

Management Information

Board of Directors:

Jeff Peel	12/2015 – 12/2019
Mattias Bergman	12/2015 – 12/2019
Scott Green	12/2013 – 12/2017
Al Gold	12/2013 – 12/2017
Blake Bartel	12/2015 – 12/2019

Board Meetings: Second Tuesday of each month at 7:00 pm at a Board member’s home (rotating)

Staff: None, District contracts for services

Service Information

Principal Act: Community Services District Act
Government Code §61100 et seq.

Empowered Services: Roadway maintenance
(at the time of formation)

Services Currently Provided: Roadway maintenance

Latent Powers: None
(LAFCO approval required)

Area Served: 73 parcels, 840 acres

Population Served: Registered voters: 136

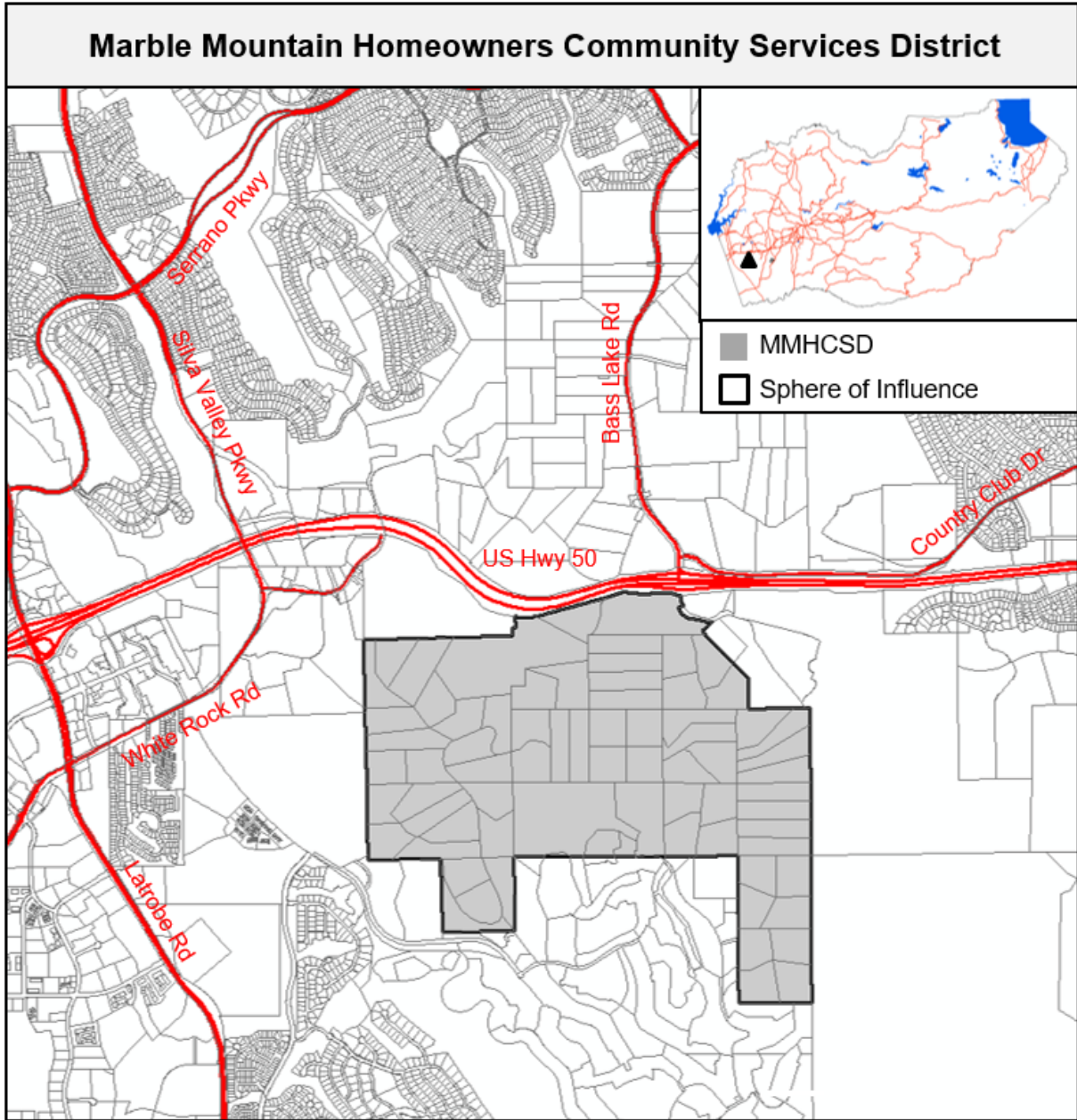
Major Infrastructure: Approximately 7.5 miles of road

