

**EL DORADO LAFCO**  

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**LOCAL AGENCY FORMATION COMMISSION**

**Sierra Oaks Community Services  
District  
Municipal Service Review and  
Sphere of Influence Update**

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**DRAFT  
January 2021**

**El Dorado Local Agency Formation Commission**

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## **I EXECUTIVE SUMMARY**

### **Background**

Sierra Oaks Community Services District (Sierra Oaks CSD, SOCSO or simply District) maintains most (but not all) of the length of the almost one-mile long Sierra Oaks Drive (it's a little over three-quarter of a mile). The District is located on the north side of China Hills Road, approximately a quarter mile west of State Highway 49 in the El Dorado area of El Dorado County.

Sierra Oaks Drive connects to the County-maintained China Hill Road to the south. Sierra Oaks Drive generally heads in a north-south direction except for the last seventh of a mile, when it splits and dead ends to the northwest (paved) and northeast (unpaved). The District maintains the length of Sierra Oaks Drive between China Hill Road and just short of the split. There are approximately seven private roadways within the District that branch off the primary roadway to provide more direct access to residential homes not immediately accessible by Sierra Oaks Drive. These roadways include Bow Court, Genney Lane, Lazy Boot Trail, Reject Road, Sequoia Lane/Farm Road, Sierra Oaks Court, and Spreading Oak Lane.

Roadway maintenance services are necessary to ensure that Sierra Oaks Drive remains usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in demand are expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient. The services provided by the District do not extend beyond designated service boundaries.

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**II AGENCY DESCRIPTION**

**Sierra Oaks Community Services District**

Contact Information

**Address:** 5301 Lazy Boot Trail  
El Dorado, CA 95623

**Phone:** (530) 621-4036; 530-306-3700

**Website:** None

Management Information

**Board of Directors:**

Karen Case	12/2018 – 12/2022
Vacant	12/2020 – 12/2024
Michael Harris	12/2018 – 12/2022
Vacant	12/2018 – 12/2022
Vacant	12/2020 – 12/2024

