

General Government Services II

Municipal Services Review

DRAFT

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El Dorado County Local Agency Formation Commission

Public Financial Management
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I. Introduction

The *General Government Services II, Municipal Service Review* (the “MSR”) is an evaluation of services provided by 9 local government agencies in El Dorado County. The MSR has been prepared to assist the El Dorado County Local Agency Formation Commission (“LAFCO”) meet the requirement of a municipal service review as set forth by state law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”; CA Government Code §56000 et seq.)).

The MSR evaluates the following local government agencies and municipal services.

	Airport	Cable TV	CC&Rs	Library	Public Transport
Local Government Agency					
Cameron Estates CSD			x		
Cameron Park Airport District	x				
Cameron Park CSD			x		
County Service Area No. 10				x	
El Dorado Hills CSD		x	x	x	
Georgetown Divide Recreation District					x
Kirkwood Meadows PUD		x			
South Lake Tahoe, City of	x	x	x		x
Tahoe City PUD					x

Statutory Requirements

The Government Code requires that LAFCO analyze and make “determinations” in nine areas relating to municipal services. As set forth in Section 56430 of the Code:

“LAFCOs must include in the area designated for municipal service review the county, the region, the sub-region, or other geographic area as is appropriate for an analysis of the service or services to be reviewed and, as noted previously, must prepare a written statement of its determination with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;

-
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
 8. Evaluation of management efficiencies; and
 9. Local accountability and governance.”

A determination is defined, for the purposes of this MSR, as an assessment of the adequacy of the municipal service in each of the nine areas identified in the Code based on common benchmarks, “best practices,” and minimum standards generally used in the management of local government services, including those identified by the Governor’s Office of Planning and Research in its *Local Agency Formation Commission Municipal Service Review Guidelines*.

The MSR is not a management audit of the local agencies. The MSR does not attempt to identify process improvements or changes in policies or procedures that have the potential to improve the delivery of municipal services. The MSR instead attempts to compare existing conditions of a particular local agency to minimum standards for performance and practices generally promoted by government, using data that are currently available.

Summary Information on Local Agencies

Detailed information regarding each agency subject to the MSR (unless the agency does not provide the particular service) is included in the section dedicated to the respective agency.

The following table provides summary information regarding each agency, including its population, number of employees that provide the service, and the total annual revenues and expenditures.

Agency	Population	Number of Employees ¹	Primary Funding Source	2005/2006 Total Revenues ²	2005/2006 Total Expenditures ²
<i>Cameron Estates CSD</i>			<i>Does not provide service</i>		
<i>Cameron Park Airport District</i> ³	380	*	Property assessment/ fuel sales	\$385,087	\$338,471
<i>Cameron Park CSD</i> ⁴	16,554	1	Property assessment	\$96,718	\$78,508
<i>County Service Area No. 10</i> ⁵	178,674	-	Property assessment	\$1,071,609	\$814,676
<i>El Dorado Hills CSD</i>					
Cable TV		-	Cable franchise fee	*	*
CC&Rs		1.5	Property assessment	\$178,037	\$182,822
Library			<i>Does not provide service</i>		
<i>Kirkwood Meadows PUD</i>	96	-	Cable franchise fee	\$7,243	\$771
<i>Georgetown Divide Rec. District</i>			<i>Does not provide service</i>		
<i>South Lake Tahoe, City of</i>					
Airport		5	Hanger rentals/tie-down fees	\$531,581	\$1,311,952
CC&Rs			<i>Does not provide service</i>		
Cable TV		-	Cable franchise fee	\$300,000	*
Public Transport		-	LTF fund	\$938,181	\$1,940,845
<i>Georgetown Divide Rec. District</i>			<i>Does not provide service</i>		

Notes:

¹ – Number of employees assigned to municipal service subject to review.

² – Revenue and expenditures associated with the municipal service subject to review.

³ – Revenue and expenditures for fiscal year 2004-05. Includes both “general fund” and “proprietary fund.”

⁴ – Revenue and expenditures for fiscal year 2003-04.

⁵ – Source: El Dorado County, *Proposed Budget & Workplan, Fiscal Year Ending June 30, 2008*, p. 275. Actual revenue and expenditures for fiscal year 2006-07.

* – Not available.

Summary of Determinations

The following table summarizes the significant determinations of the MSR. The determinations identify areas that LAFCO may wish to consider in its current and future analysis of service responsibility or spheres of influence for each local government agency.