Fiscal Information

2015-2016 Budget: \$94,044

Sources of Funding: Property taxes, Two Special Taxes

Special Taxes: District-wide: \$100
Zone 1: Additional \$300



III **MSR DETERMINATIONS**

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

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

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

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

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

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

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

Growth and Population

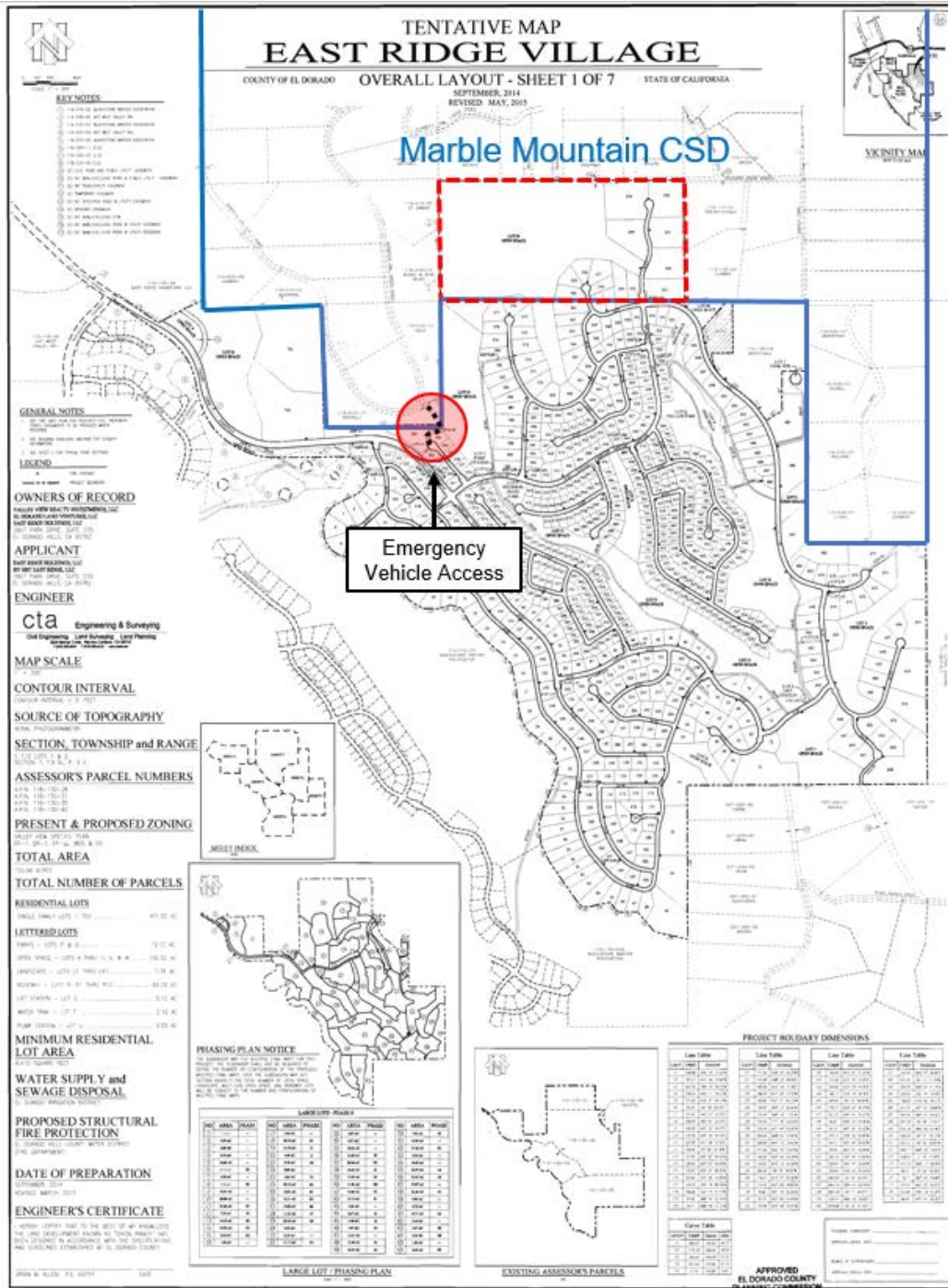
MMHCSD provides roadway services to approximately 840 acres within the District’s boundaries. There are currently 73 parcels and 136 registered voters within the District. The District Board has not indicated any plans for future expansion beyond the current service boundaries and approximately 60 of the 73 parcels have been developed according to the land uses specified by their zoning in the County’s General Plan. All but four of the parcels within MMHCSD are designated Low Density Residential (LDR) and zoned Residential Estate 10-acre Minimum (RE-10). For the majority of the District no significant future growth, population increases, or changes in land uses are anticipated.

East Ridge Village Parcels

The map below shows an 80-acre portion of land within MMHCSD’s boundaries which also makes up the northern portion of the future East Ridge Village development. East Ridge Village, which was approved in 2015 for 701 residential lots at full build-out, is a part of the Valley View Specific Plan.

The 80-acres were divided into four parcels in 2015 as part of the large lot tentative map and are currently undeveloped. Upon completion of the East Ridge Village small lot tentative map, the four parcels within MMHCSD will be further subdivided into approximately 16 residential lots and a 50-acre open space lot. Several of the lots will be split by the MMHCSD boundaries and only partially within the District. The zoning for this area under the Valley View Specific Plan is a combination of Estate Residential-Large Lot (minimum lot size 2 acres), Estate Residential-1Unit/Acre (minimum lot size 40,000 sq. ft., and Open Space.

There is no current or planned direct access to the 80-acres through the MMHCSD road system. Boulder Ridge Road provides the nearest access, but is gated at the end just before the East Ridge Village parcels. Access for the future residential parcels will be solely from the south through internal roadways within the East Ridge Village, and not through MMHCSD roads. East Ridge Village landowners proposed an emergency vehicle access (EVA) road from East Ridge Village through into MMHCSD roads, off the southernmost tip of Screech Owl Creek Road, which the EVA would provide limited access for emergency passage only, such as in the event of a wildfire. The EVA would be gated and is not being engineered for regular vehicle access due to the 15% grade, which is steeper than any other grade within MMHCSD (refer to **Maps 2 and 3** in Section VIII Maps for a larger view). The EVA would be paid for by the East Ridge Development. Maintenance of the EVA would be the responsibility of the land in which the EVA is located, i.e., East Ridge Development would maintain that portion lying on East Ridge and MMHCSD would maintain that portion lying within their territory. This proposed EVA is not a requirement of the East Ridge development nor the Valley View Specific Plan. The East Ridge landowners made this offer in being neighborly and the MMHCSD has not accepted or rejected the offer. In the event the MMHCSD rejects the offer of the EVA, the East Ridge developers will install that portion of the EVA on East Ridge extending to the boundaries of the MMHCSD.



2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Purpose: To identify the communities within the agency's service area or sphere of influence that have been traditionally unserved or underserved.

According to 2015 income data from the U.S. Census Bureau, the Marble Mountain Homeowners CSD service area is not part of an identified disadvantaged community, nor are there any disadvantaged communities in the general area surrounding MMHCSD or its sphere of influence.

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The 2015 statewide median household income was \$61,818 (United States Census Bureau 2011-2015), making the median household income for a disadvantaged community as defined by the Water Code \$49,454.

MMHCSD falls into Census Block Group 1 of Census Tract 307.04, which covers the southwest corner of El Dorado County, including a portion of El Dorado Hills south of US Highway 50 and Latrobe. According to US Census data, the estimated 2015 medium household income in Census Block Group 1 of Census Tract 307.04 was \$101,713. Therefore, US Census income data does not indicate the presence of a DUC in Census Block Group 1 of Census Tract 307.04. The nearest identified DUC is in the Cameron Park area (see **Map 4** in Section VIII Maps).

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

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

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

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

This section addresses the adequacy of roadways and roadway maintenance programs within the District. There are no Countywide standards for roadway repair and maintenance applicable to special districts; thus, it is left to each agency to determine the extent of maintenance programs.

MMHCSD has adopted by-laws which include policies and procedures for standards for roadway repair and maintenance, and the adequacy of the District's roadways is generally based on the District's self-assessment and resident expectations.

Infrastructure

MMHCSD's infrastructure consists of seven roadways, totaling approximately 7.5 miles: Boulder Ridge Road, Diablo Trail, Dove Tail Lane, Marble Mountain Road, Marble Ridge Road, Pheasant Lane, and Screech Owl Creek Road. The District also maintains Screech Owl Creek bridge and a number of culverts and drainages. MMHCSD does not have plans for expansion of roadway infrastructure or construction of facilities.

Overall, roadway conditions appear adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. However, there are several areas of District-maintained roads which are in need of maintenance and repair, particularly in the Upper Road area. There is a visible difference in the condition of the roadways between the Upper Road and Lower Road areas, as a result of the imbalance in funding levels between the two areas.

Operations and Equipment

Typical roadway maintenance services include paving, resurfacing, patching, pothole repair, sign maintenance, crack sealing, drainage and culvert maintenance, and annual weed spraying. The common standard for roads within the District is rolled and compacted 2-inch asphalt surface over a 2-inch thick rolled and compacted base.

Due to the steep topography, the roadway conditions and maintenance are affected by the amount of rainfall that occurs; above-average rainfall conditions cause roadways to require maintenance that is more frequent. Maintenance and repairs are prioritized based on need and number of affected residents.

