

**Mortara Circle  
Community Services District  
Municipal Service Review**

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**September 2009**

MORTARA CIRCLE  
COMMUNITY SERVICES DISTRICT  
MUNICIPAL SERVICE REVIEW  
SEPTEMBER 2009

Commissioners

*Chair Francesca Loftis*

*Jerry Birdwell*

*Ron Briggs*

*Carl Hagen*

*Ken Humphreys*

*Harry J. Norris*

*James R. Sweeney*

Alternates

*Mark Acuna*

*Michael Cooper*

*Ray Nutting*

*Norm Rowett*

Staff

*José C. Henríquez*

*Erica Sanchez*

*Denise Tebaldi*

*Andrew Morris*

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

## Notice of Exemption

# FILED

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

FROM:  
El Dorado LAFCO  
550 Main Street, Suite E  
Placerville, CA 95667

SEP 24 2009

County Clerk  
County of El Dorado

WILLIAM E. SCHULTZ, Recorder/Clerk  
By 

**Project Title:** Mortara Circle Community Services District MSR & SOI Update; LAFCO Project No. 2009-05

**Project Location - Specific:** Located south of Webber Creek, east of the Community of Rescue, west of the City of Placerville.

**Project Location - City:** Rescue area      **Project Location - County:** El Dorado

**Description of Project:** Update the sphere of influence of the Mortara Circle Community Services District to reaffirm the existing sphere of influence, which is coterminous with the district boundaries.

**Name of Public Agency Approving Project:** El Dorado LAFCO

**Name of Person or Agency Carrying out Project:** El Dorado LAFCO

**Exempt Status:** (check one)

- Ministerial (Sec. 21080(b)(1);15268);  
 Declared Emergency (Sec.21080(b)(3);15269(a);  
 Categorical Exemption. State type and selection number: \_\_\_\_\_  
 Statutory Exemptions. State code number: 15061(b)(3)

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

**Lead Agency Contact Person:** José C. Henríquez      (530) 295-2707

**If filed by applicant:**

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

Signature:       Date: September 23, 2009      Title: Executive Officer

Signed by Lead Agency      Date received for filing at OPR: \_\_\_\_\_  
 Signed by Applicant

EL DORADO CO. RECORDER/CLERK

DATE POSTED: 9/24/09

DATE REMOVED: 11/02/09

DATE RETURNED: 11/04/09

**RESOLUTION NUMBER L-2009-11**

**Update to the Mortara Circle Community Services District  
Sphere of Influence**

**LAFCO Project No. 2009-05**

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

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

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

**WHEREAS**, pursuant to Section 56430, in order to prepare and update the sphere of influence, the Commission conducted a Municipal Service Review of the Mortara Circle Community Services District and adopted a written statement of determinations in conjunction with this sphere of influence update on September 23, 2009; and

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

**WHEREAS**, the Executive Officer set a public hearing for September 23, 2009 for consideration of the environmental review and the draft sphere of influence update for Mortara Circle 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 September 23, 2009 the draft 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 draft sphere of influence, and the Executive Officer's Report and Recommendations; each of the policies, priorities and factors set forth in Government Code Section 56425 et seq.; LAFCO's Policies and Guidelines related to spheres of influence, starting with Policy 4.0; and all other matters presented as prescribed by law; and

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

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

**WHEREAS**, pursuant to Government Code Section 56425(i)(2), the Commission does hereby establish the functions and classes of services provided by Mortara Circle 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 Section 56425(e):

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

Present land use within the District is primarily Low Density Residential, but also includes some vacant residential lands and open space. Almost all of the parcels within the District are zoned as RE-10, with the three most southerly parcels being zoned RE-5. Soil is most abundantly Auburn Silt Loam, 2 to 30 percent slopes; followed in decreasing order of density by Sobrante Silt Loam, 3 to 15 percent slopes; Boomer Gravelly Loam, 3 to 15 percent slopes; and Placer Diggings. Planned land uses are anticipated to remain the same as current land uses.

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

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

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

The Mortara Circle CSD has reduced its operating costs and demonstrated its adaptability by transitioning from a long-term contract model for required roadwork to a competitive bid process. The present capacity of public facilities provided is sufficient for the current level of service demanded.