**Board Meetings:** Not regular, at a household within the District

**Staff:** None

Service Information

**Principal Act:** Government Code Section 61000 et seq.

**Empowered Services:**  
(at the time of formation) Roadway Maintenance

**Services Currently Provided:** Roadway Maintenance

**Latent Powers:**  
(LAFCO approval required) None

**Area Served:**

**Population Served:** Approximately 82 registered voters

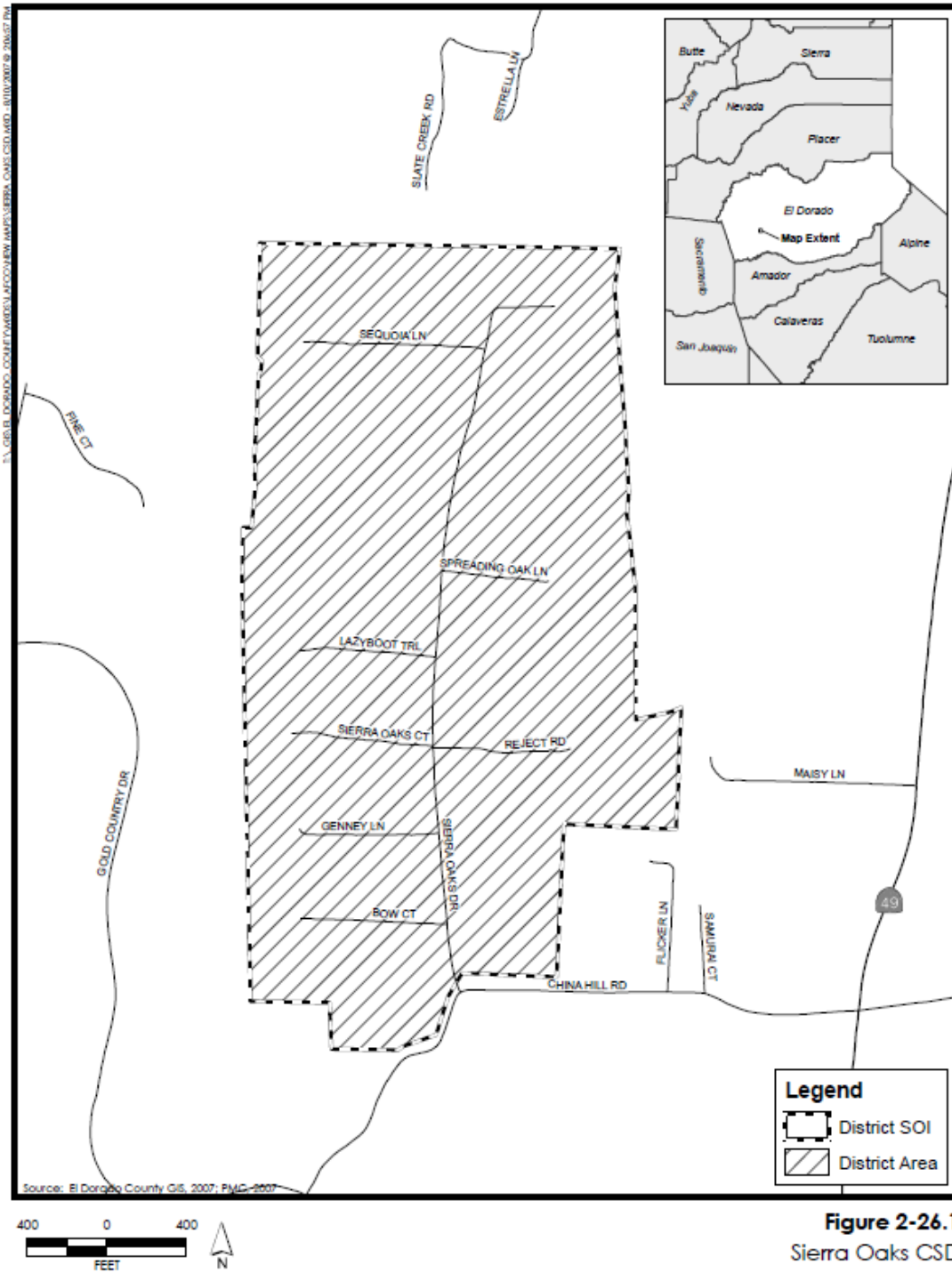
**Major Infrastructure:** Roadways

Fiscal Information

**Budget:** \$44,050 (FY2017-18)

**Sources of Funding:** Property taxes

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### 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.*

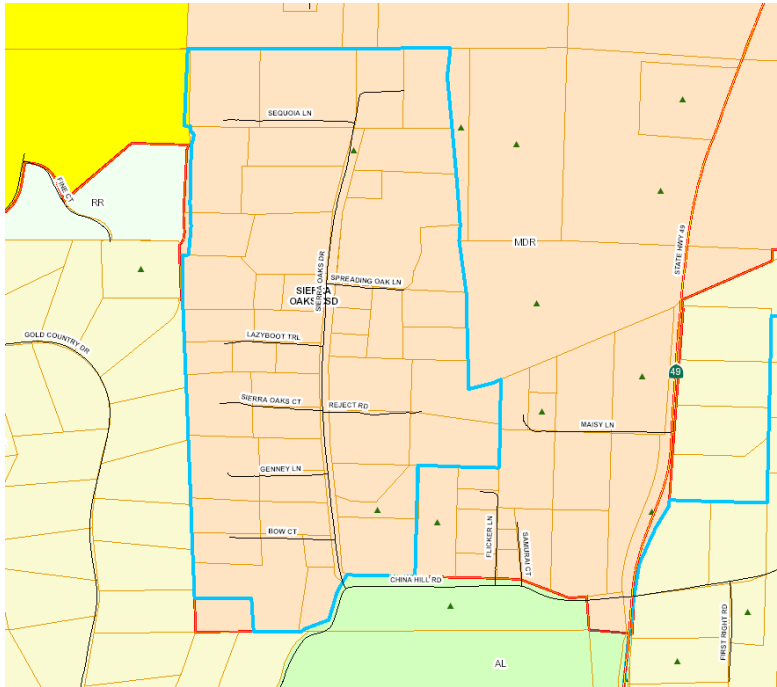
Information in this section addresses the following factors in LAFCO Policy 4.4:

- 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.

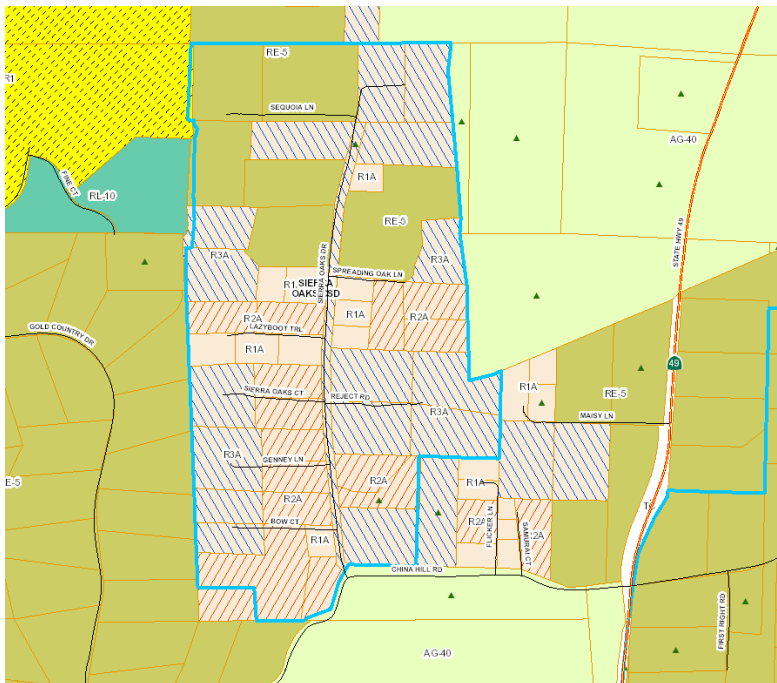
The Sierra Oaks Community Services District only maintains Sierra Oaks Drive, which is the primary throughway to access 45 parcels within the District's boundaries. The 2004 General Plan designates most of the District as Medium Density Residential (MDR), with variable residential zoning, ranging from R1A (Single Family Residential 1 Acre) to RE5 (Residential Estate 5 Acres). All parcels have been developed consistent with the zoning and land use designations. That means that aside from annexations or increasing the density of the existing parcels, the District has no possibilities for significant growth in population in the future. While there are other roadways that bisect and sprout off of Sierra Oaks Drive, these are considered private driveways.

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2004 General Plan Designation



Current Zoning



The setting described above has not changed much since the District was formed in 1976. The District currently is providing The District does not currently anticipate any significant future growth, population increases, or changes in land uses, as all parcels have been developed consistent with the zoning for the area. The District does not have any plans for future expansion and demands for service within the Sierra Oaks CSD are not increasing..

