

EL DORADO LOCAL AGENCY FORMATION COMMISSION

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

As part of the inaugural cycle of municipal service reviews (2001-2008), El Dorado LAFCO contracted with Dudek to prepare the *Water, Wastewater and Power Municipal Services Review*, adopted by the Commission in January 2008, which reviewed all of the septic system inspection and water quality testing service providers (among other services) in the county. LAFCO also contracted with PMC to prepare the *General Government Services I Municipal Services Review*, adopted by the Commission in February 2008, which reviewed all of the recreation and security service providers (among other services) in the county. However, for the second cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides public services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which provide similar services, please refer to the *2008 Water, Wastewater and Power Municipal Services Review and the 2008 General Government Services I 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 Greenstone Country Community Services District, Section IV contains the service review and sphere of influence determinations, Section V has the environmental review determinations, Section VI contains the references, and Section VII contains the appendices.

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

II BACKGROUND

A. Legislative Framework

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

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

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

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

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

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

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

B. Relationship Between Spheres of Influence and Service Reviews

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

(§56425). El Dorado LAFCO's policies already contain the update requirement (Policy 4.2).

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

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

C. Service Review Guidelines

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

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

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

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

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

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III AGENCY DESCRIPTION

Greenstone Country Community Services District

Contact Information

Address: 3451 Stagecoach Road
Placerville, CA 95667

Phone: (530) 622-6120 or 622-3755

Website: None

Management Information

Manager: George Amo

Governing Body: Board of Directors

Board Members: Robert Ayrest Term ends: 2012
Van Dossey Term ends: 2010
Bert Drouin Term ends: 2012
John Gibson Term ends: 2012
Robert Caldwell Term ends: 2010

Board Meetings: First Wednesday – Quarterly, 8:30 am

Staffing: One general manager

Service Information

Empowered Services: Water, Wastewater, Solid Waste Collection, Fire Protection, Recreation, Street Lighting and Landscaping, Mosquito Abatement, Law Enforcement, Library, Roads, Bridges, Culverts, Curbs, Drainage and Security.

Services Provided: Wastewater, Recreation, Drainage and Security.

Latent Powers: Water, Solid Waste Collection, Fire Suppression, Street Lighting, Mosquito Abatement, Library, Roads, Bridges, Culverts, Curbs and Law Enforcement.

Area Served: Approximately 3.5 square miles, 347 parcels

Population Served: 700 persons, 449 registered voters

Major Infrastructure: District offices; recreation facilities managed by Home Owners Association.

Fiscal Information

Budget: \$376,466 for FY 2007-08

Sources of Funding: Property taxes and fees.