Significant Determinations General Government Services II MSR

Agency	Determinations
Cameron Estates CSD	<ul style="list-style-type: none"> No longer authorized to provide CC&R enforcement
Cameron Park Airport District	<ul style="list-style-type: none"> Limited funding resources for ongoing airport costs; limited planning and public information available
Cameron Park CSD	<ul style="list-style-type: none"> No indications of service constraints; large cash balances
County Service Area No. 10	<ul style="list-style-type: none"> Ongoing need for voter approval results in significant funding uncertainty for library operations; increased public awareness may be beneficial
El Dorado Hills CSD	<ul style="list-style-type: none"> Extraordinary management efforts to develop CC&R policies and procedures and inform public; however, unable to recover cost of providing CC&R service
Georgetown Divide Recreation District	<ul style="list-style-type: none"> Does not currently provide public transport services

Significant Determinations General Government Services II MSR

Agency	Determinations
Kirkwood Meadows PUD	<ul style="list-style-type: none"> ▪ Limited responsibilities as cable franchisee; could consider increasing public outreach regarding customer service rights
South Lake Tahoe, City of	<ul style="list-style-type: none"> ▪ Airport remains an important regional asset; airport financial resources do not recover costs. ▪ Unique regional transit partnership may result in future management efficiencies and cost savings
Tahoe City PUD	<ul style="list-style-type: none"> ▪ Does not currently provide public transport services

Approach

The CKH Act requires that LAFCO make determinations with respect to 9 areas, but allows for a range of approaches and methodologies in order to make such a determination. This MSR attempts to make the required determinations (on behalf of LAFCO), using information prepared by the local agencies subject to the review, other government or regulatory agencies, trade groups, and news media. This information is evaluated using independent and credible criteria commonly used to evaluate municipal services, including minimum service standards, best practices, and averages for similar government agencies.

The MSR is not, however, a management audit of the local agencies, as this level of analysis has been deemed by LAFCO to be beyond the scope of the MSR. The MSR attempts to identify only those service concerns or issues that are known to exist, have been identified by the local agency subject to the MSR, or are revealed based on a comparison to minimum service standards, widely-used best practices, and averages for similar government agencies. The limited scope of the MSR restricts much of the analysis that could be undertaken to increase the efficiency and effectiveness of municipal service delivery.

II. Cameron Estates CSD

The Cameron Estates CSD is an independent special district formed in 1969 that provides streets and road construction and maintenance to the southern portion of the Cameron Park area. The District receives most of its funding from a portion of the general property tax and voter-approved special assessments.

The District no longer provides CC&R enforcement and is not authorized under the Government Code to provide such services. As part of the revision of the Community Services Law (Government Code Section 61000, et seq.) in 2005 (SB 135), municipal services that were previously authorized but not exercised as of January 1, 2006 are deemed “latent” and can only be reactivated upon approval by LAFCO.

The MSR addresses only CC&R enforcement for the District. As the District no longer provides this service, the MSR makes no determinations.

III. Cameron Park Airport District

The Airport District is an “airpark” that provides direct airport access to the residents of the district. The airport also plays a regional transportation function, and serves local commerce and other governmental use. As an independent special district, the Airport District has limited financial resources, and unlike a county or municipal airport, does not have other funds that can subsidize its operations. Because of its limited financial resources, the Airport District may face challenges in meeting the ongoing needs of district residents and non-residents that rely on its facilities.

Description

The Cameron Park Airport District primarily owns and operates the Cameron Airpark, which is a single runway general aviation airport about 2 miles north of Highway 50. The Cameron Airpark is a 100 acre residential airpark and allows planes to taxi directly to adjacent residences, where they may park their aircraft.

Determinations

1. Infrastructure Needs and Deficiencies

The Airport District infrastructure is comprised of its runways, taxiways, and hangars. The Airport District does not currently have an approved master plan or capital plan that identifies future infrastructure needs or deficiencies, and it is difficult to assess whether the Airport District has sufficient resources or an effective strategy to meet its needs.

2. Growth and Population Projections for the Affected Area

The population in the Airport District, as of December 2004, was 380. The Airport District does not prepare a population projection. The parcels within the District are all currently developed in accordance with the allowed land use designations. Consequently, the population is not expected to rise significantly from the most recent estimate. The Sacramento Area Council of Governments does project population for the “Cameron Park/Shingle Springs” area; however, this area is much larger than that of the District.