The territory surrounding Sierra Oaks CSD currently has five separate designations. To the north and east, the designation is MDR (Medium Density), the same as SOCCSD. To the south, the designation is AL (Limited Agricultural). To the west, the designation is primarily LDR (Low Density Residential), but small portion are also designated RR (Rural Residential) and HDR (High Density Residential). The zoning around the District is more complex. To the northeast and south, the zoning is AG40 (Agricultural 40 Acres), to the west is RE5 (Residential Estates 5 Acres), to the northwest it is split between RL10 (Rural Lands 10 Acres) and R1 (Residential) and to the east it is R1A (Single Family Residential 1 Acre).

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

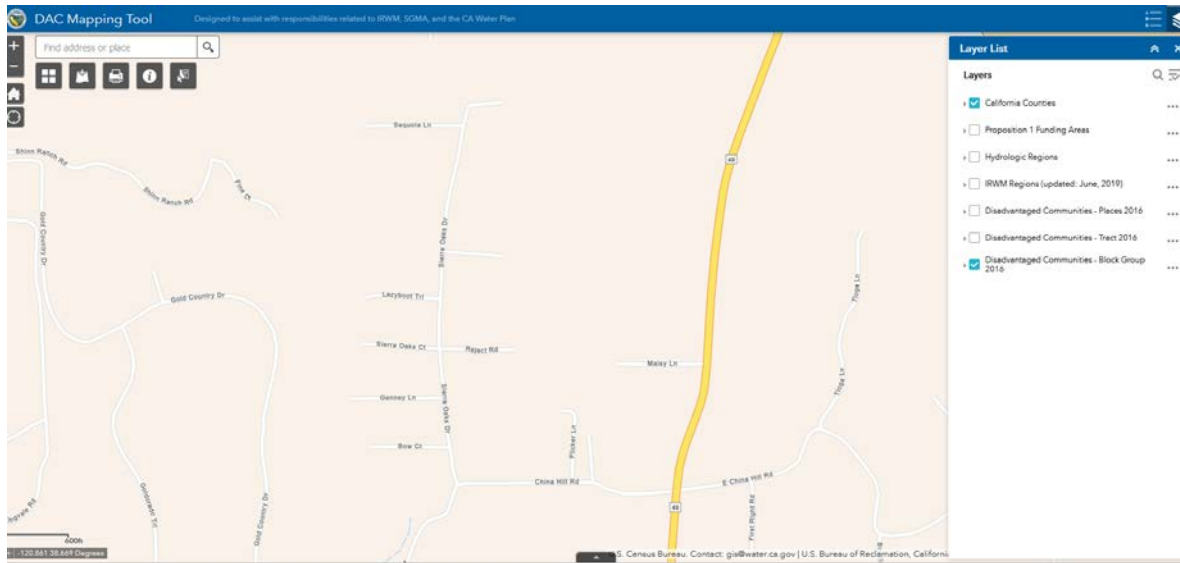
*Purpose: To identify the communities within the agency's service area or sphere of influence that have been traditionally unserved or underserved.*

Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual median household income. According to the most recent 5-year estimate data from the U.S. Census American Community Survey (2014-2018), the California statewide annual medium household income is \$71,228; eighty percent of the statewide median household income is \$56,982.

The Department of Water Resources did not designate the area in or around the Sierra Oaks CSD as belonging to a disadvantaged community; although there are nearby DUC Census Block Groups on the other side of Pleasant Valley Road and Highway 49.



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The 2012-16 Census data show that Sierra Oaks CSD is within a Census Block Group with a median household income of \$80,125. In addition, according to City-data.com, the median household income for the neighborhoods in and around Sierra Oaks CSD is \$74,135. In either case, it is reasonable to assume that that the MHI for the District is well above the median income level for a DUC.

Pursuant to Government Code Section 56430, disadvantaged unincorporated communities also lack water, waste water, and structural fire protection services. SOCSO does not provide any of these services. In addition, the Sierra Oaks neighborhood is already within the service boundaries of the Diamond Springs-El Dorado Fire Protection District (structural fire protection) and the El Dorado Irrigation District (which provides water and waste water services).

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

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

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

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

or services.

**Infrastructure**

Sierra Oaks CSD’s infrastructure consists of one primary roadway, less than a mile in length. The District maintains the length of Sierra Oaks Drive between China Hill Road and just short of the split. Sierra Oaks CSD does not own major roadway maintenance equipment or facilities. SOCSO contracts with private providers for roadway maintenance services on an as-needed basis. The various roadways that intersect Sierra Oaks Drive are not publicly dedicated roadways, so they are maintained by private parties.

There are no Countywide standards for roadway repair and maintenance applicable to special districts, thus it is left to each agency to determine the extent of maintenance programs. The adequacy of the District’s roadways is generally based on the District’s self-assessment, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations.

Typical roadway maintenance services include pothole repair, crack sealing, resurfacing, and roadway reconstruction. The District has indicated that the current roadway infrastructure is adequate for the current users and existing demand. The District currently has no plans for future expansion of services or major infrastructure and facilities.

A LAFCO staff driving tour of Sierra Oaks Drive in November 2020 found the road to be in good shape, with no bumps, potholes or cracks in the pavement. While the road is unmarked and narrow, it is wide enough to allow two vehicles to pass side-by-side. There are no paved shoulders on either side. The road is fairly flat in cross section; however, there is no evidence of water damage from improper drainage. There is no deep culvert or drainage ditch on either side of the road. There were a few patches on the road where some maintenance was performed in the recent past.

**Operations**

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

<p><b>4. Financial ability of agencies to provide services.</b></p> <p><i>Purpose: To evaluate factors that affect the financing of needed improvements.</i></p>
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Information in this section addresses the following factors in LAFCO Policy 4.4:

- Financial capabilities and costs of service.

