



Date: November 17, 2020

To: Jose Henriquez, Executive Officer, El Dorado LAFCo

From: Kateri Harrison, Senior Planner

Subject: Overview of El Dorado Irrigation District Municipal Service Review and Sphere of Influence Update

BACKGROUND

The El Dorado Irrigation District (EID) was originally formed in October 1925 to protect the early (pre-1914) water filings; ensure a secure water supply; keep irrigation rates reasonable; and increase the value of agricultural lands. Today, it has evolved to encompass the western slope of El Dorado County and includes areas that are developed or developing such as the City of Placerville and unincorporated communities along the Highway 50 corridor such as El Dorado Hills, Cameron Park, Shingle Springs, and Diamond Springs. EID's boundary is 147,465 acres in size and its existing sphere of influence covers an additional 237,065 acres with diverse topography ranging from 500 feet to more than 4,000 feet above sea level. EID is a multi-county special district because its boundaries encompass portions of both The County of El Dorado and The County of Sacramento. Additionally, some of EID's water source facilities are located in Alpine County and Amador County. The determinations recommended for this MSR/SOI Update are described below.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

The Municipal Services Review (MSR) and Sphere of Influence (SOI) Update for EID provides an analysis of EID's service delivery in Chapters 1-9 and an analysis and recommendations for the sphere of influence in Chapter 10. EID provides municipal services which are described and reviewed in the MSR including:

- Raw untreated water for agricultural irrigation,
- Water treatment and distribution for residential, commercial municipal purposes,
- Wastewater collection, transport, treatment, disposal,



- Recycled water production and distribution for irrigation purposes,
- Recreation, and
- Hydropower

The MSR provides analysis for the statutory criteria set forth within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) as well as additional locally adopted requirements. These criteria are listed as follows:

- Growth and Population Projections
- Disadvantaged Unincorporated Communities
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies
- Financial Ability to Provide Services
- Status of, and Opportunities for, Shared Facilities
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.
- The Potential Effect of Agency Services on Agricultural and Open Space Lands.

Overall, the MSR found that the EID provides adequate public services within its boundaries, and the District's facilities are maintained at levels consistent with the residents' expectations, as identified by the EID's Board of Directors. The MSR determinations are listed below and are described in much greater detail in Chapters 1-9 of the MSR.

A. Growth and population projections for the affected area.

1. Within its 147,465-acres (230 square mile) existing boundary area, the El Dorado Irrigation District (EID) provides the following public services:
 - Raw untreated water for agricultural irrigation;
 - Water treatment and distribution for residential, commercial, municipal, and agricultural purposes;
 - Wastewater collection, transport, treatment, disposal;
 - Recycled water production, and distribution for irrigation purposes
 - Recreation and parks service; and
 - Hydropower.
2. EID's boundary includes the City of Placerville, a 191-acre portion of Sacramento County, and a portion of western County of El Dorado's unincorporated area.
3. EID's SOI was initially established by LAFCO, in consultation with EID, around 1973. EID's SOI was last affirmed in 2008. In addition to its 147,465-acre boundary area, EID's

existing sphere of influence covers an additional 237,065 acres. EID's boundary area and SOI encompass a total of 384,530 acres.

4. Parcels within District boundaries are eligible for service. Any parcel that is currently outside District boundaries may apply for annexation. An application for annexation is made to both EID and El Dorado LAFCO. There are a few existing water service customers located outside the District boundaries including 10 raw water customers and approximately 30 potable water customers. Board Policies BP 9020 and 9030, along with corresponding administrative regulations, indicate that contiguity is required for annexation into the District
5. The existing population in the EID service area is estimated to be 110,000 persons (as of year 2018). EID experienced an average annual growth rate of 1.5% between the years 2010 to 2018 as detailed in Table 5-2.
6. Between the years 2020 to 2040, an additional 11,562 persons are expected to reside within EID's boundaries as shown in Table 5-4. This represents an overall ten percent increase in projected future population (or 0.5% per year). This will bring the total population within EID's service area in the year 2040 up to approximately 123,559 persons.
7. Currently, EID's boundary area supports an average of 0.75 persons per acre, which is considered to be a very low population density.
8. The existing data described in this MSR suggests that the El Dorado Irrigation District has sufficient water supply to accommodate the population growth until 2040.
9. Physical infrastructure is sufficient to serve the existing customers located within the boundary area.
10. County of El Dorado's General Plan was adopted in 2004. Individual elements have been updated on an individual basis. The 2013-2021 Housing Element was adopted in October 2013, with the most recent update occurring to the Land Use Element in August 2019. The County of El Dorado General Plan is sufficient to provide EID with information about anticipated future growth for purposes of infrastructure planning.
11. Farmland and grazing land totals 163,448 acres within the EID boundary and another 179,883 acres are in the SOI as shown in Figure 5-4. Open Space within the EID boundary calculates to 6,728 acres with an additional 12,555 acres in the District's SOI.