**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.

**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. The update to the Mortara Circle Community Services District's Sphere of Influence to affirm the current sphere is orderly, logical and justifiable.


Section 4. The Executive Officer is directed to file a Notice of Exemption under Section 15061(b)(3) in compliance with the California Environmental Quality Act and local ordinances implementing the same.

Section 5. The Mortara Circle Community Services District's sphere of influence is updated to affirm its current sphere as shown on the attached map, marked Exhibit A, attached hereto and incorporated herein by this reference.

**PASSED AND ADOPTED** by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held September 23, 2009 by the following vote of said Commission.

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

ATTEST:

  
 \_\_\_\_\_  
 Interim Clerk to the Commission

  
 \_\_\_\_\_  
 Chairperson

**APPROVED**



**Exhibit A – Mortara Circle Community Services District**



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## **I EXECUTIVE SUMMARY**

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of the Mortara Circle Community Services District, 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 be the direct result of LAFCO's adoption of the document. This service review provides a description of existing road maintenance related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to expand based on its ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

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

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

The structure of this report is as follows: Section II contains important background information, Section III contains a description of the Mortara Circle Community Services District, Section IV contains the service reviews, Section V contains the sphere of influence determinations, Section VI has the environmental review determinations, and Section VII contains the references.

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

## II BACKGROUND

### A. Legislative Framework

In 1997, the State Legislature established the Commission on Local Governance for the 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, states as follows:

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

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

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

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

## **B. Relationship Between Spheres of Influence and Service Reviews**

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

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

The subject service review is being conducted in order to comply with the legislative requirement for LAFCO to complete all MSRs and SOI updates every five years.

### **C. Service Review Guidelines**

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

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

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

- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them.
- Develop strategies to avoid unnecessary costs, eliminate waste and improve public service provision.
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs.
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

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

### III **AGENCY DESCRIPTION**

#### **Mortara Circle Community Services District**

##### Contact Information

**Address:** 2801 Mortara Circle  
Placerville, CA 95667

**Phone:** (530) 622-2740

**Website:** None

##### Management Information

**Manager:** Cindy Van Order

**Governing Body:** Board of Directors

**Board Members:** Judy Alger Elected 2007 - 2009  
Frank G. Capone Elected 2007 - 2009  
Phyllis Abate Wild Elected 2007 - 2011  
James Smith Elected 2007 -2011  
One seat vacant