**Funding and Budget**

*Revenue Sources*

Services provided by Sierra Oaks CSD are financed primarily by ad-valorem property taxes. SOCSO has two tax rate areas, receiving a percentage of property taxes between 1.8485% and 1.9692. The District does not have a special tax or benefit assessment in place.

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

*Budget and Financing Constraints and Opportunities*

The District has accumulated reserves every year to be expended for roadway maintenance every few years when needed. Financial information indicates that the District appears to be financially stable, although limited. It is unclear if the District roadway receives the level of service desired by District members, or if budgetary constraints limit the improvements to a less frequent repair schedule than sought by District members.

**Table 1: District Revenues, Expenditures and Net Assets in Detail (FY 2015-16 to 2019-20)**

	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual Estimated)	2019-20 (Adopted by District)
Revenues – Property Taxes	\$5,614	\$5,625	\$5,856	\$5,918	\$0
Revenues – Direct Special taxes	\$0	\$0	\$0	\$0	\$0
Revenues – Other	\$220	\$314	\$571	\$546	\$0
<b>Total Revenues</b>	<b>\$5,833</b>	<b>\$5,940</b>	<b>\$6,427</b>	<b>\$6,464</b>	<b>\$0</b>
Expenditures – Road Maintenance	\$400	\$200	\$8,087	\$29,604	\$0
Expenditures – Administrative	\$4	\$56	\$194	\$50	\$0
Expenditures – Professional Servs	\$0	\$0	\$0	\$0	\$0
Expenditures – Appropriations for Contingencies	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$404</b>	<b>\$256</b>	<b>\$8,281</b>	<b>\$29,654</b>	<b>\$0</b>
<b>Net Revenue (Deficit)</b>	<b>\$5,429</b>	<b>\$5,684</b>	<b>\$(1,855)</b>	<b>\$(23,190)</b>	<b>\$0</b>

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<b>Fund Balance:</b>	<b>\$47,418*</b>	<b>\$53,102*</b>	<b>\$51,248*</b>	<b>\$28,058*</b>	<b>\$28,058*</b>
<b>\$174,281*</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
<b>June 30, 2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>

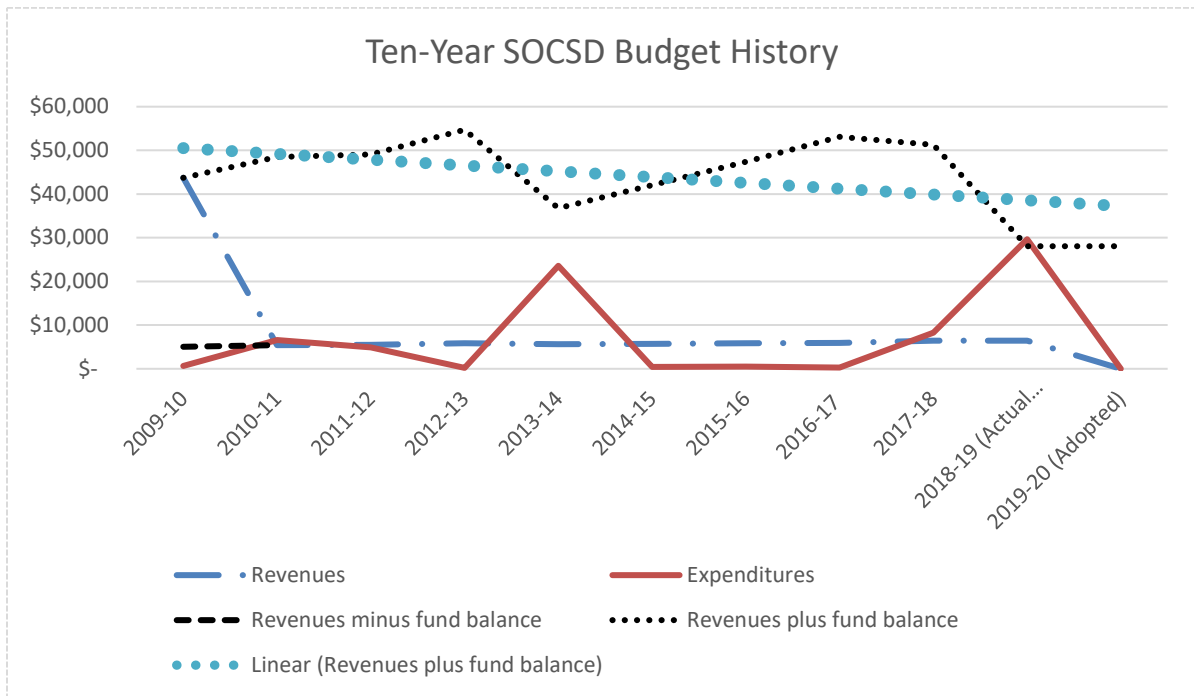
\* Approximate amount estimated by LAFCO staff; County Auditor Special District Final Budget Reports no longer include Fund Balance information beyond FY 2010-11.

It should also be noted that the data used to compile the table above comes from the Auditor-Controller’s Office. Actual numbers were used in order to reflect the true expenditures used by the District with the exception where actual data has not been compiled yet, such as the 2018-19 Fiscal Year. As of November, 2020, the District has not reported a FY 2019-20 budget for the Auditor-Controller’s Office to publish on his website.

There is a trend that is not readily apparent on the chart above and it will be explained shortly. Like other CSDs of its size and nature in El Dorado County, the District survives by spending as minimal as possible on a given number of fiscal years and saving up the carryover. This accumulation of funds are then used up periodically. The chart below shows SOCSD’s revenues and expenditures for the last 10 years, thereby giving a longer view perspective of both this dynamic and to illustrate that the revenue streams are no longer adequate for SOCSD’s expenditures.

