

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 24, 2021

REGULAR MEETING

TO: Tim Palmer, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #10: OPEN THE PUBLIC COMMENT PERIOD FOR THE DRAFT MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE SIERRA OAKS COMMUNITY SERVICES DISTRICT (LAFCO PROJECT NO. 2020-05)

RECOMMENDATION

Staff recommends that the Commission:

1. Re-open the public hearing on the Municipal Service Review and Sphere of Influence Update for the Sierra Oaks Community Services District;
2. Receive and discuss the information related to this matter;
3. Accept statutory exemption §15061(b)(3) from environmental review as the appropriate environmental review;
4. Adopt Resolution L-2021-08, adopting the Municipal Service Review and Sphere of Influence Updates for Sierra Oaks Community Services District; and
5. Direct staff to complete the necessary filings and transmittals as required by law.

REASON FOR RECOMMENDED ACTION

The Commission opened the public hearing on the Sierra Oaks Community Services District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update at the January 27, 2021 meeting. This matter is now returned for final adoption. The Sierra Oaks 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.

BACKGROUND

Sierra Oaks Community Services District (Sierra Oaks CSD, SOCSO or simply District) maintains most (but not all) of the length of the almost one-mile long Sierra Oaks Drive (it's a little over three-quarter of a mile). The District is located on the north side of China Hill Road, approximately a quarter mile west of State Highway 49 in the El Dorado area of El Dorado County. Sierra Oaks Drive connects to the County-maintained China Hill Road to the south. Sierra Oaks Drive generally heads in a north-south direction except for the last seventh of a mile, when it splits and dead ends to the northwest (paved) and northeast (unpaved). The District maintains the length of Sierra Oaks Drive between China Hill Road and just short of the split.

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. Overall, the MSR found that the SOCSO provides sufficient road maintenance services within its boundaries and the roads are maintained at levels consistent with the residents' expectations, as identified by the SOCSO Board of Directors. The District's financial picture over the long term seems unclear given the lack of a special tax and low increment of property taxes. On the other hand, the road appears to be maintained well despite the low revenues.

MSR Determination 1 – The Sierra Oaks Community Services District only maintains Sierra Oaks Drive, the primary throughway to access 45 parcels, all of which are developed consistent with the zoning and land use designations. While there are other roadways that bisect and sprout off of Sierra Oaks Drive, these are considered private driveways.

The 2004 General Plan designates most of the District as Medium Density Residential (MDR), with variable residential zoning, ranging from R1A (Single Family Residential 1 Acre) to RE5 (Residential Estate 5 Acres). Since there are no undeveloped parcels within SOCSO's service area, there is no possibility for significant growth in population in the future aside from annexations or increasing the density of the existing parcels.

The territory surrounding Sierra Oaks CSD currently has five separate designations. To the north and east, the designation is MDR (Medium Density), the same as SOCSO. To the south, the designation is AL (Limited Agricultural). To the west, the designation is primarily LDR (Low Density Residential), but small portions are also designated RR (Rural Residential) and HDR (High Density Residential). The zoning around the District is more complex. To the northeast and south, the zoning is AG40 (Agricultural 40 Acres), to the west is RE5 (Residential Estates 5 Acres), to the northwest it is split between RL10 (Rural Lands 10 Acres) and R1 (Residential) and to the east it is R1A (Single Family Residential 1 Acre).

MSR 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. According to the most recent 5-year estimate data from the U.S. Census American Community Survey (2014-2018), the California statewide annual median household income is \$71,228; eighty percent of the statewide median household income is \$56,982, as defined by the Water Code. None of the resources used by LAFCO identified SOCSO or its sphere of influence as a disadvantaged community.

MSR Determination 3 – Sierra Oaks CSD's infrastructure consists of one primary roadway, less than a mile in length. The District maintains the length of Sierra Oaks Drive between China Hill Road and just short of the split. Sierra Oaks CSD does not own major roadway maintenance equipment or facilities. SOCSO contracts with private providers for roadway maintenance services on an as-needed basis. The various roadways that intersect Sierra Oaks Drive are not publicly dedicated roadways, so they are maintained by private parties.

A LAFCO staff driving tour of Sierra Oaks Drive in November 2020 found the road to be in good shape, with no bumps, potholes or cracks in the pavement. While the road is unmarked and narrow, it is wide enough to allow two vehicles to pass side-by-side. There are no paved shoulders on either side. The road is fairly flat in cross section; however, there is no evidence of water damage from improper drainage. There is no deep culvert or drainage ditch on either side of the road. There were a few patches on the road where some maintenance was performed in the recent past.