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

12. California's median household income was \$63,783 in 2016. This yields a DUC threshold MHI of less than \$51,026. There are several census tracts and census block groups that meet the DUC threshold within EID's boundary as shown in Chapter 6, Figure 6-1.
13. There are Disadvantaged Unincorporated Communities within or contiguous to the EID boundary and sphere of influence, including 13 Block Groups and four Census Tracts, some of which overlap the blocks as listed in Tables 6-1 and 6-2.
14. The unincorporated areas are provided with numerous public services as listed in Table 3-1: Local Agency Service Providers, in Chapter 3 of this MSR. Wastewater services are provided to DUC areas either by EID or by small septic systems. Fire protection services to the DUCs described in this chapter are provided by local fire departments such as the El Dorado County Fire District and those described in Appendix K. No public health and safety issues have been identified.
15. Some of the DUCs described in this chapter do receive adequate water service from EID (as described in Chapter 7), Georgetown PUD, or private wells. The installation of private wells is overseen by the County of El Dorado Health Department. The current or long-term functioning of these wells has not been comprehensively studied. Groundwater in these areas is sometimes located within fractured rock. It is possible that some property owners in DUC's may not have a well or may not have a non-functioning well, thereby necessitating a purchase of water from an outside source or delivery by truck. Within EID's boundaries, property owners are eligible to apply to EID for water service. However, the cost and feasibility of infrastructure extension is dependent on a range of variables and cannot be estimated at this time. To date no health or safety issues have been identified.

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

16. EID has been diligent in developing plans to accommodate the service needs of current and future customers and generally reviews and updates service plans when necessary. EID service departments provide reports and updates to EID Board of Directors and the general public to ensure needs are reviewed and addressed. Some reports are not being

updated in accordance with anticipated scheduling such as the Integrated Water Resources Master Plan, last updated in 2013.

17. For water services, EID often works with neighboring agencies and other partners to provide adequate water supplies and service. For example, EID cooperates with SMUD, USBR, and the El Dorado County Water Agency.
18. In general, EID takes steps to ensure that adequate funding is available for future projects to enhance public services. The District maintains a robust Capital Improvement Plan to address system deficiencies and enhance the level of its public services.
19. EID's 2015 Urban Water Management Plan (UWMP) and its Water Resources and Service Reliability Report sufficiently details annual and future water demand for EID with detailed analysis of available water supply during "average year," "single year," and "multi-dry years" events. In addition, the UWMP includes an extensive Water Shortage Contingency Analysis and Plan. EID evaluates options to increase water supplies, including constructing new reservoirs and pursuing new water rights.
20. EID recently approved rate increases to fund capital improvement projects to replace or upgrade aging water facilities and systems. In general, EID is facing higher costs for replacement of aging infrastructure. EID's UWMP discusses contingency planning, including catastrophic supply interruption.
21. EID currently provides adequate services to meet the needs of its existing customers, currently 41,396 water connections. EID provides potable water service that meets all public health requirements. Services provided by EID directly to paying customers include potable water that meets all public health requirements.
22. EID's physical water facilities are currently extensive within the District boundary. However, portions of the physical infrastructure for water services, including pipelines, are nearing the end of their useful life. EID's CIP aims to address infrastructure deficiencies within the current boundary. The future provision of water infrastructure to the SOI will be evaluated through the development and project application process.
23. Though EID has sufficient water supply capacity to meet projected water service demands to its current boundary area through the year 2045, it is not clear whether EID would have sufficient water supply to provide service to the entire SOI in the future and additional study is recommended.
24. EID approved the most recent Sewer System Management Plan Update (SSMP) in 2019, which guides the proper management, operation, and maintenance of all parts of EID sanitary sewer system under its control. The SSMP aims to reduce and prevent sanitary sewer overflows (SSOs) and mitigate SSOs if they occur. EID's Wastewater Facilities Master Plan (WFMP) was updated in 2013. The Wastewater Facilities Master Plan recommends expansion of the EDHWWTP to 5.45 mgd when growth dictates and also recommends other infrastructure improvements. EID service departments provide

reports and updates to the EID Board of Directors and the general public ensure needs are reviewed and addressed.

