

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF DECEMBER 6, 2017

REGULAR MEETING

TO: Shiva Frentzen, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #4D: OPEN THE PUBLIC COMMENT PERIOD FOR THE DRAFT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE HOLIDAY LAKE COMMUNITY SERVICES DISTRICT (LAFCO PROJECT NO. 2016-02)

RECOMMENDATION

Staff recommends that the Commission:

1. Open the Public Hearing to receive comments on the Draft Holiday Lake Community Services District Municipal Service Review and Sphere of Influence Study; and
2. Continue the Public Hearing until the January 24, 2018 meeting to allow for sufficient time and opportunity for the public and the Board of Directors of the Holiday Lake Community Services District to review and comment on the study. Staff will return this item in May for final action and adoption.

REASON FOR RECOMMENDED ACTION

The Holiday Lake Community Services District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update provides a current snapshot of service delivery for the District, and also identifies areas of potential growth for future extension of services, as well as areas of potential reduction for lack of services, where appropriate. This MSR analyzes the District's ability to provide existing and future residents with park and recreation services within its service area.

BACKGROUND

This study analyzes the agency's ability to provide existing and future residents with park and recreation services within its service area. The MSR was prepared to meet the requirements and standards of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). The SOI study uses the data in the MSR

portion to generate a guidance document for any future boundary changes to Holiday Lake Community Services District (HLCSD). This MSR will assist the Commission and its staff when considering actions that will affect the boundaries of HLCSD.

Municipal Service Review Determinations

The MSR provides analysis for the statutory criteria set forth within the CKH Act, 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

Throughout the analysis portions of the report, LAFCO staff did not identify any substantial areas for improvement or current issues faced by the District that needed to be addressed or resolved as a part of this Municipal Service Review. The largest question for the District is whether it wishes to continue to be a public entity. The report discusses how the District has the challenge of having its trails and lake - its most critical facilities - on privately-owned parcels. The District has the option of pursuing ownership of those parcels to remain a public entity or dissolve and have a private corporation continue to provide services. For reasons having to do with State-mandates on the maintenance of its dam, HLCSD's Board of Directors reports that it chooses to remain a public district.

Determination 1 – Holiday Lake CSD serves 67 parcels, 62 of them developable. Of these, eight parcels are still undeveloped, but only three of them are large enough to contain a residence. The undevelopable parcels include the lake, three common areas, and hiking trails. The 2004 General Plan designates all residential parcels within the district as medium-density residential. In past MSRs, the area was characterized as a retirement community with little or no growth. The district's population could increase slightly with the possible addition of no more than four single-family homes. Compared to the current population of 136, the increase of 10 persons brought about by the development of these three remaining parcels (2.3 persons per dwelling unit) translates to a maximum growth of 7.4% distributed over an unknown future timeframe. Capacity and demand will likely remain constant in the future.

Determination 2 – Disadvantaged Unincorporated Communities (DUCs) are defined as inhabited territory (12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual median household income, which was \$49,454 as of 2015 (United States Census Bureau 2015). The 2015 Census data show that Holiday Lake CSD is between two Census Block Groups that contain DUCs, but HLCSD itself is not within a DUC.

Determination 3 – Holiday Lake Community Services District is empowered to provide recreational and park services, as stated in the formation resolution. The District engages in “passive recreation services” by developing and maintaining a recreational aquatic park (lake), trails and “such other purposes as may be adopted by the District’s voters.” The District does not administer any recreational programs. HLCS D relies on volunteers for routine and minor maintenance. The District periodically hires independent contractors for large and complex projects requiring a licensed contractor.

HLCS D operates similarly to other small CSDs in El Dorado County, with a volunteer Board of Directors and volunteer general manager. Holiday Lake CSD does not have a public office, paid staff, regular publications, a website, or a public phone line.

Determination 4 – Holiday Lake Community Services District’s main sources of revenue are property taxes and two special taxes. While HLCS D is in two tax rate areas, the percentage of property taxes that go to the District is the same: 3.9295%. District voters approved a special tax of \$75 in May 1989 and voted in June 2004 to add a second tax of \$75. Landowners in the District pay a total of \$150 per parcel.