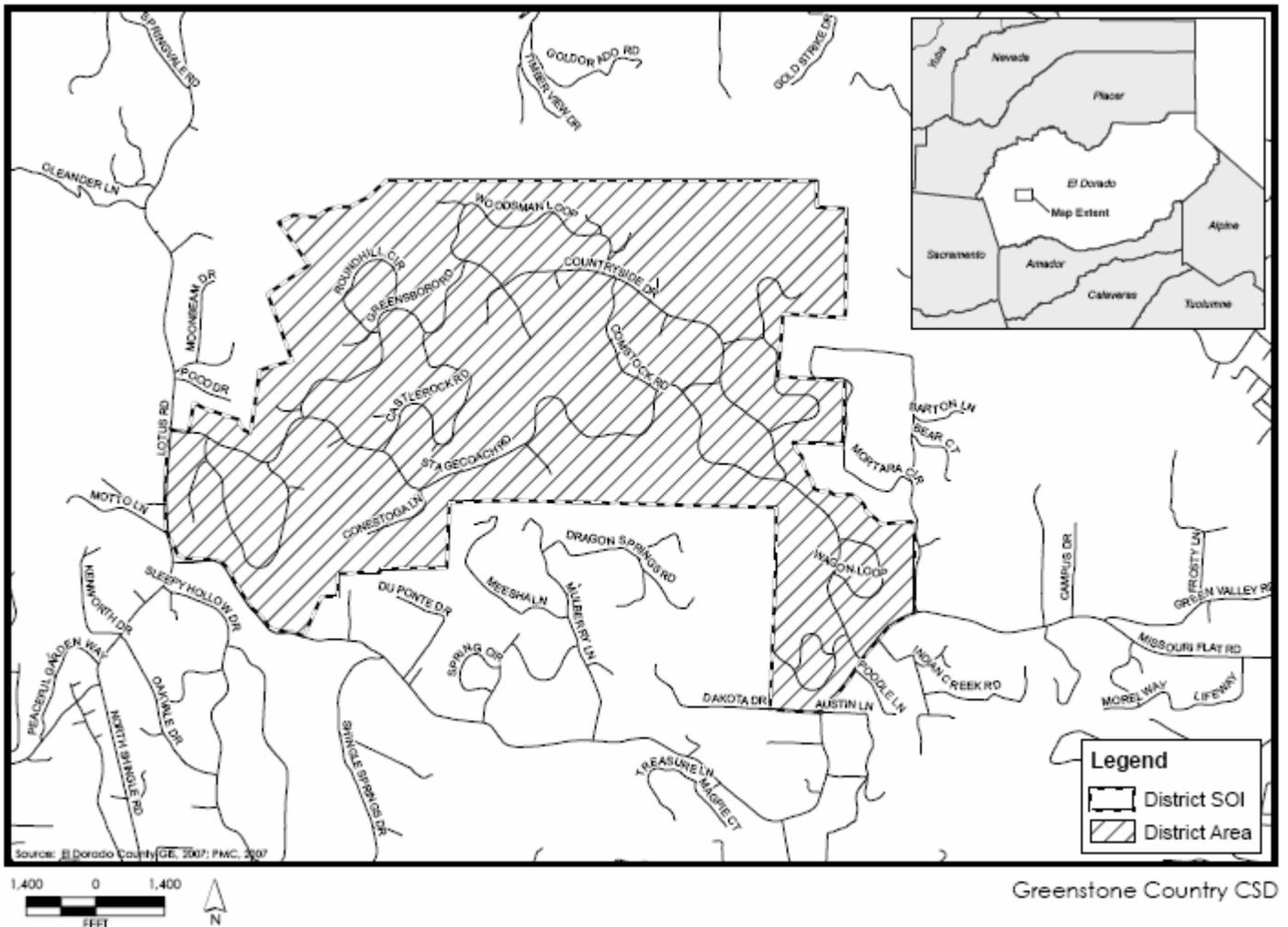
Assessments: None

Rate Structure: Developed parcels \$100; undeveloped \$50

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Background

The Greenstone Country Community Services District (hereafter referred to as Greenstone Country CSD or the District) was formed in 1982 under California Government Code Sections §61000-61936 as an independent special district. Greenstone Country CSD serves the Greenstone Country Subdivision, a small, gated community with equestrian properties and recreational amenities. The District is north of Green Valley Road, near the intersection with Lotus Road in the community of Rescue. The District's boundaries encompass approximately 3.5 square miles of unincorporated area (2,265 acres); its boundaries and sphere of influence (SOI) are coterminous.



Population and Growth

The boundaries of the Greenstone Country CSD include 347 parcels with an estimated population of 700 people and 449 registered voters. The area is designated for low density residential land use and there are no plans for additional services or changes in land uses. Little growth is anticipated within the District's boundaries other than what will occur as a result of development of existing parcels and no boundary expansions are desired.

Services Provided

Greenstone Country CSD is empowered to provide water, wastewater, solid waste collection, fire protection, recreation, street lighting and landscaping, mosquito abatement, law enforcement, library, roads, bridges, culverts, curbs, drainage, and security services. Of those services, the District only provides septic system inspections and water quality testing in the community's lakes and streams (wastewater); maintenance of the parks, lakes, and trails that are owned by the homeowners association (recreation); drainage maintenance; and staffing of the security gate (security). In February 2008, all other services were designated as "latent powers" by LAFCO in accordance with Government Code §61002(h). The District has no plans at this time to petition LAFCO for the authority to provide any services currently designated as latent. All latent powers are being actively provided by other agencies and entities at this time.