MMHCSD owns two major pieces of equipment for roadway repairs, a Layton Box asphalt spreader and an asphalt roller, but the asphalt roller is currently inoperable. Maintenance activities are completed by both volunteers and licensed contractors. Roadway repairs are contracted out to private roadway maintenance service providers on an as-needed basis when District volunteers and equipment are unable to perform required roadway maintenance themselves.

Contracted roadway repairs are done as needed when the District has accumulated sufficient reserves for repairs. MMHCSD utilizes a competitive bid process for the maintenance and upgrades of the existing roadways. Requests for proposals are sent out depending on the need and the availability of funds.

There are no disadvantaged communities within or adjacent to the District's service area or in its sphere of influence. In addition, MMHCSD does not provide water, wastewater or structural fire protection.

4. Financial ability of agencies to provide services.

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

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

- Financial capabilities and costs of service.

Funding and Budget

This section analyzes the financial operations of the District, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District.

The County handles the District's fiscal administration. All of the District's funds are deposited into the County Treasury. The County Auditor's office manages the District's receivables and payables. The District submits payment requests or reimbursements to the County, which in turn sends payments to contractors.

LAFCO retrieved District budgets from fiscal years (FY) 2012-13 to 2016-17, information on direct charge collections and the District's assessed value from the County Auditor-Controller's website. MMHCSD provided detailed internal budgets from FY2012-13 to 2015-16, accounting separately for the Lower Road Zone of Benefit, and general information in response to LAFCO's questions. All financial documents were reviewed to determine the fiscal status of the District.

The County Auditor's office is responsible for preparing audits for MMHCSD; however, the most recent financial audit available for the District is from FY2002-03 to 2005-06. The Auditor's office is still working on an updated audit of MMHCSD for FY2006-07 to present.

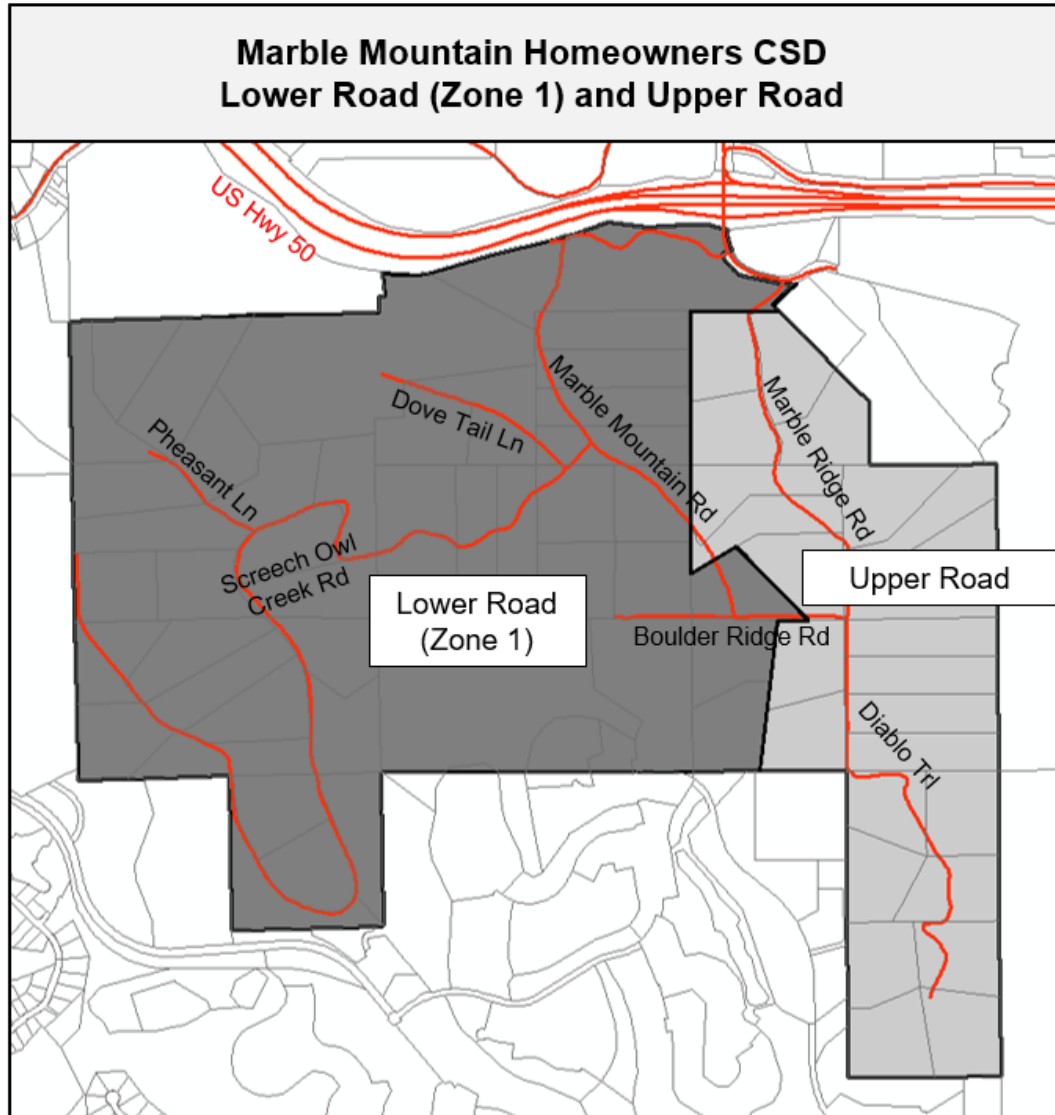
Lower and Upper Road Areas

Internally, the District is split into two separate service areas: 1) the Lower Road Zone of Benefit (Zone 1) which collects an additional special tax for road maintenance purposes, and 2) the Upper Road area, which is not designated as a zone of benefit. Each parcel within the MMHCSD is assessed \$100; the Lower Road Zone of Benefit (Zone 1) is assessed an additional annual fee of \$300, for a total not to exceed \$400.

In order to adhere to the intent of the laws governing CSDs which require that revenue raised through special taxes be spent as evenly and as equitably as possible among those assessed properties, separate accounting for the Upper and Lower Road funds has been established. Additional funds collected in Zone 1 are accounted for separately in order to document that expenditures are for the specific benefit of the Zone 1 parcels. MMHCSD internally adopts two separate budgets

annually to differentiate between the revenue sources and expenditures between the two service areas.

The Lower Road Zone of Benefit (Zone 1) includes Marble Mountain Road, Screech Owl Creek Road, Pheasant Lane, Dove Tail Lane, and the lower portion of Boulder Ridge Road. The Upper Road includes Marble Ridge Road, Diablo Trail, and the upper portion of Boulder Ridge Road.