25. EID has cooperated with the El Dorado Hills Community Services District (EDHCSD) by authorizing the sale of EID's Bass Lake parcel—a part of EDHCSD's plans for a regional park. EID will continue to cooperate with neighboring agencies and other partners to provide adequate water and sewer services.
26. The District maintains a robust Capital Improvement Plan and corresponding financial plan to enhance the level of its wastewater and recycled water services. For example, In FY2019 EID made investments to rehabilitate the wastewater lift station, replace the force main, and rehabilitate the collection systems pipeline. Under the lift station program the District has contracted for the rehabilitation of the Southpointe lift station, which will be complete in fall 2020 and has scheduled the construction of a bypass pipeline to eliminate the Rancho Ponderosa lift station in fall 2020 or spring 2021.
27. EID's wastewater services are provided by four separate wastewater systems. EID's Wastewater Facilities Master Plan and budget includes projects to provide additional infrastructure capacity to accommodate planned growth. However, the modeling for the plan was conducted using data prior to 2013 and should be updated based on current growth projections.
28. The age of EID's facilities and infrastructure varies. EID replaces and repairs critical infrastructure on a regular basis. In addition, EID has implemented collection system BMPs and addressed preventative maintenance and scheduled replacement of aging infrastructure.
29. EID currently provides for adequate wastewater collection, treatment, and disposal services to meet the needs of the existing customers of approximately 23,652 sewer connections. EID provides wastewater treatment services to 62,000 residents and 882 businesses.
30. The provision of sewer service to the existing SOI would be coordinated between the County of El Dorado, the private land-owner, LAFCO, and EID. Additionally, future public sewer services are suggested by the County of El Dorado General Plan to the communities of Camino, Cedar Grove, and Pollock Pines. However, extending sewer service to the entire existing SOI area would require extensive facility and infrastructure expansion and this expansion may not be practical in the near-term.
31. The hydroelectric power generated by EID is not sold directly to consumers within The County of El Dorado. Instead, EID has a contract to sell power to PG&E which distributes electricity to retail customers via the electric grid. This contract will expire in 2021 and EID is researching various options to either renew this contract or to find suitable alternative contracts.

32. EID has studied the vulnerability of its hydropower systems due to changing conditions and has acknowledged the various risks to these facilities. The MSR consultants recommend that EID continue to consider a broad approach to risk reduction including implementation of projects that may reduce utility costs, such as expanded use of renewable resources including solar or pumped storage. Another example of a risk reduction strategy is the vegetation management program that EID is implementing in the watershed, which will contribute towards a reduction in risk of catastrophic wildfire and therefore reduce risks to hydroelectric facilities.
33. In general, EID is facing higher costs for replacement of aging infrastructure. EID's Capital Improvement Plan addresses future improvements to hydroelectric facilities.
34. The western County of El Dorado region has several recreation service providers including the El Dorado Hills Community Services District, City of Placerville, California State Parks, Bureau of Land Management, and the U.S. Forest Service as listed in El Dorado LAFCO's 2004 "West County Parks and Recreation Services MSR". EID has cooperative relationships with several of these park and recreation service providers. In regards to EID's parks and recreation services, currently, there is no need to further study whether additional efficiencies could be gained through structural or organizational changes at this time.
35. For recreation services, EID often works with neighboring agencies such as the El Dorado Hills CSD; State Agencies such as CalFire, Federal agencies such as U.S. Bureau of Reclamation and other partners to provide and enhance park and recreation facilities. For example, portions EID's Vegetation Management Plan is being implemented with grant funding administered by CalFire. As another example, EID has facilitated the creation of a regional park at Bass Lake through the sale of this property to El Dorado Hills CSD.
36. As part of its responsibilities under its license for hydroelectric services from the Federal Energy Regulatory Commission (FERC) and as part of its watershed management duties associated with its drinking water supplies, EID manages open space and park land and provides recreation facilities on that land. EID provides opportunities to experience watershed lands through passive recreation activities such as camping, hiking, fishing, photography, biking, and bird-watching.
37. EID tracks and reports visitation to its recreation facilities. Over the past ten years, the number of day use visitors to EID's recreation facilities has increased from 244,433 visitors in the year 2009 to 526,764 visitors in 2018.
38. EID operates a system of reservoirs that provide water for consumptive and hydroelectric uses, as well as recreational opportunities including camping, boating, picnicking, fishing, and hiking. EID owns and operates Jenkinson Lake, located within the Sly Park Recreation Area in Pollock Pines. As part of its FERC license, EID operates