**Board Meetings:** Tuesdays at 6pm, 4-6 times per year as needed

**Staffing:** 1 General Manager/Secretary (unpaid), and contracts for services

##### Service Information

**Empowered Services:** Road and road maintenance

**Services Provided:** Road and road maintenance

**Area Served:** 31 parcels, approximately 297 acres

**Population Served:** 65 registered voters

**Major Infrastructure:** 2.7 miles of roadways

##### Fiscal Information

**Sources of Funding:** Property assessment and property taxes

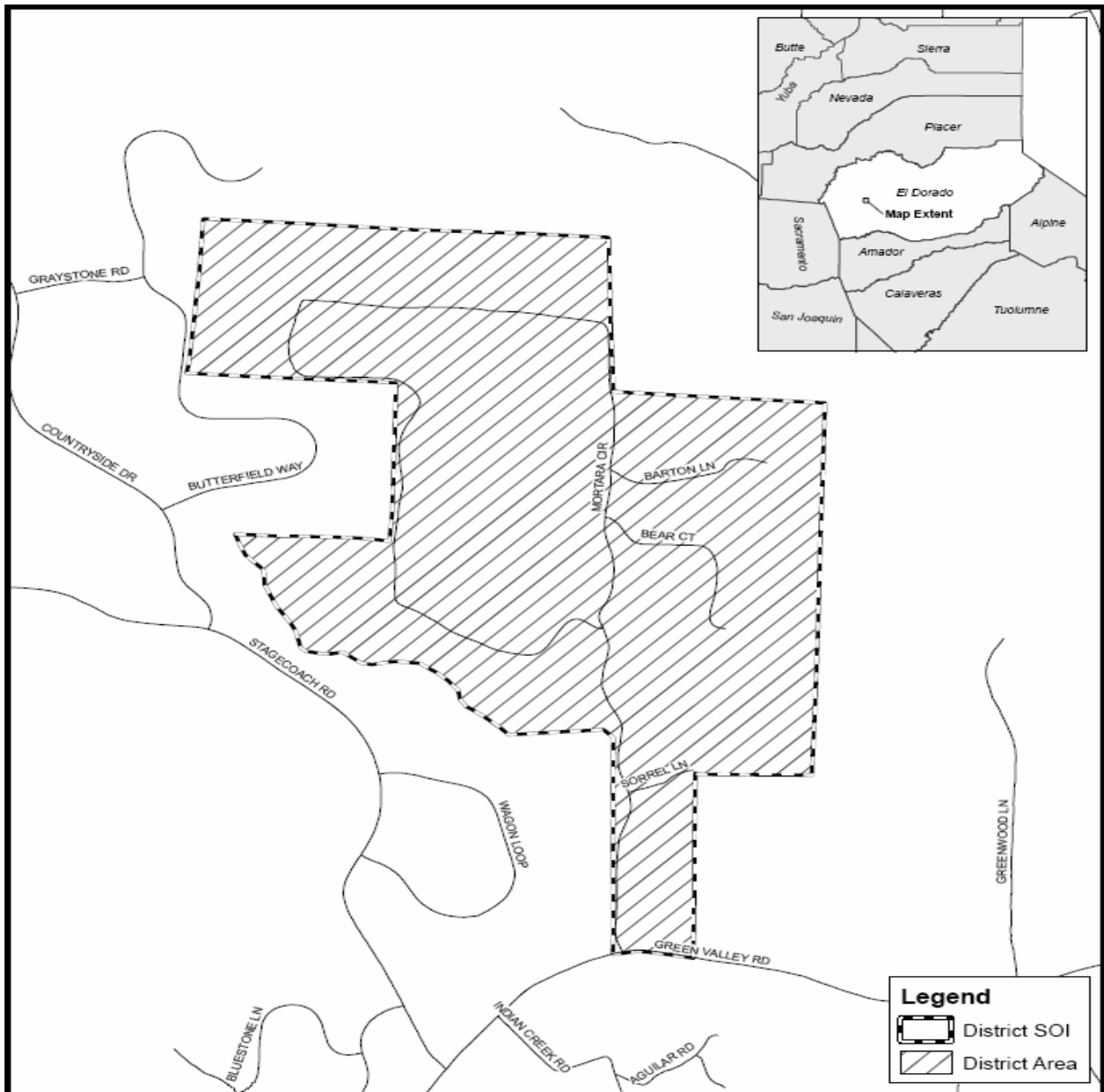
**Assessments:** \$300/developed and \$350/undeveloped per parcel

**Rate Structure:** None



**Background**

The Mortara Circle Community Services District (hereafter referred to as Mortara Circle CSD or the District) was formed in 1985 to maintain roadways providing access to residential homes located on parcels within the District's boundaries. The District maintains approximately 2.7 miles of roadway, and is located on the north side of Green Valley Road, approximately one mile west of Missouri Flat Road in the Greenstone area.



**Mortara Circle CSD  
2009 MSR**

Mortara Circle, the District's primary roadway, connects to the publicly-maintained Green Valley Road at its southern terminus. At the northern terminus of Mortara Circle, the road heads west and loops back onto itself, approximately halfway down its entire western length. The District has three secondary roadways that connect to the primary road to the east; they are Sorrel Lane, Barton Lane, and Bear Court. This District also maintains thirteen road signs and owns one bulletin board within its boundaries.

The District's sole active power, roadway maintenance services, is authorized under Government Code §61000 et seq. The District does not provide additional services outside of their enabling legislation and the provided services do not extend beyond designated service boundaries. The District is not contracted to provide service to other service providers.

Roadway maintenance services are necessary to ensure that roadways remain usable and safe for residents and visitors to the area. The need for services varies from year to year based primarily on roadway usage and weather conditions. Fluctuations in service demand are expected with this type of service, and maintenance activities must be adaptable and responsive to local conditions in order to be effective and efficient.

### **Population and Growth**

The District is currently providing roadway services to 31 parcels within its boundaries. The District does not currently anticipate any significant future growth, population increases, or changes in land uses. Most of the parcels have been developed according to the zoning for the area.