The following table provides a summary of MMHCSD's revenues, expenditures and change in net assets from FY 2012-13 to FY 2015-16:

MMHCSD General Fund				
<i>Includes District-wide \$100 special tax</i>				
	2012-13	2013-14	2014-15	2015-16
Property Taxes	\$16,503	\$15,559	\$16,714	\$21,653
Special Taxes, District-wide	\$7,000	\$6,950	\$6,900	\$6,731
Penalties and Cost Delinquent Taxes	\$13	\$5	\$3	\$3
Interest	\$149	\$38	\$69	\$161
State Homeowners Property Tax Relief	\$172	\$170	\$173	\$216
Miscellaneous – Donations	\$500	\$0	\$400	\$0
MMHCSD General Fund Revenues	\$24,338	\$22,722	\$24,259	\$ 28,764
Road Maintenance	\$25,560	\$34,188	\$806	\$28,166
Insurance	\$2,754	\$2,822	\$2,476	\$2,518
Administrative	\$26	\$26	\$26	\$30
Professional and Specialized Services	\$0	\$128	\$0	\$67
Depreciation – Chip Seal	\$0	\$267	\$116	\$0
Road Signs	\$0	\$54	\$0	\$0
MMHCSD General Fund Expenditures	\$28,339	\$37,485	\$3,424	\$30,781

Lower Road Zone of Benefit (Zone 1)				
<i>Additional \$300 special tax in Zone 1</i>				
	2012-13	2013-14	2014-15	2015-16
Special Taxes, Zone 1	\$13,150	\$13,450	\$13,450	\$13,305
Penalties and Cost Delinquent Taxes	\$0	\$0	\$0	\$0
Interest	\$57	\$73	\$112	\$227
Zone 1 Revenues	\$13,207	\$13,523	\$13,562	\$ 13,532
Road Maintenance	\$24,743	\$8,240	\$0	\$1,903
Appropriations for Contingencies	\$0	\$0	\$0	\$0
Zone 1 Expenditures	\$24,743	\$8,240	\$0	\$1,903

MMHCSD Total				
	2012-13	2013-14	2014-15	2015-16
Total Revenue	\$37,545	\$36,246	\$37,821	\$42,296
Total Expenditures	\$53,083	\$45,724	\$3,424	\$32,684
Net Revenue (Deficit)	\$(15,538)	\$(9,478)	\$34,397	\$9,612
Fund Balance:				
\$75,050	\$59,512	\$50,034	\$84,432	\$94,044
June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016

Revenues

Community Services Districts in El Dorado County typically rely upon property taxes, special assessments and/or special taxes, and volunteers to provide roadway maintenance services. MMHCSD is financed primarily through property taxes and voter-approved special taxes, which are relatively stable sources of income. District-wide, properties are currently assessed \$100 per parcel, annually; the Lower Road Zone of Benefit (Zone 1) is also assessed an additional \$300 per parcel, annually. As of this date, voters have not approved the proposed \$300 special tax for the Upper Road parcels to provide additional funds for roadway maintenance.

Property Taxes – During FY2016-17, MMHCSD received an average property tax increment of 5.9762% from each of the 73 parcels within the District service area, which amounted to \$21,653 in FY 2015-16. The ad-valorem property taxes are calculated by the County and transferred to the District. Property tax revenue increases (or decreases) slightly from year to year as the result of normal changes in property taxes.

Special Taxes – Subject to voter approval, special districts have the option to levy additional assessments or special taxes upon the parcels within their boundaries. MMHCSD has obtained voter approval for two special taxes; one district-wide and the other for a designated zone of benefit.

MMHCSD collects an annual special tax of \$100 per parcel, for each of the 73 parcels within the District. This district-wide special tax was approved by the voters in 1983. The tax amounted to \$6,731 in FY2015-16.

MMHCSD also collects a second annual special tax of \$300 per parcel from each of the 47 parcels located in the Lower Road area (Zone 1) of the District. This special tax was approved by the voters of the Lower Road area in 1989, when they formed the Lower Road Zone of Benefit. The special tax provides additional funding for road maintenance services in the Lower Road Zone of Benefit area. The special tax for the Lower Road Zone of Benefit amounted to \$13,305 in FY2015-16.

The District has made at least three efforts in recent history to increase the special tax in the Upper Road area to \$400, equal to the total direct charge amount in the Lower Road area. Unfortunately, up until as recently as the June 6, 2017 election, all three of the ballot measures have failed to receive the required two-thirds majority of votes cast, by as little as one vote. The proposed \$400 special tax would have replaced the existing special tax of \$100 currently imposed on parcels

within the Upper Road, resulting in the entire District having the same annual direct charge amount to fund road maintenance services.

Expenses

District expenses are overwhelmingly service-related. Road maintenance expenditures vary significantly from year to year, due to variation in the amounts spent on road maintenance annually. MMHCSD expends accumulated funds for roadway maintenance every few years. The District maintains coverage for both general commercial liability and for its Directors.

The District's end of year fund balance fluctuates, due to the fact that some years the District has higher expenses for roadway maintenance. The District accumulates funds annually and spends the accumulated funds for roadway maintenance every few years.

The District appears to be financially stable and is able to recover from periodic large roadway maintenance expenditures. The District does not have outstanding debts. MMHCSD is able to provide adequate services and the District's budget is balanced.

Maintenance activities are completed by both volunteers and licensed contractors to reduce costs. Costs not directly related to road maintenance have been reduced through the donation of access to office equipment and office supplies by District residents and board members. The competitive bid process allows the District to select the lowest cost qualified contractor to provide services, however, the potential savings are often directly related to the number of responses; a shortage of responses reduces the pool of qualified contractors to choose from.

No additional financing opportunities have been identified District-wide; however, in order to provide an equitable level of service in both service areas, the District should increase the special tax amount in the Upper Road to a level equal to that of the Lower Road (Zone 1).

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

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

This section addresses the sharing of facilities by the District, and the potential for the District to utilize additional facilities sharing options in order to reduce costs or increase efficiency within its operations.

Marble Mountain Homeowners CSD does not own any facilities and does not share any facilities with other service providers. MMHCSD is not within close proximity to any other local entity that provides similar services; therefore, no significant opportunities for shared facilities have been identified.

MMHCSD is almost completely surrounded by the El Dorado Hills Community Services District; however, the El Dorado Hills CSD does not provide road and road maintenance services. MMHCSD will also be bordered by the approved East Ridge Village subdivision to the south and the Marble Valley subdivision to the east, each

of which may have internal roadways which are maintained through a county service area zone of benefit or a private homeowner's association; however, that is unknown at this time. While there is a remote possibility that there is an opportunity for shared facilities with MMHCSD, the likelihood is admittedly very slim, due to many factors such as differing roadway and maintenance standards, lack of connectivity between the road systems, disparate funding, and lack of feasibility in bidding out for shared contracted services.

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

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

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

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

Marble Mountain Homeowners CSD appears to operate sufficiently under its existing structure; the current governmental structure is appropriate to provide adequate services. MMHCSD is the only agency providing roadway maintenance services within its jurisdictional boundary and, other than the County, no other public entity providing similar services is in close proximity. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. However, if an alternative governmental structure option becomes necessary due to financial or operational limitations, transferring roadway maintenance service responsibilities to a zone of benefit under the County may be the next best option. A full analysis of the financial and operational impacts of any such transition should be made prior to formal action to change the government structure of the District.

Administration and Management

Board of Directors

MMHCSD is an independent special district, governed by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board of Directors is composed of five members, required to live within District boundaries, elected by the registered voters within the District to four-year staggered terms. Board elections are held during odd year elections, with two or three terms expiring at the same time. Board positions are unpaid.