Silver Lake and Caples Lake and associated recreational facilities located near Kirkwood in El Dorado, Amador, and Alpine counties. Some facilities are owned by EID and others are located on federal lands within the Eldorado National Forest. EID also owns and operates Forebay Reservoir in Pollock Pines, which provides day-use facilities for picnicking and fishing.

39. EID funds capital improvement projects to replace or upgrade aging park facilities. In general, EID is facing higher costs for replacement of aging infrastructure. The maintenance/ improvement projects identified by EID will improve the adequacy and capacity of the parks and recreation facilities and services.
40. EID currently provides adequate park and recreation services to meet the needs of its existing customers and to also meet the needs of visitors from other regions. EID's park and recreation facilities are open to the general public and are not limited to local residents.

D. Financial ability of agencies to provide services.

41. The Comprehensive Annual Financial Reports and budgets are prepared on a regular basis and they clearly and transparently present financial information.
42. EID's reserve policy is incorporated into the Board Policies and Administrative Regulations which is posted on the District website.
43. EID's audited Comprehensive Annual Financial Report contains a list of its accounting policies. Additionally, the District document entitled "Board Policies and Administrative Regulations" describes its purchasing Policy, with specific procedures for purchases and procurement practices. The Board Policies and Administrative Regulations is readily available on the EID website.
44. Required reports are sent to the California State Controller for Government Compensation. A link to these documents is provided from the EID's Human Resources webpage at:
<https://www.eid.org/about-us/advanced-components/employment-opportunities/employment>
45. EID's total revenue was less than the total expenditures in four of the five study years as shown in Figure 8-7.
46. One reason that expenditures exceed revenues could be related to the mechanisms used to fund capital improvement projects during this timeframe. It is recognized that capital improvement projects are expensive and necessary. Many water districts in California are in a similar situation.
47. Changes to the Net Position are shown in Table 8-2, to be highly variable. However, the increase in Net Position of \$38.8 million from FY 2016 to FY 2018 is noted.

48. EID's Capital Improvement Plan (CIP) is updated annually and covers a five-year time period. The most recent CIP was adopted by the Board on October 15, 2019 and covers the years 2020–2024. EID's extensive CIP program is delineated into seven main categories: 1) FERC, 2) Water, 3) Wastewater, 4) Recycled Water, 5) Hydroelectric, 6) Recreation, 7) General District. Over the course of five years from 2020 to 2024 EID plans to invest a total of \$209,472,494 into capital improvement projects.
49. EID's financial report (CAFR) noted for FY 2018, approximately \$112 million in investments and restricted reserves.
50. At December 31, 2019, EID had \$315.60 million in debt and loans outstanding, a net decrease of \$32.9 million or 9.4% from the prior year.
51. EID's debt service ratio was calculated using the amount debt service divided by operating expenses (minus depreciation). EID's debt service ratio declined by 3.58% between the year 2017 to 2018 as shown in Figure 8-9. EID has a significant capital investment and debt associated with its aging hydroelectric, water, and sewer facilities. As debts associated with EID's facilities are paid off, the debt service ratio is expected to improve.
52. EID's liquidity declined for the four years of FY 2015 to FY 2018 because total cash and cash equivalents have been declining while total current liabilities have been increasing. In FY 2019, the liquidity metric improved slightly. Although the decline is not a fiscally sustainable trend, the metric result is expected to improve as EID pays off its debt. Additionally, EID utilizes a defeasement process to prepay a portion of the following year's required debt service requirement. These defeasement payments are placed into escrow with EID's fiscal agent. It is recommended that LAFCO continue to monitor liquidity as a metric to determine its long-term trajectory.
53. As of December 31, 2016, EID had a net pension liability of \$57 million and this liability increased to \$61 million as of December 31, 2017. 2019 saw an increase in net pension liability to \$63.8 million.
54. The pension payment metric measures the percentage of funds dedicated to pension contributions in comparison to covered-employee payroll. At 30.80 percent in FY 2019, the high percentage reflected that a greater percentage of funds was dedicated to pension contributions in comparison to covered-employee payroll as shown in Figure 8-13. During the fiscal years 2015 through 2019 the percentage is stabilized around 28.6% on average. Ideally, LAFCO will continue to monitor the pension payment metric to consider long-term fiscal trends as a larger time series of data becomes available.