In order to make this determination, an explanation is needed. Prior to fiscal year 2010-11, the District’s budgets counted the fund balance as a revenue source. This is why the “Revenue” (dash-dot) line starts really high in FY2009-10. However, the Auditor-Controller’s Office changed how it counted revenues in FY2010-11. The SOCSD budgets found after that date no longer contained the fund balance. Revenues meant strictly incoming “new” revenues for that year. That change caused the Revenue line’s “collapse” in that year. However, the depiction of a revenues “collapse” is not really accurate in that fund balances still exist; they’re just not depicted after FY2010-11 in the Auditor-Controller’s data. In order to normalize the District’s revenue stream to make an apples-to-apples comparison, LAFCO staff calculated the fund balance and removed it so that the revenue stream was primarily property tax revenues prior to FY2010-11 (dashed line). Also included is the small dotted line, which would be the amount of new revenues plus the fund balance. That resulted in the following chart. In order to be consistent with the Auditor’s numbers, the revenue stream is essentially flat for the past 10 years if you don’t count the fund balance:

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There are two key things that should be noted. First, the percentage of property taxes that SOCS D collects is much lower than other types of districts in the county. On average, road maintenance CSDs have property tax allocation percentage of about 4%; Sierra Oaks CSD has a percentage of less than half of that percentage.

The second key is found in the linear trend line (large dots) in the chart above. It reveals that SOCS D has had to rely on its accumulated fund balance to afford its big expenditures in 2013-14 and 2018-19, more so than the other CSDs. This is partly because of the low amount of property tax revenues it collects on an annual basis. Annually, the total amount of property taxes adds to less than \$6,000. Even as it keeps its expenditures down, the District can only save about \$5,000 a year. The linear trend line has clearly a downward slope, meaning that the District will eventually run out of the saved fund balance. At that point, if nothing else changes, the District will take longer to accumulate funds in order to save enough money for periodic repairs.

*Cost Avoidance Opportunities*

The District solicits bids from private contractors for the maintenance and upgrades of the existing roadway, depending on the need and the availability of funds. The bid solicitation has been effective in allowing the District to select contractors with lower costs for services. Some costs not directly related to road maintenance activities, such as weed abatement, have been reduced by the use of volunteers, who donate their time to take care of these minor tasks on behalf of the CSD. These efforts have allowed the District to avoid and defray some costs associated with the provision of services.

The District does not have any paid employees or a designated general manager as required by Government Code Section 61240. Additionally, the district does not carry liability insurance.

*Financing and Rate Restructuring*

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

The District is financed primarily through property taxes and interest. The ad-valorem property taxes are calculated by the County and transferred to the District. No rates are charged and no user fees are collected. There has also been no sign that the District will ask voters to adopt a special tax. LAFCO staff was unable to find any recent actions to increase or decrease the amount of revenues collected annually.

*Audit*

Financial statements, audits, and other budgetary documents can be used to assess the long-term financial viability of the District. The District provided LAFCO with a copy of Sierra Oaks CSD's annual financial statements from fiscal years (FY) 2004-08, completed in April 2010. According to the Board President, this was the last audit performed. The audit found that the District's financial statements for the years referred to above were represented fairly, although it noted a couple of governing-related matters. The District's response is included below the bulleted item:

- Pursuant to Section 53901 of the California Government Code, the District is required to file annual budgets with the El Dorado County Auditor-Controller's Office (Auditor-Controller's Office). The District did not consistently comply with this requirement in the audit period. In addition, the District did not consistently file budget amendments with the Auditor-Controller's Office as warranted during the audit period; see Management Communications Letter dated April 19, 2010. Current Year Findings and Recommendations, Finding #1.

*District response: Budgets have been filed for the following years since this audit: FYs 08-09, 09-10, 10-11, 11-12, 12-13, 13-14, 14-15, 15-16, 16-17, 17-18, 18-19, 20-21. The comment of non-compliance puts our District in a bad light that is not consistent with the past decade of performance.*

- During the audit period the District did not increase its spending appropriations beyond the allowable economic factors. However, the District did not consistently establish its appropriations limits in the audit period. Further, the District's calculated amount for fiscal year 2003-2004 was not correct; see Management Communications Letter dated April 19, 2010, Current Year Findings and Recommendations, Finding #2.

*District response: Appropriation limits have been filed for the following years since this audit: FYs 11-12, 12-13, 13-14, 14-15, 15-16, 16-17, 17-18, 18-19, 19-*

*20, 20-21. The comment of non-compliance puts our District in a bad light that is not consistent with the past decade of performance.*

- Community Services District Law requires the District's Board to enact, by rule or regulation, operating policies for the operation of the District, including but not limited to, administrative policies, fiscal policies, personnel policies, and purchasing policies. The District has not complied with this requirement; see Management Communications Letter, dated April 19, 2010, Current Year Findings and Recommendations, Finding #4.

*District response: The District currently has an Operating Policies and Procedures document dated 7-25-2016.*

- Community Services District Law requires the District's Board to hold a regular meeting at least once every three months and to maintain meeting minutes. The District did not consistently meet at least once every three months and did not properly maintain meeting minutes; see Management Communications Letter, dated April 19, 2010, Current Year Findings and Recommendations, Finding #5.