Board meetings and notices are consistent with Brown Act requirements, which govern open meetings for local government bodies, allowing adequate opportunities for public involvement and input at meetings. District board meetings are held on the second Tuesday of each month at 7:00 pm in one of the board member's homes, on a rotating basis. Meeting notices and agendas are posted in three separate locations, at the entrance to the District and at both mail pickup points, at least 72 hours prior to the board meeting.

Road Committees

District by-laws allow for two permanent standing committees to assist the Board in carrying out its function of maintaining and repairing the roads within the MMHCSD: (1) An Upper Road Committee, and (2) a Lower Road Committee. These two standing committees are appointed by the Board and may be chaired by a board member. It is the responsibility of the road committees to determine road repair and maintenance priorities and to recommend to the Board projects for its approval. Requests for road maintenance, repair, or other related projects can be presented to the appropriate Upper or Lower Road Committee chairperson for consideration and recommended to the Board.

Personnel and Staffing

MMHCSD does not employ any staff nor does it have an appointed general manager. The District contracts for roadway maintenance services when necessary directly through the board of directors. The District also utilizes volunteers to operate equipment that the District owns and to perform minor roadway repairs as part of organized work parties.

Community Services District Law requires the board of directors of all CSDs to appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. To date, the MMHCSD Board of Directors has not appointed a general manager.

<p>7. The potential effect of agency services on agricultural and open space lands.</p>
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<p><i>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.</i></p>
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Information in this section addresses the following factors in LAFCO Policy 4.4:

- Potential effects on agricultural and open space lands.

Marble Mountain Homeowners CSD is surrounded by existing residential development or areas designated for residential development. Additionally, the District is located adjacent to, but mostly outside of, the El Dorado Hills Community Region, with exception of four large parcels in the southern part of the District which are within the Valley View Specific Plan and also the El Dorado Hills Community Region.

It is unlikely that MMHCSD's services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand, so there should be no additional impacts to the economic viability of surrounding agricultural operations.

IV SOI DETERMINATIONS

In determining the sphere of influence for each local agency, Government Code §56425(e) requires the Commission to consider and prepare a written statement of determinations with respect to four factors, which are listed in Appendix A. Staff recommends the following determinations for amending the sphere for the Marble Mountain Homeowners CSD:

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

Present land uses within the District are low density residential; there are no designated agricultural lands within the District. Planned land uses are anticipated to remain the same as current land uses for the majority of the District. Territory within the District which is also part of the approved East Ridge Village Subdivision will see an increase in density and population growth in the future upon build out.

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. Access for the future East Ridge Village parcels will be solely from the south, through internal roadways within the East Ridge Village, and not through MMHCSD roads

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

The present capacity of public facilities provided appears to be sufficient for the level of service expected by District residents. The disparity in the condition of the roadways between the Upper and Lower areas is a result of the differing levels of funding through voter approved special taxes.

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.

Nearby communities include include the El Dorado Hills area. MMHCSD borders the El Dorado Hills Community Region on the south and west, though the majority of the District is not within the Community Region. The East Ridge Village parcels are within the Valley View Specific Plan and the EDH Community Region.

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

While Marble Mountain Homeowners CSD does not provide any municipal services as defined in Government Code 56425(e)(5), LAFCO has not identified any disadvantaged communities within the District's boundaries or on its sphere of influence.

Service Area and Sphere of Influence

The District's service area has not changed since its creation, nor has its sphere of influence, which is concurrent with the District's boundaries.

The MMHCSD SOI was last updated in 2007 in conjunction with the *2007 Streets and Highways MSR*, which found that while the District was providing adequate service within its existing boundaries, District resources, infrastructure and financing would not support expansion. The CSD Board has not expressed any interest in altering the sphere of influence to expand the service area.

Conclusions and Recommendations

The SOI recommendation analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

The current SOI contains four parcels which are also within the Valley View Specific Plan and part of the approved East Ridge Village development. These parcels do not have direct access through the District's roadways and will have sole access through the East Ridge Village subdivision roadways. Given the lack of access, it does not appear logical to continue to retain these parcels in the MMHCSD SOI.

Based upon the information contained in this report, it is recommended that the MMHCSD SOI be amended to remove the four parcels in the southern portion of the District which are part of the approved East Ridge Village Tentative Map and do not have access through the District's maintained road system. **Map 1** in Section VIII Maps illustrates the parcels recommended to be removed from the SOI.

The parcels recommended to be removed from the SOI are:

119-390-11 119-390-15 119-390-16 119-390-67

Given the inclusion in the East Ridge Village and what will be primary access from East Ridge Village roads, it is unlikely that the future East Ridge Village property owners would find any advantage or benefit to remain within the District, nor is it equitable for these property owners to pay an annual special tax to maintain MMHCSD roads. Therefore, it would be reasonable to remove these parcels from the District's SOI, setting the stage for possible detachment from the District in the future.

Despite what is and will continue to be a lack of access through MMHCSD roads, these four parcels are all responsible for paying the two special taxes levied in that area of the District, amounting to a total of \$400 per parcel annually to fund District road improvements. When the parcels are eventually split into the approved 16 lots, the \$100 and \$300 special taxes will be assigned to all 16 new lots as well. (Some of the parcels will be only partially within the District, meaning they may or may not be subject to the special taxes.)

Removing these parcels from MMHCSD's sphere of influence will not remove them from the District; detachment from the District would require an application to LAFCO by either landowner petition or District resolution. Rather, the amendment is recommended in order to reflect the appropriateness of MMHCSD's sphere of influence, acknowledging an area where it would be logical for the District to reduce its service area in the future, based on the lack of access through District roadways.

V ENVIRONMENTAL REVIEW

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

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

Exemption

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

VI REFERENCES AND SOURCES

General Background Information:

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

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

Governing and Defining Legislation:

Government Code, Division 3 (Community Services District Act)

Marble Mountain Homeowners CSD:

2007 Streets and Highways Municipal Services Review, prepared by Pacific Municipal Consultants (PMC) for the El Dorado Local Agency Formation Commission, adopted December 2007

County of El Dorado, Independent Special Districts Fiscal Budgets, Marble Mountain Homeowners Community Services District Budget Actuals, Fiscal Years 2012-13, 2013-14, 2014-15, 2015-16, and Estimated 2016-17

County of El Dorado, Marble Mountain Homeowners Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 2002-03 to FY 2005-06

Communication with Mattias Bergman, Board Director and Designated Contact, Marble Mountain Homeowners Community Services District, contacted March 2017

Marble Mountain Homeowners Community Services District Internal Budgets, Fiscal Years 2012-13, 2013-14, 2014-15, 2015-16, and Estimated 2016-17

Marble Mountain Homeowners Community Services District Meeting Minutes, July 22, 2014 through February 22, 2017

VII **APPENDICES**

A. Appendix I: Background on MSR/SOI

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of the Marble Mountain Homeowners CSD, along with a subsequent update to its sphere of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing road and 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 Pacific Municipal Consultants (PMC) to prepare the *2007 Streets and Highways Municipal Services Review*, adopted by the Commission in December 2007, which reviewed all of the road and road maintenance service providers in the county. However, for the second cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides public services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which provide similar services, please refer to the *2007 Streets and Highways Municipal Services Review*.