### **Current District Sphere of Influence**

Mortara Circle CSD has no immediate plans for future expansion; and the District's service boundaries are coterminous with its sphere of influence. The District has not expressed interest in altering the current boundaries. Residents within the Mortara Circle CSD appear to be the primary users of the District's roadways. The services provided are adequate within the District's existing boundaries, and services do not extend beyond designated boundaries.

### **Infrastructure**

Mortara Circle CSD's current infrastructure is approximately 2.7 miles of roadway, consisting of Mortara Circle, which is the primary roadway, and secondary roadways Sorrel Lane, Barton Lane, and Bear Court. The District does not have any facilities or equipment.

Major roadway maintenance is performed on an as-needed basis, depending on the condition of the road and availability of funding. 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. There are no generally accepted countywide standards for roadway repair and maintenance applicable to special districts, thus it is left to the District's board to determine the extent of its own maintenance programs, and community members may request specific roadway maintenance at noticed meetings.

### **Road Maintenance**

The primary responsibility of the CSD is to maintain Mortara Circle and its connecting roads. Other responsibilities of the CSD include pothole repairs, sign maintenance, centerline painting, snow removal or sanding on snowy days, roadside abatement, ditch and culvert repair. All of these services are contracted out to private providers on an as-needed basis, allowing the District to provide services without owning or maintaining any facilities or equipment. Mortara Circle CSD utilizes a competitive bid process for the maintenance and upgrades of the existing roadways.

The District has indicated that the roadway infrastructure is adequate for the current users and existing demand. The CSD has no plans for future expansion of services, major infrastructure, or facilities.

### **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 Mortara Circle CSD complies with this code, with its board of directors having appointed a General Manager/Secretary. This position is unpaid as of 2007. The District does not employ any additional staff, and contracts for roadway maintenance services when necessary directly through the board of directors.

### **Administration and Management**

Mortara Circle CSD is an independent special district, meaning it is governed by a board of directors directly elected by voters within the district. The board elections are held every two years and board member terms are staggered, with two or three terms maximum expiring at the same time. Board members are comprised of registered voters within the District. Board positions are unpaid.

The board creates policy by adopting resolutions or ordinances through duly noticed public hearings. District board meetings are held at 6:00pm on Tuesdays, between four and six times per year as deemed necessary by the board. Meeting announcements are posted at the entry to the subdivision at least ten days prior to the board meeting. This practice is consistent with Brown Act requirements governing open meetings for local government bodies. There appear to be ample opportunities for public involvement and input at meetings.

During the El Dorado County Election of November 2007, three members of the Mortara Circle CSD Board of Directors, Richard Bartholomew, Daina Cullen, and Christa Dean were successfully recalled and replaced. They were replaced by Judy Alger, Frank G. Capone, and Judy Merten, respectively. Judy Merten has recently stepped down from her position, and there is one seat vacant pending election of a replacement. Since the appointment of the new Board members, two major changes have been made to the way the District conducts business; the road maintenance contracts are no longer awarded on a long-term basis, and the General Manager/Secretary is no longer a paid position in the District.

**Funding and Budget**

This section analyzes the financial operations of the Mortara Circle CSD, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District. All monetary amounts cited in this section are rounded to the nearest whole number and based on fiscal year (FY) 2007-08 budgetary information received from the County Auditor-Controller's Office.

The County handles the District's fiscal administration. All of the District's funds are deposited into the County Treasury and the County Auditor's office manages the District's receivables and payables. The CSD submits payment requests or reimbursements to the County, which in turn sends payments to contractors. Currently, the Mortara Circle CSD does not have any outstanding debt.

**Revenues**

Mortara Circle CSD is financed primarily through property taxes and property assessments. The District recently increased property assessments from \$250 per parcel to \$350 per parcel to increase overall funding. No rates are charged and no user fees are collected. Table 1 shows that the District's annual revenues are relatively stable over time, with exception of annual fluctuations resulting from carryover funds from the previous fiscal year and a slight increase from year to year resulting from normal increases in property taxes. There are no additional factors that are expected to affect the District's revenues.