*District's response (from the Board President): "I have been attending SOCSO meetings since 2013 and can attest that they have been routinely held 4 times per year and meeting minutes have been taken at every meeting. I have copies of most all of these meeting agendas and minutes documents.*

*The comment of non-compliance puts our District in a bad light that is not consistent with the past decade of performance."*

- Ralph M. Brown Act, Government Code Section 54954.2 and 54956 require the District to give proper notices for Board meetings. The District Board was not consistently in compliance with these requirements; see Management Communications Letter, dated April 19, 2010, Current Year Findings and Recommendations, Finding #5.

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

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

The Sierra Oaks CSD does not own any facilities and does not share any facilities with another provider even though it is in close proximity to East China Hills CSD. While there would be no administrative cost savings (neither district employs staff or own equipment), both utilize contractors for large projects since both districts provide road maintenance services. If the districts can synchronize their respective finances and maintenance schedules, there may be an opportunity for them to issue a joint contract for services. This may produce savings to both districts by introducing some economies of scale. No other opportunities for shared facilities have been identified.

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

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

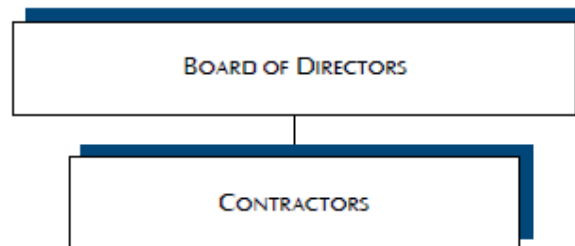
Information in this section addresses the following factors in LAFCO Policy 4.4:

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

*Local Accountability*

Sierra Oaks CSD is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or the El Dorado County Board of Supervisors). The District's governing Board of Directors is composed of five officials elected by voters to four-year terms. The board elections are held every two years. Terms for board members are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District and these positions are unpaid. As stated earlier, the District does not have a general manager appointed, salaried or volunteer, and relies on licensed contractors to perform large and complex projects but relies on volunteers to conduct simple maintenance.

**SIERRA OAKS CSD ORGANIZATIONAL CHART**



The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings consistent with the Brown Act. District board meetings are held quarterly. Sierra Oaks CSD posts their notices, agendas and other communications to their residents on a message board located at the beginning of Sierra Oaks Drive, near the intersection with China Hill Road. The SOCSO Board President report that only a few community leaders attend most Board meetings, with the occasional interested resident here and there.

Sierra Oaks CSD does not own or maintain a website. In the last few years and in the wake of several local government scandals, the Legislature, the Little Hoover Commission, the Governor's Office of Planning and Research and a host of other public and private entities have been studying local governments. Specifically, the scrutiny on locals' practices has led to more mandates and requirements for greater



governmental, operational and financial transparency. In 2017, the Little Hoover Commission recommended more transparency measures to the Legislature, including the requirement that every special district have a website.

An exception to these requirements is if the district determines on an annual basis that it is not economically feasible to have a website and has no capability to do so. Sierra Oaks CSD reports that it has made this determination in the past since it has no physical assets such as a computer and no IT employees. The SOCSO Board President indicates that they are in the process of institutionalizing this determination on an annual basis.

Also in 2017, Senate Bill 448 (Wieckowski) requires all special districts to file their audits with LAFCO in addition to the State Controller's Office. No audits have been received by LAFCO to date.

*Personnel and staffing*

Under Government Code 61050 (a), the board of directors of all CSDs must appoint a general manager who is directly responsible to the board and implements the policies established by the board. The general manager cannot be a member of the board of directors. As of November 2020, the District's board of directors has not appointed a general manager. The District does not employ any staff and contracts for services when necessary.

*Government Structure and Management Efficiencies*

Sierra Oaks CSD does not own any roadway facilities and does not share any facilities with another provider. While East China Hill CSD is the nearest CSD to SOCSO, and both provide road maintenance services the reality is that Highway 49 separates the two. In addition, both districts using volunteer staffs, it is unknown what kind of structure this potential partnership can form. No significant opportunities for shared facilities have been identified.

**7. The potential effect of agency services on agricultural and open space lands.**

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

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

- Potential effects on agricultural and open space lands.

Sierra Oaks CSD is surrounded by existing rural residential development. Additionally, the District is near the Shingle Springs Community Region and close to the town of El Dorado. While the installation of roads can be growth inducing, it is unlikely that SOCSO's services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand and topography and lack of easements prevents Sierra Oaks Drive from being

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lengthened any further. There should be no additional impacts to the economic viability of any surrounding agricultural operations as a result of SOCSA's activities or actions.

## **IV SOI DETERMINATIONS**

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

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

Present land uses within the District include rural residential uses and one commercial use. The District is fully developed consistent with the land use designation and zoning. No changes in the planned land uses are anticipated. The District is not looking to expand.

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

Present needs for public facilities and services are currently being met. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain the same. The District is not looking to expand road services beyond the maintenance of Sierra Oaks Drive or to expand its service boundaries. The District is also not looking to provide additional services beyond road maintenance. In addition, because the District is fully built out, there should not be an increase in the service demand for the District.

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

The present capacity of public facilities provided is adequate to serve the existing community for the short term. The report noted that revenues are not keeping up with the rising costs of providing services and the Board of Directors should strategize for the next step, if it has not done so already.

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

There are no social or economic communities of interest in the area. Nearby communities include the El Dorado area.

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

Not applicable to SOCSO since this district does not provide water, wastewater or fire services. While Sierra Oaks 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**

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

**V ENVIRONMENTAL REVIEW**

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

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

**Exemption**

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

## **VI REFERENCES AND SOURCES**

### **General Background Information:**

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

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

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

LAFCO Procedures Guide, 2013 Edition, San Diego County LAFCO

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

### **Governing and Defining Legislation:**

Government Code §61000 et seq.