Background

Legislative Framework

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

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

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

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
 - (1) Growth and population projections for the affected area.
 - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 - (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
 - (4) Financial ability of agencies to provide services.
 - (5) Status of, and opportunities for, shared facilities.
 - (6) Accountability for community service needs, including governmental structure and operational efficiencies.
 - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess

various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.

- (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.
- (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
- (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

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

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

Relationship Between Spheres of Influence and Service Reviews

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

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

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

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

Service Review Guidelines

The Governor’s Office of Planning and Research (OPR) was directed by statute (§56430) to prepare guidelines to assist LAFCOs in complying with the new service review requirements. In that regard, the final *Local Agency Formation Commission Municipal Service Review Guidelines* was released in August 2003. OPR’s intent in developing these guidelines was “to provide a structure to assist LAFCOs to carry out their statutory responsibility of promoting orderly growth and development, preserving the state’s finite open space and agricultural land

resources, and working to ensure that high quality public services are provided to all California residents in the most cost effective and efficient manner.” These guidelines were utilized in the preparation of this service review document.

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

Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability and preservation of open space, important agricultural land and finite natural resources.

- Encourage infill development and direct growth to areas planned for growth in general plans.
- Learn about service issues and needs.
- Plan for provision of high quality infrastructure needed to support healthy growth.
- Provide tools to support regional perspectives or planning that address regional, cross-county or statewide issues and processes.
- Develop a structure for dialogue among agencies that provide services.
- Develop a support network for smaller or ill-funded districts that provide valuable services.
- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them.
- Develop strategies to avoid unnecessary costs, eliminate waste and improve public service provision.
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs.
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

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

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

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

B. Appendix II: Background on Disadvantaged Unincorporated Communities

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

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

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

A census tract is a geographic area defined by the United States Census Bureau and used for the census. The geographic size of census tracts varies widely depending on the density of population; a census tract typically has around 4,000 residents, but can range from 1,200 to 8,000. Census tracts are further divided into census block groups, generally defined to contain between 600 and 3,000 people, and then finally census blocks for understanding locations in at a community level. Data for this report was collected from the 2011-2015 American Community Survey 5-Year Estimates, at the census block group level.

C. Appendix III: Environmental Justice

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

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

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

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

Demographic data for the study area is limited and generally does not clearly distinguish between population groups of different races, cultures, and incomes. US Census area boundaries do not correspond directly to the Marble Mountain CSD boundaries, but the data provides a demographic framework for the evaluation of environmental justice issues. The most recent data available, from the 2011-2015 American Community Survey 5-Year Estimates shows the following racial populations in the census communities:

Census Block Group 1 of Tract 307.04 Population by Race

Area	Total	RACE							Hispanic or Latino (Of Any Race)
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	
Census Block Group 1 of Tract 307.04, El Dorado County	3,796	2,714 (71.5%)	0 (0.0%)	0 (0.0%)	419 (11.0%)	0 (0.0%)	0 (0.0%)	197 (5.2%)	466 (12.3%)

Source: 2011-2015 American Community Survey 5-Year Estimates
 Percentages may not add due to rounding

The demographic data from the census suggests that the unincorporated county is relatively homogenous with low numbers of racial or ethnic minorities counted. Income data available from the census does not suggest that there are low income population concentrations in the countywide study area. While service levels vary greatly within the county, no specific ethnic or economic neighborhoods could be identified by LAFCO staff that are underserved by public facilities. Infrastructure and housing distribution is relatively even throughout the developed areas of the county with much lower levels of infrastructure and housing in the more outlying communities. No low income/minority neighborhoods were identified where facilities and uses pose a significant hazard to human health and safety.

Data is also available from the California Department of Education regarding ethnicity of student populations within school districts and individual schools. These statistics are based on school attendance areas and school districts. The community of Marble Mountain Homeowners CSD is within the Oak Meadow Elementary School attendance zone of the Buckeye Union School District. For the Oak Meadow Elementary School in the (2016-17) academic year, whites comprise the largest racial group with approximately 56% of the student population; the largest ethnic minority populations are Asian with just over 17% of the student population and Hispanic/Latino with just above 14% of the student population. This demographic data somewhat matches the data from the Census, which suggests that this unincorporated portion of county is relatively homogenous with low numbers of racial or ethnic minorities counted.

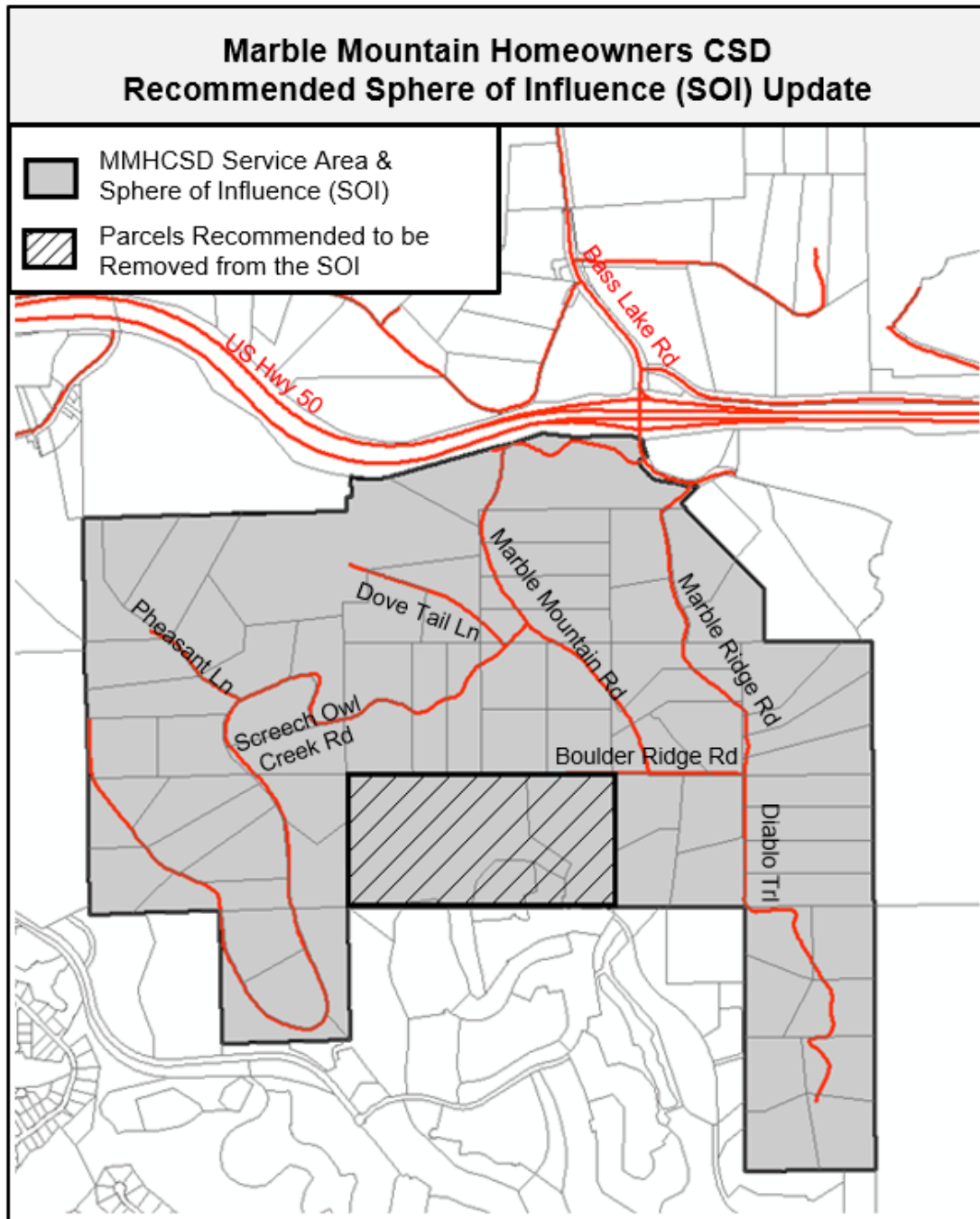
Income data available from the 2011-2015 American Community Survey 5-Year Estimates indicates the median household income in Block Group 1 of Tract 307.04 is \$101,713, which is higher than the statewide median household income of \$61,818. Income data available from the census does not suggest that there are low income population concentrations in the countywide study