**Table 1: Three-Year History of District Revenues (Fiscal Years 05/06 – 07/08)**

Revenues	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
Fund Balance Available	\$24,316 (66.75%)	\$15,483 (55.20%)	\$12,843 (51.56%)
<b>Taxes</b>	<b>11,476 (31.50%)</b>	<b>11,930 (42.53%)</b>	<b>11,483 (46.10%)</b>
Property Taxes	3,776 (10.37%)	4,355 (15.53%)	4,658 (18.70%)
Direct Assessment	7,700 (21.13%)	7,575 (27.00%)	6,825 (27.40%)
SHPTR*	46 (0.13%)	46 (0.16%)	48 (0.20%)
Penalties/Cost Delinquent Taxes	2 (0.01%)	3 (0.01%)	24 (0.10%)
Interest	588 (1.61%)	587 (2.10%)	512 (2.04%)
<b>Total Revenues</b>	<b>\$36,428</b>	<b>\$28,049</b>	<b>\$24,910</b>

\* State Homeowners Property Tax Relief

The table above shows that the ongoing revenue collected from various sources remained stable over the years, with modest increases or declines. The decrease in overall revenues appears to be due to smaller amounts being carried over from year to year between 2005 and 2008. This, in turn, is due to increased expenditures. In addition to any carryover fund balance from the previous fiscal year, the following sources of revenue are available to the Mortara Circle CSD:

**Property Taxes** – During FY 2007-08, Mortara Circle CSD received an average property tax increment of 10.0027% from each of the 31 parcels within the District service area. This is a little over ten cents of every dollar collected in property tax revenue. For FY 2007-08, the total property tax collected amounted to \$4,658.

**Property Assessments** – Subject to voter approval, special districts have the option to levy an additional assessment upon the parcels within their boundaries; Mortara Circle CSD collected an assessment of \$250 per parcel, which amounted to \$6,825 in FY 2007-08. This amount was raised to \$350 per parcel in FY 2008-2009; the annual revenue stream this provides is relatively stable and does not fluctuate drastically from year to year.

**SHPTR and Other Funds** – The CSD also received \$48 from the State Homeowners Property Tax Relief program in FY 2007-08, which is additional funding provided to independent special districts to offset the amount of revenue lost from the state homeowner's tax exemption. Revenue from delinquent taxes within the District is relatively minute.

**Interest** – The District collected approximately \$512 in interest earned from the balance in its operating account. The County Treasury has an annual variable interest rate that is between 1% and 5.5%, depending on how the entire pool of County-controlled funds is invested. The amount received by each independent district whose funds are deposited in the County Treasury is apportioned by the County based on the ratio of the district's average daily cash balance to the total cash balance within the Treasury.

Expenditures:

**Table 2: Three-Year History of District Expenditures (Fiscal Years 05/06 – 07/08)**

<b>Expenditures</b>	<b>2005-2006 Actual</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Actual</b>
<b>Services and Supplies</b>	<b>\$15,274 (96.22%)</b>	<b>\$15,056 (99.01%)</b>	<b>\$5,362 (100%)</b>
Maintenance Roads	15,000 (94.49%)	14,965 (98.41%)	0 (0%)
Building Supplies	156 (0.98%)	0 (0%)	0 (0%)
Misc. Expenses	0 (0%)	0 (0%)	178 (3.32%)
Special Dept. Expense: Signs	0 (0%)	79 (0.52%)	0 (0%)
Spec Dept Exp. – Agency Adm Fees	8 (0.05%)	12 (0.08%)	11 (0.20%)
Spec Dept Exp. – Other Income	25 (0.16%)	0 (0%)	5,173 (96.48%)
Publications and Legal Notices	34 (0.21%)	0 (0%)	0 (0%)
Professional & Specialized Services	0 (%)	0 (0%)	0 (0%)
Office Expenses	50 (0.31%)	0 (0%)	0 (0%)
<b>Salaries and Employee Benefits</b>	<b>600 (3.78%)</b>	<b>\$150 (0%)</b>	<b>\$0 (0%)</b>
Perm. Employees/Elected Officials	600 (3.78%)	150 (0.99%)	0 (0%)
<b>Total Expenditures</b>	<b>\$15,874</b>	<b>\$15,206</b>	<b>\$5,362</b>

**Services and Supplies** – With no staff or facilities to maintain, almost all of the District’s expenses are related to road maintenance and repair. As noted earlier, repairs and maintenance are performed by outside service providers on an as-needed basis. The District also has relatively minor ongoing expenditures on signs, office expenses, administrative fees and the like.