SOCSO operates similarly to other small CSDs in El Dorado County, with a volunteer Board of Directors, the use of contractors for large projects and relying on volunteers for minor maintenance. Currently, there is no designated general manager. Sierra Oaks CSD does not have a public office, paid staff, regular publications, a website, or a public phone line.

MSR Determination 4 – The District is financed through a portion of property taxes. SOCSO has two tax rate areas, receiving a percentage of property taxes between 1.8485% and 1.9692%. The District does not have a special tax or benefit assessment in place.

There are two key things that should be noted from the data provided in the study. First, the percentage of property taxes that SOCSO collects is much lower than other types of districts in the county. On average, road maintenance CSDs have property tax allocation percentage of about 4%; Sierra Oaks CSD has a percentage of less than half of that percentage.

The second key is that SOCSO has had to rely on its accumulated fund balance to afford its big expenditures in 2013-14 and 2018-19, more so than the other CSDs. This is partly because of the low amount of property tax revenues it collects on an annual basis. Annually, the total amount of property taxes adds to less than \$6,000. Even as it keeps its expenditures down, the District can only save about \$5,000 a year. The District will eventually run out of the saved fund balance. At that point, if nothing else changes, the District will take longer to accumulate funds in order to save enough money for periodic repairs.

MSR Determination 5 – The Sierra Oaks CSD does not own any facilities and does not share any facilities with another provider even though it is in close proximity to East China Hill CSD. While there would be no administrative cost savings (neither district employs staff or own equipment), both utilize contractors for large projects since both districts provide road maintenance services. If the districts can synchronize their respective finances and maintenance schedules, there may be an opportunity for them to issue a joint contract for services. This may produce savings to both districts by introducing some economies of scale. No other opportunities for shared facilities have been identified.

MSR Determination 6 – SOCSO is an independent special district, governed by a five-member Board of Directors. Quarterly Board meetings, notices and agendas appear to be consistent with all Brown Act requirements; although, the District does not own a website and its last audit noted that postings were inconsistent. The Board President replied the audit's observations were inconsistent with his experience. The District does not have a paid general manager and relies on licensed contractors to perform large and complex projects but relies on volunteers to conduct simple maintenance.

SOCSO appears to operate efficiently under its existing structure; the current governmental and management structures are appropriate to allow the District to provide necessary services and operate in an efficient and effective manner. No significant issues regarding local accountability were noted.

MSR Determination 7 – It is unlikely that SOCSO's services would induce urban growth or the premature conversion of agricultural land to urban uses. The CSD has no plans to expand, so there should be no additional impacts to the economic viability of surrounding agricultural operations.

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

SOI Determination 1 – Present land uses within the District include rural residential uses and one commercial use. The District is fully developed consistent with the land use

designation and zoning. No changes in the planned land uses are anticipated. The District is not looking to expand.

SOI Determination 2 – Present needs for public facilities and services are currently being met. 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. The District is not looking to expand road services beyond the maintenance of Sierra Oaks Drive or to expand its service boundaries. The District is also not looking to provide additional services beyond road maintenance. In addition, because the District is fully built out, there should not be an increase in the service demand for the District.

SOI Determination 3 – The present capacity of public facilities provided is adequate to serve the existing community for the short term. The report noted that revenues are not keeping up with the rising costs of providing services and the Board of Directors should strategize for the next step, if it has not done so already.

SOI Determination 4 – There are no social or economic communities of interest in the area. Nearby communities include the El Dorado area.

SOI Determination 5 – Not applicable to SOCSO since this district does not provide water, wastewater or fire services. While Sierra Oaks CSD does not provide any municipal services as defined in Government Code 56425(e)5, LAFCO has not identified any disadvantaged communities within the District's boundaries or on its sphere of influence.

Sphere of Influence Recommendations

This SOI was last updated on December 7, 2007. Based upon the information contained in this report, it is recommended that the Sierra Oaks CSD sphere of influence be reaffirmed to be concurrent with its service area boundaries as depicted in Attachment B.

Staff Outreach and Public Comment Period

Staff reached out to Karen Case, SOCSO Board President, on November 2020. Ms. Case reviewed an administrative draft of the report and provided comments to LAFCO staff. Those comments were incorporated into the report as appropriate. No other comments have been received.

Attachments:

- Attachment A: Draft Sierra Oaks CSD Municipal Service Review and Sphere of Influence Study (LAFCO Project #2020-05)
- Attachment B: LAFCO Resolution L-2021-08
- Attachment C: Notice of Exemption