### **Sierra Oaks Community Services District:**

County of El Dorado, Independent Special Districts Fiscal Budgets for the Fiscal Year 2009-2020

County of El Dorado, Sierra Oaks Community Services District Audit Report on the Financial Statements for Fiscal Years from FY 1994-95 to FY 2002-03

Personal communication and correspondence with Karen Case, Board President, Sierra Oaks Community Services District, November and December 2020

## 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 Sierra Oaks CSD, along with a subsequent update to its sphere of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of existing road maintenance-related services related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

This review is part of El Dorado LAFCO's Third Cycle of municipal service reviews (2013-2021). For a past review of SOCSO, 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 21<sup>st</sup> 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.

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.

**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 all areas meeting the definition of a "disadvantaged community", regardless of their location inside or outside a city. "DUC" is used interchangeably in this MSR to include both incorporated and unincorporated disadvantaged communities.

"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.

Although the United States Census collects demographic information at all levels, it does not publish demographic information related to income data below the block group level, in order to protect peoples' privacy.

Consequently, for this report LAFCO relied on data from the following sources:

- Income data from the United States Census Bureau, 2012-2016 American Community Survey 5-Year Estimates; and

- Census information compiled into GIS layers by QK (formerly known as Quad Knopf) and purchased by El Dorado LAFCO.

GIS Layers from the State Department of Water Resources

DWR uses American Community Survey data, presumably at the “Census block” level, which is collected at the individual parcel level and is not openly published. A Census block is two levels lower than a Census Tract, the lowest level to have data available to the public. With assistance from the County Surveyor’s Office, LAFCO staff was able to integrate the DWR’s GIS layers with the County GIS system, resulting in a map of DACs identified by DWR. According to DWR, Sierra Oaks CSD service area is not part of an identified DAC. There is a DAC in the general vicinity of, but not adjacent to, SOCSD.

QK Compilation

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

### **C. Appendix III: Environmental Justice**

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

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

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

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

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

Specific to Sierra Oaks CSD, we can only approximate, as the District boundaries do not conform to any demographic area in the Census. As it can be seen on Map 2 in Section VIII, while SOCSO lies on only one census tract, 315.03, it is but a portion of a large tract. As a result, Census Block Group 06017.31503.2

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will contain demographic data from other neighborhoods and areas outside of Sierra Oaks CSD.

The information summarized in the below from the 2012-2016 ACS should not be interpreted as solely representing Sierra Oaks CSD. For comparative purposes, information from the 2012-2016 ACS on El Dorado County is also included:

**Table 1: Study Area Population by Race**

Area	Total	RACE							Hispanic or Latino (Of Any Race)
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	
Census Block Group 06017.31503.2	1,688	1,496 (88.7%)	0 (0%)	0 (0.0%)	34 (2%)	0 (0.0%)	0 (0%)	4 (0%)	154 (9.1%)
El Dorado County	180,411	144,069 (79%)	1,576 (1%)	1,203 (1%)	7,542 (4%)	331 (0.2%)	235 (0.1%)	5,176 (3%)	22,868 (12%)

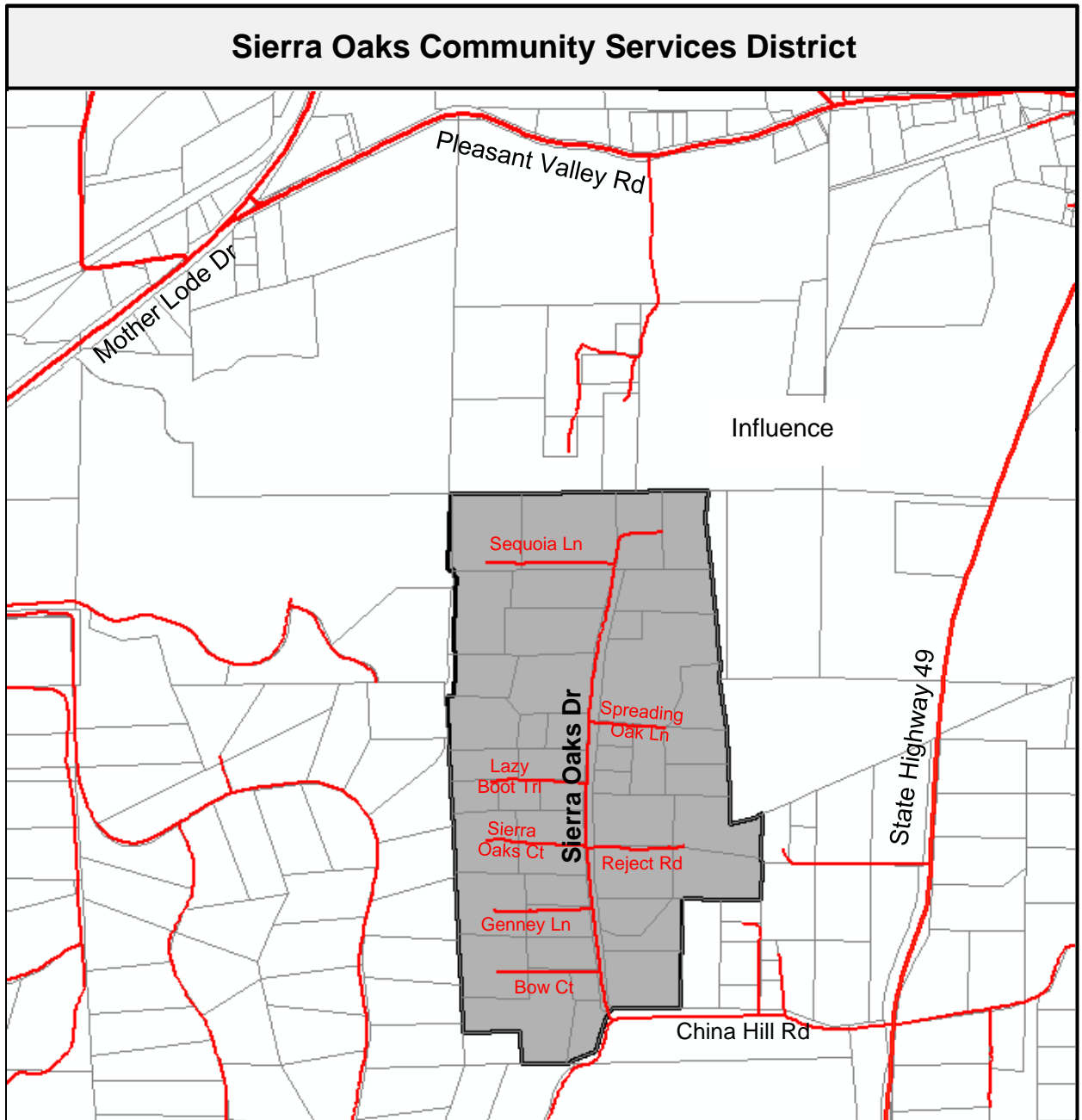
Sources: 2012-2016 American Community Survey by the U.S. Census  
Percentages may not add due to rounding