55. Rates are adopted by the EID Board of Directors during a public hearing. For example, on December 9, 2019, EID's Board adopted the revised 2019–2020 Mid-cycle Operating Budget and 2020–2024 Financial Plan, including the implementation of previously approved 3% rate increases for 2020 for water and recycled water, with 0% increase for wastewater for 2020.
56. In compliance with Proposition 218, EID Board of Directors adopted changes to rates including increases on April 27, 2020 with less than a 1% protest rate. Approved changes to the rates go into effect January 1, 2021 and continue through 2025.
57. Current rates are displayed on the District's website at: <<https://www.eid.org/customers/billing-forms-and-rates>>. Historical rates can be located in the annual Comprehensive Annual Financial Reports on the District's website at: <<https://www.eid.org/about-us/document-library>>.
58. The EID Board of Directors has considered multiple year future projections of financial conditions. Specifically, the Board adopted the 2019–2020 Mid-Cycle Operating Budget and the 2020-2024 Financial Plan on December 9, 2019. This four-year financial plan projects future conditions and reflects revised utility revenue projections. This financial plan is available on EID's website.

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

59. EID utilizes a sufficient range of cost avoidance opportunities; including bidding of contracted services and utilizing contract services to reduce costs.
60. EID effectively collaborates with multiple other agencies for the delivery of public services as demonstrated by its participation in the 2018 American River Basin Integrated Regional Water Management Plan, CABY, and other regional water resources planning efforts.
61. Due to topographic and other constraints, opportunities to share the costs of capital improvements are limited. EID should coordinate with nearby agencies that also have infrastructure within proposed project areas to determine the feasibility of sharing some costs during capital projects.
62. If projects or delivery of services do involve other agencies, EID should formalize any coordination in a shared facilities/services agreement, or other appropriate instrument, in order to provide details and conditions for how services delivery will be conducted and shared between the agencies.

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

63. EID Board meetings are typically held twice per month and are open to the public and are ADA compliant. Regularly scheduled District Board meetings provide an opportunity for residents to ask questions of elected representatives and help ensure service information is effectively communicated to the public. The meetings are noticed and conducted according to the Brown Act and in accordance with the recent Executive Orders by Governor Newsom to address public meeting rules during the pandemic.
64. EID provides effective services through its Board-Manager form of government, and utilizes other governmental advising bodies, private and public organizations, and the general public to participate and to help inform its decision-making process. Through this structure, public engagement is encouraged, and District plans and programs reflect citizen input. Additionally, to gauge customer satisfaction, the District performs a satisfaction survey in its retail service area every two years. In 2019, the survey found that 89% of customers are very satisfied or satisfied with EID's water service. Survey results can be found on the District's website at: <<https://www.eid.org/about-us/document-library>>.
65. California's Brown Act aims to have government business conducted in open public forums and therefore closed sessions may be held only as specifically authorized by the Act's provisions. During the year 2019, the District Board held thirteen "Closed Sessions" noted on its agenda, primarily concerning property acquisition, litigation, and labor negotiations. The stated rationale for the closed sessions appears consistent with the provisions of the Brown Act. Additionally, the number of closed sessions for EID is comparable to that of PCWA and NID.
66. District Board member's contact information, including phone numbers and email addresses, are available on the District's website.
67. The terms of office and next election date for each Board member are disclosed to the public on the District's website.
68. Committee appointments are made available to the public on the District's website.
69. The District provides Board resolutions, and agenda packets from January 12, 2015 to present on its website. In addition, navigation of the website to this information is easy and straight forward. Improvements are needed to ensure that the website's links to damage claims, complaint forms, and instructions for disputes and appeals, be made more prominent to allow easier access to these forms by customers.
70. The District tracks all service-related customer reports/complaints. In 2017, the EID received 2,352 water service complaints, and in 2018 the District received 2,387 water service-related complaints as detailed in Table 4-2. As EID continues to complete infrastructure improvements, the number of customer reports is anticipated to decline. This metric's trend should be included in the next MSR that LAFCO prepares for EID.