The report found that that the revenue streams are no longer adequate for HLCS D’s expenditures. According to Board President Cowdery, the two biggest expenses for HLCS D are the general liability insurance and dam inspection costs. Insurance premiums fluctuate, but lately they have ranged between \$2,000 and \$2,500. Costs for dam inspections vary from year to year, but in 2016 the costs were \$6,548. Since operation and maintenance costs for the existing facilities at Holiday Lake are rising, and there is every reason to believe they will continue to rise in the future, district residents may need to approve another special tax (with a two-thirds vote) to generate more revenue.

Determination 5 – Holiday Lake CSD is geographically separated from other park and recreation service providers. Not only is HLCS D located 6 miles from Cameron Park Community Services District. A couple of local schools have occasionally requested the use of the lake for educational purposes. Some local groups have also requested the use of the trail and lake for staged events and ceremonies.

Determination 6 – HLCS D is governed by a five-member elected Board of Directors with four-year staggered terms of office. Since 1999, electing members to the HLCS D Board has not been competitive. Due to the nature of the District’s facilities, it must interact with four State agencies. First, it is the State Controller’s Office that requires HLCS D to report financial data like all other CSDs. The lake is under the general jurisdiction of the Department of Fish and Wildlife and restrictions on fishing activities apply. The last two agencies are the Division of Dam Safety and its parent agency, the State Water Resources Control Board (for water diversions from Sawmill Creek to replenish the lake).

While HLCS D is doing some things *structurally* as a public entity (holding public meetings, complying with the Brown Act and Proposition 218, etc.); HLCS D is not complying with other aspects of the law. This study has identified that there is limited to no public access to the District’s facilities, and the facilities are considered private facilities for homeowners and guests only. This is either by design or as a byproduct of its limited revenues. In addition, the trails and the lake sit on parcels owned by private entities that are considered “suspended” by the State of California. As a result, the District may arguably be spending public funds on privately-directed activities (to the extent that the public outside of the Holiday Lake community is actively discouraged from utilizing the trails or the lake) on

privately-owned property. The choice for the District is remain a public entity and find a way to bring their facilities to publicly-owned status (buy the parcels, make it easier for members of the public to fully access the facilities) or dissolve and have services provided by a private corporation. The Board of Directors has indicated it is their preference to remain a public entity for now.

Determination 7 – The services provided by the District have no effect on agricultural and open space lands. Park services have no growth inducing effects. Most of the land on Holiday Lake Community Services District's periphery is designated rural residential with very low growth rates.

Sphere of Influence 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
- The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence for districts exercising certain powers

Determination 1 – Land uses within the District are residential. No land use changes are anticipated within the District and no land uses would be changed by affirming the District's current SOI.

Determination 2 – The District did not indicate the need for additional public facilities. No additional needs for public facilities would be created by affirming the District's current SOI.

The District should resolve its issues regarding the ownership status on the trail and lake parcels soon. This will ensure that there are no legal entanglements that could jeopardize its legal standing or strain its financial resources.

Determination 3 – All things being equal, the District appears to have adequate capacity to provide services and facilities. It could make service clearer if the District specified its position regarding the use of the lake and facilities and how it intends to regulate the use of these facilities. The District's service capacity would not be changed by affirming the District's current SOI.

Determination 4 – Social or economic communities of interest to the District are not known. Affirming the District's current SOI would not result in the annexation of any additional areas into the District's service area.

Determination 5 – Neither of the two neighborhoods that comprise Holiday Lake CSD are part of a disadvantaged community. Same goes for the neighborhood in the

surrounding area of the District. In addition, the district only provides recreation and park services. These are not applicable to this section.

Sphere of Influence Recommendation

This SOI which was last updated on September 22, 2004. Based upon the information contained in this report, it is recommended that the Holiday Lake CSD sphere of influence be reaffirmed to be concurrent with its service area boundaries as depicted in Map 1 of Section VIII of Attachment A. The next review of HLCSD should follow up on the issue of ownership of the trail and lake parcels.

Attachment:

Attachment A: Draft Holiday Lake Community Services District Municipal Service Review and Sphere of Influence Update (LAFCO Project 2016-02)