3. Financing Constraints and Opportunities

The Airport District receives the majority of its funding from a property assessment on all parcels within the Airport District. The current assessment is \$300 per year. The Airport District also imposes an access fee on non-residential use of the airpark.

As shown in the following table, the Airport District generated a moderate amount of net income in its general fund over the three fiscal years 2002-03 through 2004-05, but its cash balance steadily declined to \$34,304 as of June 30, 2005. The Airport District has transferred cash to its other major

fund – a proprietary fund that accounts for revenue and expenses associated with the Airport District fixed base operator enterprise (i.e. fuel sales and hangar and tie down rents). The proprietary fund had a cash balance of \$56,804 as of June 30, 2005.

**Historical Revenues, Expenditures, and Fund Balance
Cameron Park Airport District – General Fund**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues			
Special assessments	\$ 40,000	\$ 41,200	\$ 40,300
Property taxes	10,479	10,968	2,256
Commercial use	7,294	5,404	11,356
District tie down fees	9,985	6,599	11,334
Grants	75,211	247,981	85,096
Other	13,826	20,398	26,231
Total Revenues	<u>\$156,795</u>	<u>\$332,550</u>	<u>\$176,573</u>
Total Expenditures	\$179,129	\$312,626	\$163,979
Excess (deficiency) of revenues over expenditures	(22,334)	19,924	12,594
Transfer to Proprietary Fund	-	(38,723)	(50,510)
Fund balance, beginning of year	\$113,353	\$ 91,019	\$ 72,220
Fund balance, end of year	\$ 91,019	\$ 72,220	\$ 34,304

Source: Cameron Park Airport District

The Airport District's fixed base operator enterprise generated operating income in fiscal years 2002-03 through 2004-05, but the amount was insufficient to cover debt service and depreciation. The Airport District has two outstanding loans with the State that were used to finance hangars, the fuel facility, and land. The loan balance was \$387,361 as of June 30, 2005 and is payable through 2018. The loans represent a significant long-term fixed cost for the airport.

**Historical Revenues, Expenditures, and Debt Service
Cameron Park Airport District – Proprietary Fund**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Operating Revenue			
Fuel sales	\$194,082	\$190,806	\$160,864
Pilot supplies	488	101	235
Hangar and tie down rents	30,560	32,445	47,415
Total Operating Revenue	<u>\$225,130</u>	<u>\$223,352</u>	<u>\$208,514</u>
Operating Expenses			
Fuel	\$164,960	\$156,509	\$131,381
Salaries and wages	22,422	22,456	19,177
Other	35,474	24,402	23,934
Total Operating Expenses	<u>\$222,856</u>	<u>\$203,367</u>	<u>\$174,492</u>
Operating Income (before depreciation)	\$ 2,274	\$ 19,985	\$ 34,022
Debt service on loans	\$ 35,499	\$ 36,032	\$ 44,629

Source: Cameron Park Airport District

It is difficult to fully evaluate the sufficiency of Airport District financial resources to fund ongoing costs, as more recent financial data is not available and the Airport District does not have an approved capital plan. A determination that can be made, however, is that the Airport District has limited financial resources and a relatively sizeable amount of debt.

4. Cost Avoidance Opportunities

The Airport District is not currently undertaking any studies or initiatives that have the potential to reduce costs. The MSR has not independently reviewed the Airport District's operations to identify cost avoidance opportunities.

5. Opportunities for Rate Restructuring

The Airport District imposes tie-down fees for storage of aircraft on the airfield and an access fee for use of the airport by non-residents of the Airport District.

The Airport District has not recently increased its fees or determined whether the fees recover the cost of providing the services. The Airport District may wish to consider developing a fee policy that identifies the amount of costs to be recovered and frequency of reevaluating the fee amounts.

6. Opportunities for Shared Facilities

The Airport District facilities have a limited general aviation use and minimal opportunity for shared use.

7. Government Structure Options

The Airport District currently serves as the fixed base operator at the airpark, and administers the fuel sales and hanger rentals and tie down fees. A possible alternative government structure is for the District to contract with a private firm to serve as the fixed base operator. Private fixed based operators are used in several other general aviation airports in the area and may have the potential to increase profitability at the airpark.

8. Evaluation of Management Efficiencies

The Airport District is not currently undertaking any studies regarding the delivery of its services or whether its services can be provided more efficiently. The Airport District is in the process of preparing a Master Plan, which may identify long-term goals and an operating, capital investment, and funding plan intended to meet the stated objectives.