71. The District practices strategic planning and has adopted and published its Mission Statement which is: *The El Dorado Irrigation District is a public agency dedicated to providing high quality water, wastewater treatment, recycled water (irrigation), hydropower, and recreation services in an environmentally and fiscally responsible manner.* EID's planning documents and guiding principles are published on the District website.
72. The EID Board adopted and regularly updates the formal policy document entitled "Board Policies and Administrative Regulations." This policy document was most recently updated on November 21, 2019 and it is available on EID's website¹. Additionally, financial policies are clearly described in the District's budget and certified financial statements.
73. The District's organization chart reflects the operation of the agency and shows that the 221 employees are organized into six departments including: Human Resources, Operations, Communications, Finance, Engineering, and Information Technology. EID regularly updates the organization chart and it is available on EID's website² and is presented as Figure 4-3.
74. Board Policy (BP) 12050 requires the Board of Directors to provide ongoing review and evaluation of current programs, services, and activities of the District. In addition, the General Manager conducts regular assessments of the services and activities of the District and reports same to the Board.
75. During the years 2018 and 2019, the District received six awards in the areas of finance, communications, public works, water operations, and parks & recreation as listed in Table 4-3.

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

76. Farmland and grazing land totals 163,448 acres within the EID boundary and another 179,883 acres are in the SOI as shown in Figure 5-2. Open Space within the EID boundary calculates to 6,728 acres with an additional 12,555 acres in the District's SOI as described in Chapter 5 of this MSR.
77. Under Option 2 of the SOI Analysis, the proposed removal of unincorporated areas from EID's SOI include agriculture and open-space lands. These were identified by EID as areas where services and infrastructure could not be feasibly extended in the future.

¹ EID's Board Policies and Administrative Regulations is available at the following web link <https://www.eid.org/about-us/document-library>.

² EID's organization chart is available at the following web link <https://www.eid.org/home/showdocument?id=12803>

Removal of these areas from the SOI indirectly reduces the opportunity for these land uses to be developed in the near-term.

SOI DETERMINATIONS

The MSR also includes a review of the existing SOI for the District to determine if changes should be made. Written determinations are included within the MSR consistent with the requirements of CKH that address the following:

- Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands
- Present and Probable Need for Public Facilities and Services
- Present Capacity of Public Facilities and Adequacy of Public Services
- Existence of Any Social or Economic Communities of Interest
- Present and Probable Need for Public Facilities and Services Related to Water, Sewer or Fire Protection, of any Disadvantaged Unincorporated Community within the Existing Sphere of Influence

Additionally, this MSR/SOI Update also describes three potential options for EID's future SOI. The Commission is encouraged to read Chapter 10 for more details on these three SOI Options. The SOI determinations listed below relate to the preferred option, Option No. 1, Retain the Existing SOI.

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

1. Land uses in the SOI were evaluated in Chapters 5 and 10 of this MSR/SOI Update. Within the SOI, land uses consist primarily of natural resource and agricultural land.
2. Existing and planned land uses in the SOI, such as natural resource and agricultural land, are not expected to require municipal water or sewer service extensions in the near future. However, agricultural areas may have a need for raw water for irrigation from private wells or other sources in the future.
3. The County of El Dorado's General Plan includes development patterns and areas of growth in existing Community Regions and Rural Regions, establishing urban limit lines where urban and semi-urban lands will be developed. These urban limit lines can only be modified through the General Plan amendment process; thereby controlling the ability of existing rural areas to be developed.