area. While service levels vary greatly within the county, no specific ethnic or economic neighborhoods could be identified by LAFCO staff that are underserved by public facilities. Infrastructure and housing distribution is relatively even throughout the developed areas of the county with much lower levels of infrastructure and housing in the more outlying communities. LAFCO has not found any specific ethnic or economic neighborhoods that are underserved by Marble Mountain Homeowners CSD. No low income/minority neighborhoods were identified where facilities and uses pose a significant hazard to human health and safety.

Finally, the 2004 County General Plan does not address environmental justice directly. Although the Environmentally Constrained Alternative did contain related land use and housing policies, the 1996 Alternative and the 2004 General Plan do not contain those sections. The 2004 General Plan Housing Element includes Goal HO: "To provide housing that meets the needs of existing and future residents in all income categories." The housing element also discusses the following special needs groups: people with disabilities, seniors, agricultural employees, female heads of households, homeless persons, and large families and households. Consequently, the extent that the County's planning documents address environmental justice is in its discussion of these special needs groups.

VIII MAPS

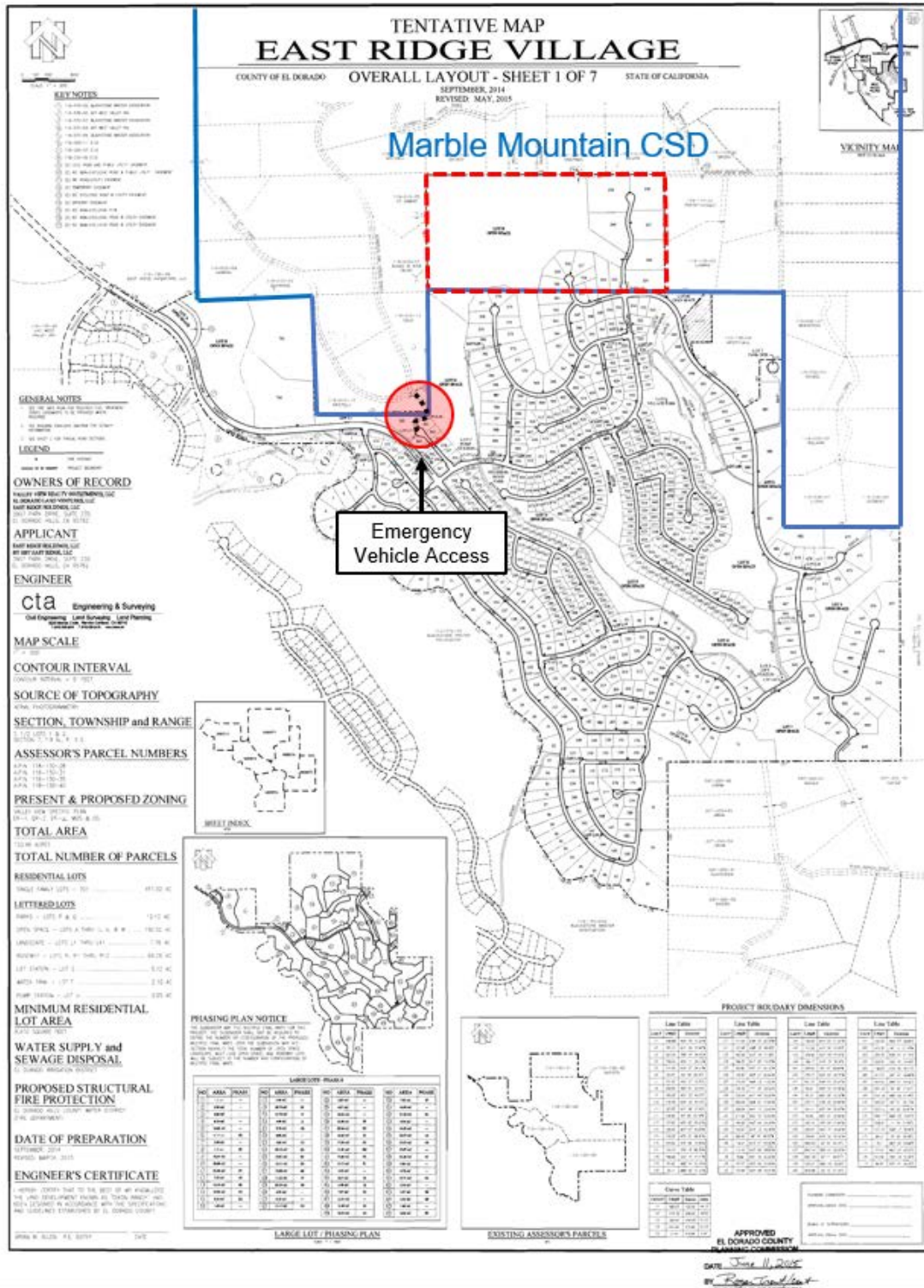
Map 1: Marble Mountain Homeowners Community Services District Recommended Sphere of Influence