Small Airport Resources

The MSR does not attempt to independently identify management efficiencies that could be undertaken by the Airport District, which would have the effect of improving its operational or financial performance. This level of review is beyond the scope of the MSR. There are a number of practices or initiatives that the Airport District could consider, which other small airports have implemented in an attempt to improve their financial position.

According to the bond rating agency Moody's, small airports may have more opportunities to benefit from alternate revenue streams, as these airports are not dominated by commercial carriers and may also have a closer relationship to their respective community, which can minimize potential opposition to airport development. Many small airports attempt to diversify and increase their financial resources through on-airport hotels, real estate development, and managing gas and oil resources.

Many small airports also take advantage of the Federal Aviation Administration's Airport Improvement Program ("AIP"), which provides grants for infrastructure development projects that will bring airports up to current design standards and add capacity to congested airports. Small airports that are significant to national air transportation, including Cameron Airpark, are eligible to receive federal grants under the AIP.

9. Local Accountability and Governance

The Airport District is a relatively small district with an estimated 100 parcels within its boundaries. The size of the Airport District should make its board and staff highly accessible to the property owners. However, there is limited public information available regarding Board meetings and Airport District finances. The Board meeting dates and agenda or Airport District budgets

and financial statements are not posted on any web site, which may make it difficult for property owners and the general public to be informed about important issues regarding the Airport District. The internet is a relatively low cost method that most local governments use to disseminate important governance and financial information to the general public.

IV. Cameron Park Community Services District

The District has performed an increasing level of CC&R enforcement services and there are no indications of any significant dissatisfaction with the District. The District appears to have sufficient financial resources to perform its services, having accumulated a relatively large fund balance. The District has an informative internet website that provides a significant amount of information on CC&R enforcement and Board meetings. This allows property owners to be informed about District rules and responsibilities and its ongoing activities. The District does not, however, post its financial information – doing so would allow citizens to be better informed regarding the District’s financial condition and make the District more accountable for the use of public funds.

Description

Cameron Park Community Services District provides fire protection, street lighting and landscaping, solid waste collection, park and recreation, and CC&R enforcement services to the residents within its boundaries. The District was formed in 1967 and is in the Cameron Park area north of Highway 50, covering a total area of 6.7 square miles. The District population is estimated at 16,554. The District receives revenues in the form of property taxes, assessments, development impact fees, and facility use fees.

The District’s primary source of revenue is an allocation of the general property tax, which is used for fire and parks and recreation services. The District receives approximately 21% of the 1% general property tax. The District funds its CC&R and lighting district services with special assessments.

This MSR only addresses the District’s responsibility for CC&R enforcement.

Covenants, Conditions & Restrictions

The District currently enforces 68 different CC&Rs. The CC&Rs include the following:

- Domestic household pets must be kept in individual yards.
- No debris, old cars or machinery, or lumber and building materials shall be stored on any lot, except that supplies and machinery currently being used in the construction of an approved dwelling may be stored in a neat workman like manner during the construction of said dwelling.
- Exterior antenna or satellite receiving stations visible from the street in front of a lot shall not be permitted to be placed upon any lot or roof of

any structure erected thereon unless approved by the ACC (Architectural Control Committee).

- Curtains, drapes, shutters or blinds may be installed as window coverings. No window shall be covered with bed linens, cardboard or similar materials after the residence has been occupied.
- No owner shall do any act or construct any improvement which would interfere with the natural or established drainage system or patterns within the project without the approval of the Committee.

Determinations

1. Infrastructure Needs and Deficiencies

The District does not appear to require capital or infrastructure in order to enforce CC&Rs. The District has no identified infrastructure needs or deficiencies.

2. Growth and Population Projections for the Affected Area

The District reported population of 16,554 in 2005. The District does not prepare population projections. The Sacramento Area Council of Government (“SACOG”) prepares projections for the “Cameron Park/ Shingle Springs Regional Analysis District.” However, this area is much larger than the Cameron Park CSD. SACOG estimates that the population in the Cameron Park/Shingle Springs RAD will increase to 42,350 by 2035, which is an average annual rate of 1.2%.