4. Proposed future developments listed in Chapter 7 will occur in areas that can be served by existing District infrastructure.
5. Extension of service to areas within the SOI will be evaluated on a case-by-case basis as the need arises and as the District's infrastructure allows.
6. Chapter 10 of this MSR/SOI Update offers three SOI Update options for consideration as listed below.
 - a. Option No. 1 – Retain Existing SOI
 - b. Option No. 2 – Reduce SOI as outlined by EID and LAFCO
 - c. Option No. 3 – Reduce the SOI to Include Community Regions and Rural Regions Only
7. An analysis of land-use factors for each of these three options presented in Chapter 10 was carefully considered.
8. Based on the analysis of the three SOI Update options, Option No. 1 is recommended to retain EID's existing SOI.
9. Potential effects on agricultural and open-space lands were evaluated for each of the three SOI Update options presented in Chapter 10. The potential future provision of water service, both municipal and raw, has positive and negative effects on agricultural and open space lands as described on page 5-21.
10. LAFCO is the Lead Agency under CEQA. Retention of the existing SOI under Option No. 1 qualifies as an Exemption from CEQA under Section 15061(b)(3) as described above.

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

11. The District currently provides for adequate services to meet the needs of the existing 41,396 water connections and 23,191 sewer connections within the District boundaries. Services provided by EID include water, sewer, hydroelectric power and recreation as described in Chapter 7.
12. Although there is no present or probable need for water or wastewater service to the SOI area, EID's Board of Director's have expressed the intent to explore potential future options for service.
13. Future development in the existing SOI is not currently proposed and it is noted that costs for extension of service to the SOI would need further study.
14. There are no sewer or water facilities or infrastructure in the existing SOI area.
15. Two satellite areas currently within the District boundary (Outingdale and Fair Play), as well as the satellite water reservoir areas within the District boundary (Echo, Aloha and Silver Lakes) will continue remain within the SOI under Option No. 1.

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

16. Based on the data and analysis presented in Chapter 7 of the MSR/SOI Update, the present capacity of EID's public facilities and the adequacy of public services related to water, wastewater, recreation and hydroelectric services are determined to be adequate for existing demand.
17. Three options to update EID's SOI were carefully considered.
18. Existing residences, farms, and businesses in the SOI area currently rely on groundwater wells and individual septic systems for water and wastewater services. There is no present or probable need for EID services to the existing SOI areas. However, EID's Board of Directors and EDCWA wish to explore potential future options for rural agricultural development in the SOI area.
19. Any future development proposed in the SOI should be consistent with the County's General Plan.
20. Retention of the existing SOI is not expected to affect other agencies or service providers within the region.
21. EID has acknowledged that there are significant challenges in providing infrastructure to the existing SOI due to steep terrain, distance from existing infrastructure, and ability for these areas to be developed in the future. Additionally, developing infrastructure in some SOI areas would likely be expensive. Given these geographic and infrastructure constraints, it is not likely that EID will be able to provide service to these areas within the next 10 years. However, EID's Board of Director's has indicated a willingness to explore future options to provide water service to the existing SOI over the long-term. Therefore, EID has indicated that retention of the existing SOI is the best option.
22. There are no existing municipal services in geographic proximity to the existing SOI. Provision of service to the existing SOI would require infrastructure extension and associated financing. EID and EDCWA have indicated a willingness to consider additional details about the feasibility of infrastructure extension.

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

23. There are a number of social and economic communities in the area served by the District, including El Dorado Hills, Cameron Park, El Dorado, Diamond Springs, Shingle Springs, the City of Placerville, Mosquito, Cedar Grove, Pollock Pines, Pleasant Valley, Rescue, Coloma, and Lotus. Also, disadvantaged unincorporated areas are analyzed in Chapter 6 of this MSR/SOI Update.
24. Each of the three SOI Update options considers the existence of any social or economic communities of interest in the area. The proposed retention of the existing SOI proposed by Option No. 1 is not anticipated to adversely affect any adjacent social or economic community of interest.
25. There is limited potential for consolidations or other reorganizations at this time.
26. When LAFCO next updates EID's SOI, it should consider a SOI that is more aligned with the County General Plan and which will not divide any existing communities as described in Options No. 2, 3, 4, or 5.

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

27. DUCs are analyzed in Chapter 6 of this document.
28. There is a large disadvantaged area (Block Group 314023 as shown on Figure 6-1) in the southeast portion of the existing SOI which includes portions of Somerset and Fair Play. These fringe areas would remain in the District boundary and within the existing SOI.
29. The present and probable need for water, sewer and structural fire protection of any DUC within the existing EID SOI are considered in Chapter 6. The proposed retention of the existing SOI per Option No. 1 is not anticipated to adversely affect any disadvantaged community.