

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF SEPTEMBER 28, 2016*

### *REGULAR MEETING*

**TO:** Ken Humphreys, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** José C. Henríquez, Executive Officer

**AGENDA ITEM #7:** PUBLIC HEARING TO CONSIDER AND ADOPT THE  
ENVIRONMENTAL REVIEW AND THE GOLDEN WEST  
COMMUNITY SERVICES DISTRICT MUNICIPAL SERVICE  
REVIEW AND SPHERE OF INFLUENCE STUDY (LAFCO  
PROJECT NO. 2015-04)

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#### **RECOMMENDATION**

Staff recommends that the Commission:

1. Receive and discuss the information related to the municipal services review and sphere of influence update for the Golden West Community Services District;
2. Open the public hearing on this matter;
3. Accept statutory exemption §15061(b)(3) from environmental review as the appropriate environmental review;
4. Adopt Resolution L-2016-05, adopting the municipal service review and sphere of influence update for the Golden West Community Services District; and
5. Direct staff to complete the necessary filings and transmittals as required by law.

#### **REASON FOR RECOMMENDED ACTION**

This Municipal Service Review (MSR) is required by State Law to serve as a guidance document for any future boundary changes to the Golden West Community Services District (Golden West CSD of GWCSO). State Law also requires that a MSR be performed before the Commission can update an agency's sphere of influence. An administrative draft was given to the District General Manager for initial review. Comments from the Board of Directors and GWCSO staff were submitted and incorporated into the report contained in this item. The public comment period opened on August 24, 2016. To-date only one set of comments were received and have been incorporated into the report.

## **BACKGROUND**

This study analyzes Golden West CSD's ability to provide existing and future residents with road services and culvert maintenance (along the CSD's public roads) within its service area. These are the sole services provided by the CSD. The Municipal Service Review and Sphere Of Influence Study was prepared to meet the requirements and standards of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH, found in Government Code §56000, et seq.).

The fundamental role of LAFCO is to implement the CKH Act, consistent with local conditions and circumstances. LAFCO's decisions are guided by the CKH Act. This MSR/SOI study will assist the Commission and its staff when considering future actions that will affect the Golden West Community Services District and its sphere of influence.

The MSR found that the Golden West CSD has substantially corrected most, if not all, of the concerns found in the *2007 Streets and Highways MSR*. The CSD's management and Board of Directors have been proactive in putting in local policies and procedures in place to correct the governance and operational issues found in 2007, such as overspending, poor accountability standards and little visibility in its activities. The roads were maintained at levels consistent with the residents' expectations, as identified by the Golden West CSD Board of Directors.

The MSR provided agency analysis based upon the six factors of analysis found in State Law:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. The potential effect of agency services on agricultural and open space lands, as adopted by the Commission in January 2008.

### District Profile

Golden West Community Services District (District) was formed in 1983 to provide roadway services by maintaining three primary and several secondary roadways that provide access to a residential subdivision. Roadway services provided are within the District's powers, as authorized in their enabling legislation codified in Government Code 61000 et seq.

Golden West CSD is fairly isolated, located approximately three miles south of Pleasant Valley Road along State Highway 49 and between the community of El Dorado and the historical area of Nashville. Its boundaries mostly conform with the boundaries of a

development called Golden West Paradise Units #2 and 5. The maps to those units show the location of the dedicated roads and the parcels lines of what eventually became Golden West CSD.

Golden West Community Services District maintains a good portion of the paved and unpaved roadways within the District's boundaries. How many of these roadways should be maintained by the District has been a source of controversy for many years up until the District Board clarified it in its Road Policy in 2013. The three primary roadways, and a secondary road (Ore Ct.), connect to State Highway 49 at various points. The remaining secondary roadways provide more direct access to residential homes not immediately adjacent to the primary roadways.

### Funding

Golden West CSD relies on property taxes and property assessments to fund the provision of roadway maintenance services. The District is financed primarily through property taxes and property assessments. Properties are currently assessed \$120 per parcel, annually. Assessments have not been increased since the District's formation in 1983. Voters repeatedly rejected proposed increases in property assessments to provide additional funds for roadway maintenance.

The most recent audit, performed by Vaughn Johnson, CPA, covered the time period between FY2007-08 through FY2013-14. Mr. Johnson indicated that he "did not identify any deficiencies in internal control that" would be considered "to be material weaknesses;" although, he cautioned that "material weaknesses may exist that have not been identified." The audit further noted that the District complied with the requirement under Government Code Section 53901 to file its annual budgets with the El Dorado County Auditor-Controller's Office in each fiscal year in the audit period.

### MSR Analysis

Since the 2007 MSR, Golden West CSD appears to have tightened its internal financial controls and operational guidelines significantly. The CSD no longer utilizes volunteers for roadwork or repairs since it found that it was making their liability insurance costs unsustainable. For all maintenance, grading and paving, the District engages outside contractors.

In discussion with General Manager White, the impetus for updating its policies and bylaws was that the CSD's Board realized it was not possible to continue to operate with antiquated rules. For example, with the adoption of the Road Policy, the District has made it clear to its residents which roadways the District is responsible for maintaining. That action alone has reduced the number of complaints significantly. The changes to the CSD's rules include:

- The Bylaws were adopted on December 12, 2015. In it, roles for directors and the general manager are defined, and certain procedures, such as how and when an agenda may be amended, are detailed. The Bylaws also include guidelines for ethics and decorum.
- In May 2014, Rules and Procedures for the Board were adopted. These govern compensation, how meetings are to be conducted, budget adoptions, publication of ordinances, how officers are selected and the duties of the Board officers.

- The Road Policy, adopted in November 2013, is instrumental in removing two ambiguities identified in the previous MSR: The identification of the roads that are to be maintained by the District and a delineation of the District's responsibilities and program management. The Road Policy also specified the manner in which roads can be dedicated for public use and the prohibition of using loans for maintenance. The Road Policy is explicit in stating that the District will only carryout maintenance duties if it has the funding to do so.
- The District's website also contains a page of "frequently asked questions," one of which states why the District only maintains certain roads. It specifically states that the District will not maintain "side roads."
- The District's Board is currently drafting a roads standards policy. The goal is to achieve an understanding with the residents about the level and manner in which the roads will be maintained.

Since 2015, the District's website has also started publishing the projects, along with their respective costs, conducted by the District. An informative newsletter, periodically distributed to the residents, was recently launched. As a result, the District appears to be more stable financially and more professionally operated than it was ten years ago.

#### Sphere of Influence Recommendation

GWCSO's sphere of influence is currently "positive," meaning the District could expand in the future. However, given that the parcels currently in GWCSO's do not use any of the District's roadways for access, LAFCO staff recommends that the SOI be shrunk so that it will be coterminous with the District's service boundaries.

#### Attachment:

Attachment A: Golden West Community Services District Municipal Service Review and Sphere of Influence Update (LAFCO Project No. 2015-04)

Attachment B: MSR Comments from Golden West CSD General Manager Marc Regelbrugge

Attachment C: Resolution L-2016-05  
Attachment C, Exhibit A: Proposed Golden West CSD SOI Map