Population Projection Cameron Park/Shingle Springs RAD

	<u>2001</u>	<u>2035</u>	<u>Average Annual Growth Rate 2001-2035</u>
Cameron Park/Shingle Springs RAD	28,054	42,350	1.22%

Source: Sacramento Area Council of Government

3. Financing Constraints and Opportunities

The District receives funding from a \$12 property assessment that is dedicated for CC&R enforcement. The funding appears sufficient to meet current District needs, as the District has reported revenues in excess of expenditures for the three fiscal years 2001-02 through 2003-04. The District maintained a CC&R fund balance of \$118,542 as of June 30, 2004, which was 123% of total annual revenues.

**Historical Revenues, Expenditures, and Fund Balance
Cameron Park CSD – CC&R Fund**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues			
Direct special assessments	\$61,861	\$77,580	\$77,318
Operating transfer in	-	20,000	-
Fees and charges	-	-	17,894
Other	5,818	1,029	966
Total revenues	\$67,679	\$98,609	\$96,718
Expenditures	\$89,611	\$80,458	\$78,508
Excess (Deficiency) of Revenues over Expenditures	(21,932)	18,151	17,670
Fund balance, beginning of year	\$104,653	\$ 82,721	\$100,872
Fund balance, end of year	\$ 82,721	\$100,872	\$118,542

Source: Cameron Park CSD

The District CC&R property assessment of \$12.00 per parcel is comparable to the \$10.00 CC&R assessment in the neighboring El Dorado County CSD.

**CC&R Property Assessments
Selected El Dorado County Areas**

<u>Name</u>	<u>CC&R Property Assessment</u>
Cameron Park CSD	\$12.00
El Dorado Hills CSD	\$10.00

4. Cost Avoidance Opportunities

The District is not currently undertaking any formal cost savings or avoidance initiatives.

5. Opportunities for Rate Restructuring

The District is responsible for the approval of structural and cosmetic changes to property that is subject to CC&Rs. The District imposes an “architectural review fee” for the service. The District does not have a formal policy for setting this fee.

A summary of the District architectural review fee schedule is shown in the following table. The current design review fees imposed by the District are lower than those charged in neighboring El Dorado Hills.

Comparison of Architectural Review Fees

<u>Description</u>	<u>Cameron Park CSD</u>	<u>El Dorado Hills CSD</u>
New Home	\$270	\$770
Room Addition	\$100	\$300
Swimming Pool	\$100	\$195
Storage Shed	\$50	\$85
Roof	\$50	\$85
Exterior Paint	\$35	\$60
Fence, Retaining Wall	\$35	\$85
Landscaping	\$35	\$85
Tree Removal	\$35	\$60
Miscellaneous	\$35	\$60

Source: Cameron Park CSD, El Dorado Hills CSD

6. Opportunities for Shared Facilities

The District has limited need for facilities to perform CC&R services, as this service is currently staffed with one position.

7. Government Structure Options

The enforcement of CC&Rs by an independent special district is a relatively unique government structure, as only 8 districts are authorized under the Government Code to perform this service.¹ CC&R enforcement is commonly provided by private management associations.

The District is not aware of any demand from property owners for a change in the enforcement of CC&Rs. However, the District has not undertaken any community outreach or surveys to determine property owner satisfaction. An option for new development within the District boundary would be to use a management association as opposed to District enforcement. District staff indicates that when it researched this option they found it to be “too expensive and not cost effective.”

8. Evaluation of Management Efficiencies

The District is not currently undertaking any formal management studies relating to the performance of CC&R enforcement services.

9. Local Accountability and Governance

The District maintains an extensive internet website that includes a substantial amount of relevant information. The website includes:

- Detailed information on CC&R and CC&R compliance, and the architectural review fee

¹ Government Code, Section 61105(e)

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- Board of Directors and Committee names and contact e-mails, as are those for staff and committees.
 - Minutes for regular and special Board meetings are archived to 2003, though the most recent posted is for 2/21/2007.
 - Minutes are detailed, including information on purchases of equipment, planning matters, department matters, committee report information, etc.
 - Board agendas are posted 72 hours prior to the meetings. One can also request to have the agenda sent via email or regular mail on a monthly basis. Board meetings are held monthly in the evening at 7:00 p.m.

There is virtually no financial information posted on the District website. The District may wish to consider providing access to financial statements and annual budgets so that citizens are better informed regarding the District's financial condition and use of public funds.