Though the District's formation records originally authorized staffing of the security gate as a component of law enforcement services, Government Code §61100 has since been updated to separate security powers from law enforcement powers. Given the separation of the two powers, LAFCO established security services as an "active power" and designated law enforcement as a "latent power" in February 2010.

Of the four active services, the District provides wastewater, through the inspection of septic systems and water quality testing; the District outsources the other active services to the Greenstone Country Homeowners Association (HOA). The District collects revenue from district residents through property taxes and a special tax and provides this funding to the HOA to perform these services.

Septic System Inspections and Water Quality Testing

The District actively provides the inspection of septic systems and water quality testing, which are considered wastewater services. The District has a long-standing contract with a registered geologist to provide ongoing engineering services, including conducting annual inspections of all 327 septic systems and performing water quality testing on the community's lakes and streams. All new construction is reviewed by the District geologist and must be permitted by the

County. The water quality data is provided to the County in accordance with the County's requirements.

Recreation, Security, and Drainage

Greenstone Country CSD provides funding only and does not actually perform any maintenance of drainage or recreational facilities, or staffing of the security gate. The CSD provides funds to the Greenstone Country HOA for parks maintenance, lakes maintenance, trails maintenance, dam maintenance and security. The District has a contract with the Homeowner's Association, through which the HOA submits a claim every quarter for reimbursement. The HOA receives funding from other sources, in addition to funding from the District and provides other services that are not covered in this analysis.

Infrastructure

Greenstone Country CSD owns the building which houses the offices of the CSD and the HOA. The District does not technically maintain any other infrastructure or facilities. The property the district office building is on is owned by the HOA and the use of the structure is limited by a special use permit. There are approximately 17 different hiking trails and equestrian trails within the District which are maintained by the HOA. The CSD owns some minor equipment but does not own any wastewater infrastructure.

Personnel and Staffing

Greenstone Country CSD has a general manager and contracts for engineering, maintenance, and security services.

Administration and Management

Greenstone Country CSD is an independent special district, which has a separate board of directors. Board members are elected by the registered voters within the District to four-year staggered terms. 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. As of the District's last election, the CSD now has a five-member board of directors.

CSD board meetings are held at the District Office the first Wednesday of each quarter at 8:30 a.m. Meeting announcements are posted at the main community building and the two U.S. Post Offices in the area at least 72 hours prior to the board meeting. Board meetings and notices appear to be consistent with Brown Act requirements which govern open meetings for local government bodies. Meetings are open to the public and there appears to be ample opportunities for public involvement and input.

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Funding and Budget

This section analyzes the financial operations of Greenstone Country 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 nearest whole number and based on fiscal year (FY) 2008-09 budgetary information received from both the district and 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 the HOA and contractors. Currently, the Greenstone Country CSD does not have any outstanding debt.

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	\$ 75,593	\$ 98,843	\$ 156,661
Taxes	177,489	193,628	200,561
Property Taxes	143,332	158,970	166,159
Direct Assessment	32,321	32,721	32,646
SHPTR*	1,836	1,746	1,756
Penalties/Cost Delinquent Taxes	95	233	188
Interest	12,520	17,609	16,506
Planning and Engineering Services	6,950	4,675	2,550
Total Revenues	\$272,647	\$314,796	\$376,466

* State Homeowners Property Tax Relief

Total assessed value in the District was approximately \$190,192,000 in FY 2008-09. The increase shown in the annual fund balance available is primarily due to accumulations of previous carryover amounts and an increase in property taxes. In addition to any carryover fund balance from the previous fiscal year, the following sources of revenue are available to Greenstone Country CSD:

Property Taxes – Greenstone Country CSD is financed through property taxes and a special tax. During FY 2007-08, Greenstone Country CSD received an average property tax increment of 9.1475% from each property within the District service area, which is 347 parcels. This is approximately nine cents of every dollar collected in property tax revenue. For FY 2007-08, the total property tax collected amounted to a little over \$166,000.