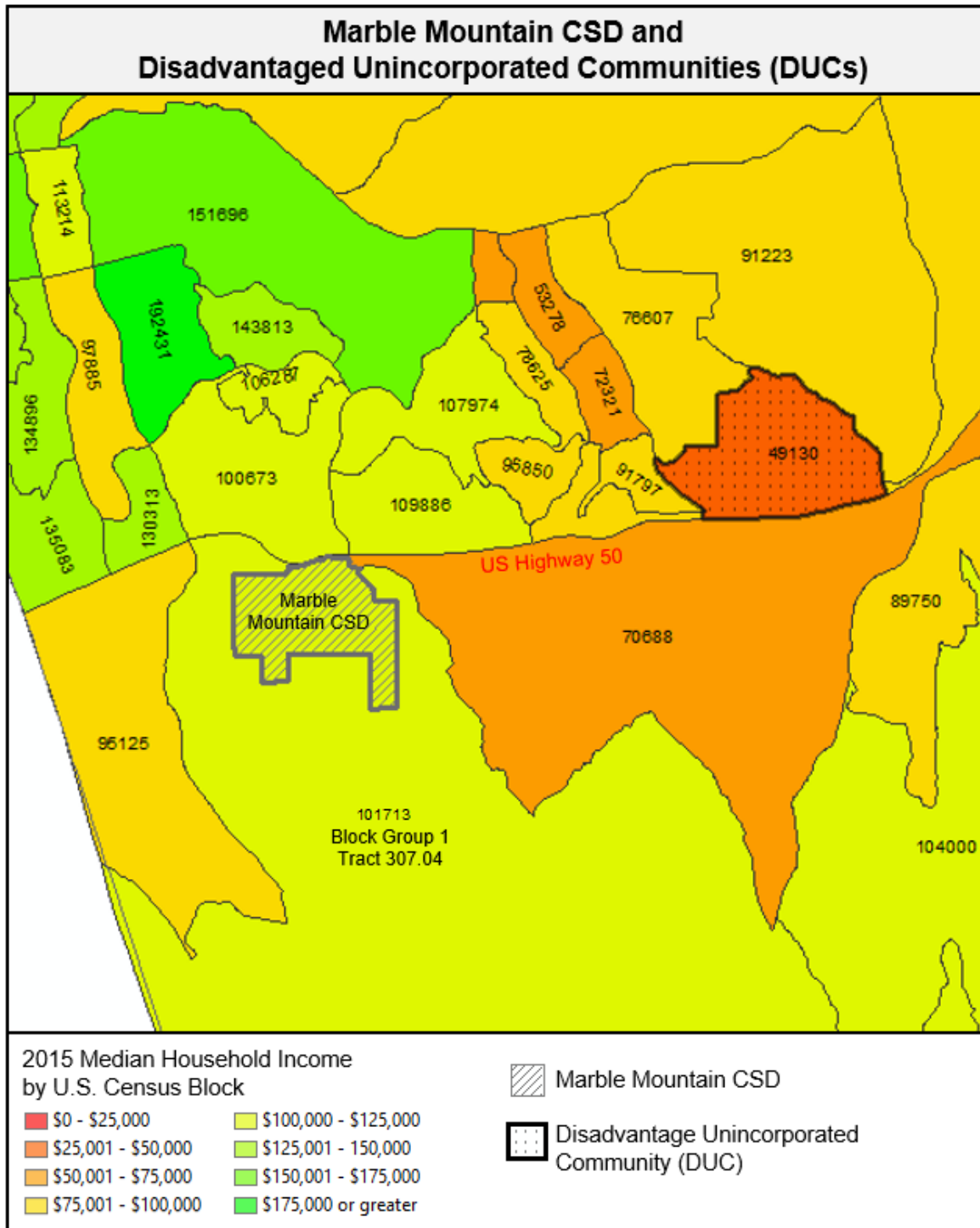
Parcels to be Removed from the SOI:

119-390-11 119-390-15 119-390-16 119-390-67

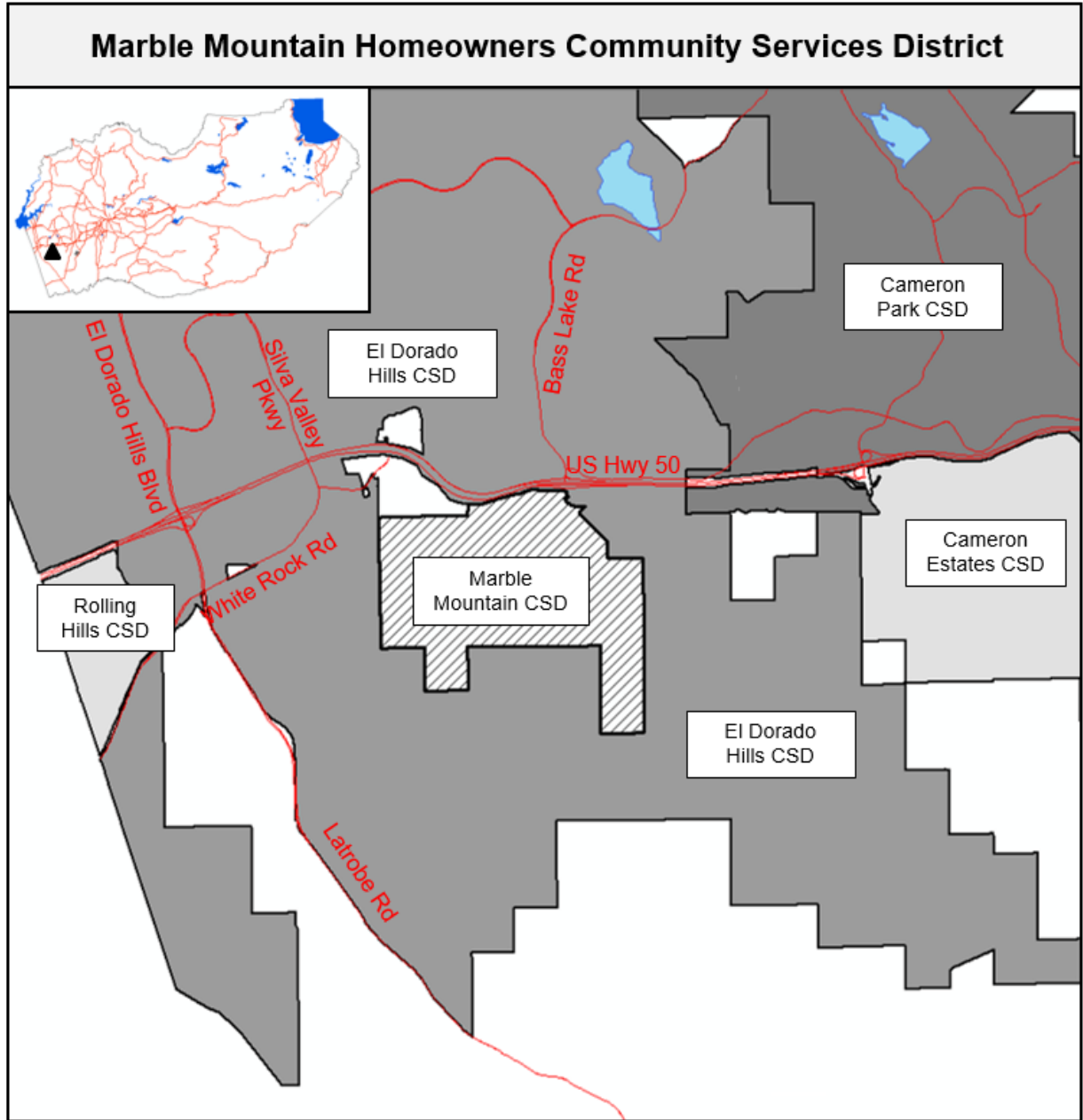
Map 2: East Ridge Village Tentative Map Overall Layout and Marble Mountain Homeowners Community Services District



Map 4: Census Tract 307.04 and Marble Mountain Homeowners Community Services District



Map 5: Marble Mountain Homeowners CSD and Surrounding CSDs



Map 6: Buckeye Union School District and Marble Mountain Homeowners Community Services District