**Salaries and Employee Benefits** – The District paid \$600.00 in salaries and employee benefits to the General Manager/Secretary during FY 2005-2006, and \$150.00 in FY 2006-2007. In 2007, the General Manager/Secretary position was designated by the Board as being an unpaid position, and no salaries or benefits have been paid since.

## **IV MSR DETERMINATIONS**

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

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

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

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

To the extent that is feasible, both sets of determinations will be addressed in this section. In addition, the following sections will detail the meaning of each factor and explain how it applies to the Mortara Circle Community Services District.

**1. Growth and Population Projections for the Affected Area**

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

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

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

Demands for service are not increasing, although slight variations in service demand are to be expected throughout the year as weather conditions and roadway usage change. The District's service area boundaries are coterminous with its sphere of influence. Mortara Circle CSD anticipates no significant growth or population increases. Current and future land uses are anticipated to remain primarily residential.

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

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

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

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

The Mortara Circle CSD's infrastructure consists of approximately 2.7 miles of roadway, consisting of one primary and three secondary roadways. Mortara Circle, the District's primary roadway, connects to the publicly-maintained Green Valley Road at its southern terminus. At the northern terminus of Mortara Circle, the road heads west and loops back onto itself, approximately halfway down its entire western length. The District has three secondary roadways that connect to the primary road, Sorrel Lane, Barton Lane, and Bear Court. This District also owns one bulletin board and maintains thirteen road signs within its boundaries.

The CSD does not own major roadway maintenance equipment and contracts for roadway maintenance and other related services. The District does not have any adopted standards for roadway repair and maintenance; services provided are adequate for the current demand, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. Mortara Circle CSD does not currently have plans for the imminent expansion of infrastructure or facilities.



### **3. Financial Ability of the Agency to Provide Services**

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

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

- Financial capabilities and costs of service.

A review of the Mortara Circle CSD's budgets, audits, and financial information indicates that the District operates with a sound financial basis, and that revenues generated appear to be sufficient to cover the expenses of service provision provided the District has sufficient time to save before undertaking major projects. The District has stated that current funding is adequate. No additional financing opportunities have been identified.

The Mortara Circle Community Services District does not charge any rates for services; which is appropriate for the type of services provided. The District is financed in whole by assessments and property taxes.

Another dimension related to financial ability is cost avoidance. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

The Mortara Circle Community Services District appears to be utilizing a sufficient range of cost avoidance opportunities; including bidding of contracted services and utilizing contract services to reduce costs. The competitive bid process, which the District began utilizing after the recall of three Board members in November 2007, is effective in controlling costs since it allows the District to select the lowest cost qualified contractor to provide services. The previous practice of contracting for continued long-term service from one provider carried the potential to lock the District into an inflexible rate which may not have been as cost-effective as conducting a bid for each repair as needed. No additional significant cost avoidance opportunities have been identified.

**4. Status of, and Opportunities for, Shared Facilities**

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

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. Currently, the Mortara Circle CSD contracts out for their roadway maintenance and related services to private firms. Since the District does not own or share any facilities with another provider and, other than the County, the District is not in close proximity to any other local entity that provides similar services; no opportunities for shared facilities have been identified.

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

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

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

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

The Mortara Circle Community Services District is the only agency providing roadway maintenance services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner. Other than the County, no other public entity providing similar services is in close proximity. If an alternative governmental structure option becomes necessary, transferring roadway maintenance service responsibilities to either a homeowners' association or 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.

The District, in its current legal form, is able to function under its current governmental structure. The existing structure of the District as a community services district is sufficient to allow it to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision.

Transitioning the CSD to another government entity, such as another district or other form of local government, would be unlikely to result in significant efficiencies. It is unlikely that other governmental structures would result in a significant improvement in service. The current governmental structure is appropriate to provide adequate services.