Special Taxes – Properties within the CSD boundaries are assessed a special tax of \$100 per improved lot and \$50 per unimproved lot for general district purposes. This special tax was approved in October 1981 with limits of \$300 per

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parcel per year plus \$150 per year per improvement. The special tax amounted to approximately \$32,650 in FY 2007-08. This annual revenue stream is relatively stable and does not fluctuate from year to year.

SHPT Relief – The CSD also received \$1,750 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 are relatively minute.

Interest – The District collected approximately \$16,500 in interest earned from the balance in its operating account. The County Treasury has an annual variable interest rate that is between 1% to 5.5%, depending on how the entire pool of County-controlled funds is invested. The amount received by each independent 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.

Expenses

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

Expenditures	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual
Salaries and Benefits	\$ 18,793	\$ 19,995	\$22,577
Salaries/Wages	17,010	18,128	20,572
State Disability Insurance and Medicare	1,302	1,387	1,571
Workers’ Comp Insurance	482	481	480
Administrative Costs	17,547	4,064	15,548
Utilities and Phone	2,792	2,841	3,091
Insurance Premiums	7,923	-1,964	6,003
Memberships	0	425	479
Miscellaneous	0	266	97
Office Expenses	2,770	2,339	1,831
Professional Services – Accounting	3,500	0	3,750
Professional Services – Legal	441	0	125
Special Departmental Expense	121	157	172
Services and Supplies	133,824	134,576	119,765
Refuse Disposal	177	201	0
Maintenance – Building & Improvements	9,657	5,985	4,476
Maintenance – Park	10,000	12,000	12,000
Maintenance – Lake	54,935	49,823	49,693
Maintenance – Trail	15,409	20,000	11,465
Maintenance – Dam	11,828	0	0
Professional & Spec Services – Design	22,155	27,875	24,103
Perimeter Security	0	12,500	14,989
Minor Equipment	2,713	1,517	463
Special Projects	6,950	4,675	2,550
Budgetary Reserves	27,699	6,500	21,982
Total Expenditures	\$197,833	\$165,135	\$179,873

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The CSD's primary role is to reimburse the HOA for expenses from maintaining the trails and recreational areas and staffing the security gate. Annual District expenditures vary due to different amounts spent on maintenance and capital improvements. The District maintains reserves to replace capital assets and for miscellaneous capital improvements, including lake repairs.

IV MSR DETERMINATIONS

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

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

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

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

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

1. Growth and Population Projections for the Affected Area

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

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

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

Greenstone Country CSD provides services to a small gated community. The area is designated for low density residential land use per the El Dorado County General Plan Land Use Element; it is outside the urban limit line established for the Placerville and Shingle Springs Community Regions. No land use changes are anticipated. There are no plans for additional services; little growth is anticipated within the District's boundaries other than what will occur as a result of development of existing parcels. Further, the Board does not desire to annex any outside properties into the District boundaries. There is no population growth anticipated by the District.

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.

Greenstone Country Community Services District operates out of a District office, located on land owned by the HOA. The HOA also shares the District's office. The HOA maintains numerous hiking and equestrian trails within the District. No infrastructure plans were identified.

One of the conditions of approval for the Greenstone Country Subdivision was the establishment of a public entity to maintain the sewage disposal systems as all properties are served by individual septic systems. In 1981 the Central Valley Regional Water Quality Control Board granted the CSD a waiver of waste discharge requirements based on the fact that the District had been formed for the operation and maintenance of the septic systems and the County regulates single family residential on-site wastewater treatment and disposal systems. At

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the time of approval, the Regional Board expressed concern that the systems could fail due to shallow soil, slow percolation rates, and installation of systems that are unproven. The waiver remains in force at the Regional Board's discretion. This is not expected to change as long as there are no issues with the septic systems impacting water quality.

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.