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

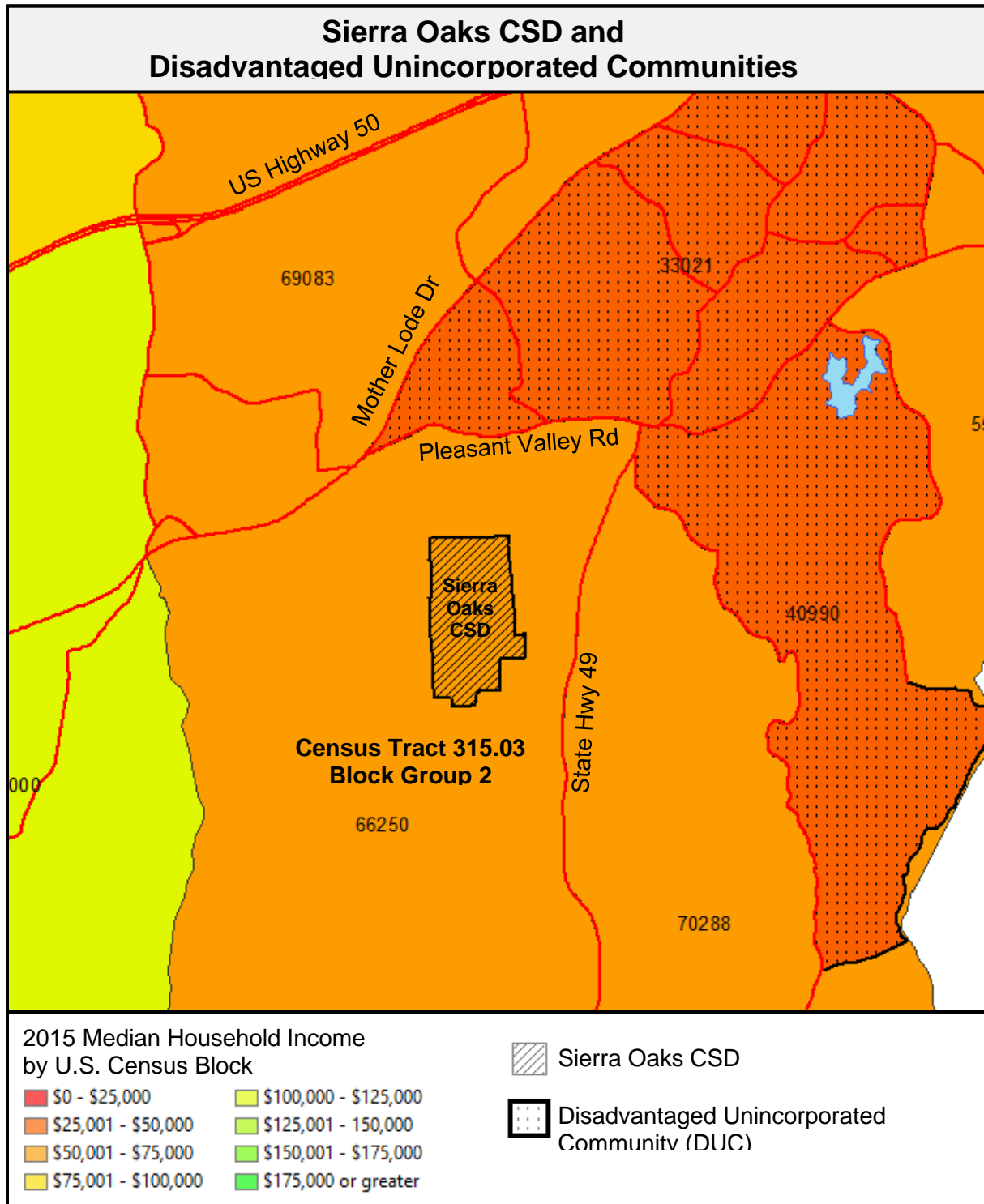


VIII **MAPS**

Map 1 – Sierra Oaks Community Services District Boundaries and Sphere of Influence



Map 2 – Census Tracts Around Sierra Oaks CSD



Map 3 – Nearby CSDs