Should financial or operational limitations lead to the District ceasing operations or pursuing options for alternative government structures, a homeowners' association may be the next best option to maintain the roadways. While a homeowners' association is considered a non-profit corporation, the association may be able to continue to provide roadway maintenance services. A homeowners' association would allow residents to retain local control and could allow greater flexibility in increasing special assessments to provide additional funding. Because State Law requires public services to remain public, an arrangement would have to be made so that the CSD can dissolve and transfer its responsibilities to another public entity, which, in turn, contracts with the HOA. This may involve the dissolution of the District and transferring roadway maintenance responsibilities to the new homeowner's association through the County, or a contractual relationship in which the District and HOA continue to exist independently, but the CSD exists only to contract with the HOA.

Another alternative government structure that may offer similar levels of service is to revert to County maintenance of the District's roadways. The County of El Dorado provides similar services to surrounding roadways, including roadways adjacent to the District's road. 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.

The District has not expressed an interest in altering the current boundaries at this time. Residents within the District appear to be the primary users of the District's roadways. The services provided are adequate within the District's existing boundaries, and services do not extend beyond designated boundaries. Consequently, the District's service boundaries are appropriate for the current services provided and demanded.

The Mortara Circle Community Services District is operating efficiently under its existing structure. Fiscal year 2007-08 budgeted revenues exceed expenditures. The District does not currently employ any staff and contracts for services when needed. The Mortara Circle CSD Board has cut down expenditures by modifying its practices for the contracting of roadway maintenance services. Prior to the recall in 2007, decisions regarding roadway maintenance for the upcoming year were made at the March and May meetings and all work was contracted out on a long-term basis to one outside vendor. This practice has been changed, and now roadway maintenance is provided on an as-needed basis, utilizing a competitive bid process for each repair needed. By following this model, the Board has the potential to significantly decrease expenditures, since this process guarantees each job can be contracted at the lowest qualified cost, and prevents the possibility of getting locked in to a higher rate which could result from being involved in a long-term contract.

The Mortara Circle Community Services District's board is elected by voters within the District. Board meetings are held and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

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

*Purpose:*

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

- Potential effects on agricultural and open space lands.

Present land use in the Mortara Circle Community Services District area is rural residential. Future land uses are expected to remain relatively unchanged, with population growth likely consistent with projections for other unincorporated portions of the Western Slope. The 2004 General Plan encourages future development to remain within the rural centers regions such as Rescue and Lotus. While the creation of new roads may lead to development, by expanding access to undeveloped parcels, the maintenance of existing roads on an already built-out subdivision should not introduce growth. Consequently, the District's provision of services should not have an effect on agricultural and open space plans.

## V **SOI DETERMINATIONS**

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

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

Present land use within the District is primarily Low Density Residential, but also includes some vacant residential lands and open space. Almost all of the parcels within the District are zoned as RE-10, with the three most southerly parcels being zoned RE-5. Soil is most abundantly Auburn Silt Loam, 2 to 30 percent slopes; followed in decreasing order of density by Sobrante Silt Loam, 3 to 15 percent slopes; Boomer Gravelly Loam, 3 to 15 percent slopes; and Placer Diggings. Planned land uses are anticipated to remain the same as current land uses.

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

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

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

The Mortara Circle CSD has reduced its operating costs and demonstrated its adaptability by transitioning from a long-term contract model for required roadwork to a competitive bid process. The present capacity of public facilities provided is sufficient for the current level of service demanded.

***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.

Based upon the information contained in this report, it is recommended that no changes be made to the Mortara Circle Community Services District Sphere of Influence at this time.

## **VI ENVIRONMENTAL REVIEW**

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

## **VII REFERENCES AND SOURCES**

### **General Background Information:**

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

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

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

LAFCO Procedures Guide, 2006 Edition, San Diego County LAFCO

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

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

### **Mortara Circle CSD:**

California County, City, and School District Election Outcomes, 2007 Elections. Prepared by the Institute for Social Research, Center for California Studies, CSUS

County of El Dorado, Independent Special Districts Final Budgets, Mortara Circle CSD District Budget Actuals, Fiscal Years 2005-06, 2006-07, 2007-08

Interview, Telephone Conversations with Phyllis Wild, Mortara Circle CSD Board of Directors, June – July 2009.