Greenstone Country CSD appears to operate with financial stability. Revenues were greater than costs for the years reviewed and the District operates without any debt. The CSD has adequate financial resources to continue to provide services for the community; the District has no long-term debt and no major infrastructure needs. The District plans for operational and capital needs through the annual budgeting process.

Greenstone Country CSD's primary sources of revenue are the District's share of the one percent property tax and a special tax approved in October 1981. The special tax was last updated in 1995 and the District did not indicate the need to increase the amount at this time. These revenues are adequate for the District to continue to provide services, provide for equipment needs, and maintain reserves.

The District is controlling costs by operating with limited paid staff. It contracts with a Registered Geologist to provide the necessary services to ensure that septic system monitoring occurs and owners are notified immediately before a system fails. This level of monitoring has enabled the District to maintain the conditions which allow for the discharge waiver from the Regional Board to remain in force. The District also contracts for maintenance and security services.

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.

Greenstone Country CSD shares its office building with the HOA. The District is adjacent to Mortara Circle CSD; however, the latter agency only provides road and road maintenance services. Given the differences in services, these two entities have no opportunity to share facilities. In addition, the District indicated that the office may not be shared with any other agencies because of a special use permit. No other opportunities for shared facilities were 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 District is governed by a five-member board of directors and a general manager. The Board reviews the General Manager's performance annually. The current management structure enables the District to operate efficiently. Merging the District with the HOA may result in some efficiencies; however, this could restrict the powers of the District. A full analysis of a transition should be conducted prior to any formal transfers of operation.

Greenstone Country CSD appears to have sufficient staffing to conduct the District's business. The District does not perform any maintenance to recreation facilities itself, it reimburses the HOA to carry out these tasks. Other services are contracted out. The District appears to operate efficiently. The District is providing adequate service and has planned for operational needs. Approval of the subdivision was conditioned on the establishment of a public entity to maintain the sewage disposal systems. No other agency was identified that could cost-effectively provide the services the District is providing to the community, including recreational facility maintenance. Therefore, no other government structure options were identified.

The District holds meetings once every quarter and posts meeting notices in the District newspaper. The District shares office space with the HOA and it is likely this provides ample opportunity for feedback.

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

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

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

- Potential effects on agricultural and open space lands.

The 2004 General Plan directs unincorporated growth to already existing population centers, or "community regions." Greenstone Country CSD is adjacent to the Diamond Springs/El Dorado Community Region and close the Placerville Community Region; however, it is not near or in an agriculture district. The District is surrounded by lands zoned for low density residential uses. No

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lands are zoned for agriculture near the CSD. It is unlikely that Greenstone Country CSD's services would induce urban growth or affect open space lands. Any detrimental impact has already occurred.

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 Audubon Hills Community Services District:

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

Land uses within the District are low density residential. The District is surrounded by lands zoned for low density and rural residential uses; no lands are zoned for agriculture near the CSD. Planned land uses are anticipated to remain the same.

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

All public facilities have been constructed and paid for; present needs for public facilities and services are currently being met. The District did not indicate the need for additional facilities. Probable needs for public facilities and services are not currently anticipated to vary from present needs, as future demands are expected to remain the same.

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

The District hires a qualified engineer to inspect the septic systems within the agency and test the water quality. The septic system is installed by the landowner and the District does not own, operate or have a wastewater system. Recreation, drainage and security facilities are not maintained by the District. Instead they are managed by the HOA and the HOA determines when maintenance or additional facilities are needed. 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.

The District indicated there are no social or economic communities of interest within the District. A nearby community of interest is Rescue; Mortara Circle CSD is adjacent to the District.

Based upon the information contained in this report, it is recommended that no changes be made to the Greenstone Country Community Services District's sphere of influence at this time and that the Commission reaffirm the current SOI, which was last updated in February 2008.

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 Greenstone Country 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 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)

Greenstone Country Community Services District:

2008 General Government Services I Municipal Services Review, prepared by PMC for the El Dorado Local Agency Formation Commission, adopted January 2008

2008 Water, Wastewater and Power Municipal Services Review, prepared by Dudek for the El Dorado Local Agency Formation Commission, adopted February 2008

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