V. County Service Area No. 10

Much of the CSA library services are dependent on a limited funding source - a special tax or property assessment - that requires periodic approval from property owners. The ongoing reliance on property owners results in uncertainty regarding a large portion of CSA library service revenues and its ability to fund ongoing operations. The CSA provides a limited amount of information to the general public regarding the use of the special tax and property assessment on library services, which may hamper its ability to generate continued public support.

Description

County Service Area No. 10 (the “CSA”) is a dependent special district formed in 1988 that serves as a funding vehicle for enhanced waste management and library services to the area. The CSA does not have any staff or assets. The CSA library services are divided into five separate “zones of benefit” (D, E, F, G, and H) that each contributes various levels of funding from special taxes or a property assessment. The amount of special taxes or property assessment is transferred to the County and provides the revenue for “enhanced” library services within the zone that generates the revenue. All library service is provided by the County of El Dorado and expenditures not paid for by the CSA special taxes or property assessment are funded from the County General Fund.

The MSR addresses only the library services provided by the CSA and not the library service provided by the County or the CSA waste management services. As the CSA is essentially a funding vehicle, many of the core library services that are performed by the County are not addressed.

Determinations

1. Infrastructure Needs and Deficiencies

The CSA does not own any assets and is not, per se, responsible for planning and funding library infrastructure needs. However, the CSA does provide funding for both the operations and capital needs of County libraries within the zones that currently contribute special taxes or property assessments.

2. Growth and Population Projections for the Affected Area

The CSA encompasses the same territory as the County. The population in the County has grown by 52,679 since 1990, averaging 2.08% per year. This rate of growth is higher than the statewide 1.40% rate over the same time period.

**Historical Population
El Dorado County and State of California**

	<u>1990</u>	<u>2000</u>	<u>2007</u>	<u>Average Annual Growth Rate 1990-2007</u>
El Dorado County	125,995	156,299	178,674	2.08%
State of California	29,758,213	33,873,086	37,662,518	1.40%

Source: California State Department of Finance

The State projects that County population will reach 247,570 in 2030, which is an average 1.40% increase per year.

3. Financing Constraints and Opportunities

The CSA is funded from a special tax or property assessment imposed in the zones of benefit. The CSA has authority to impose a special tax or assessment in all but zone H. The special tax or property assessment must be expended in the zone where collected, but there is no requirement that service levels are related to the amount of zone revenue.

**Property Assessments
CSA No. 10 Zones of Benefit**

<u>Zone</u>	<u>Region(s)</u>	<u>Annual Assessment</u>	<u>Expiration Date</u>
D	Cameron Park	\$25.00	none
E	El Dorado Hills, Latrobe	\$25.00	none
F	Kirkwood, South Lake Tahoe	\$15.00	2015
G	Georgetown, Garden Valley, Kelsey Pilot Hill, Placerville, El Dorado,	\$15.00	2015
H	Pollock Pines, Strawberry	none	N.A.

The CSA serves as a supplemental funding vehicle for the County. The balance of funding needed for the operation of the County libraries is provided from the County General Fund. The Board of Supervisors is required to budget and allocate from the General Fund at least 100% of the special tax collected in zones F and G for the operation of the County library system. The County owns all library system assets and all library staff are employees of the County.

The limitation on the term of the special tax in zones F and G and the failure of the CSA to obtain voter approval for a continued special tax in zone H significantly restricts the operations of the libraries. The CSA relies on the special tax and assessment for annual, ongoing costs and the loss of this revenue can result in a commensurate loss of service or a diversion of County general fund revenue from other services.

4. Cost Avoidance Opportunities

The CSA is not currently undertaking any studies or analysis involving cost avoidance opportunities within the limited functions of the CSA.

5. Opportunities for Rate Restructuring

The CSA does not impose any fees or charges. All appropriate fees for library services are managed by the County.

6. Opportunities for Shared Facilities

Given the CSA does not have staff or own any assets, there are no apparent opportunities for either the CSA to utilize shared facilities or for other entities to use CSA assets.

7. Government Structure Options

The CSA has a relatively unique government structure, as it is primarily a funding vehicle for enhanced library services. An alternative government structure for a library financing vehicle (that is used in at least one other California county) would be a community facilities district or “Mello-Roos” district, which would allow the imposition of a special tax in some or all of the zones, subject to 2/3rd voter approval. There do not appear to be significant advantages of a community facilities district versus the CSA structure, as both have the potential to provide the same amount of revenue upon voter approval. As discussed in “Financing Constraints and Opportunities” above, the greatest challenge for the CSA is obtaining a reliable source of funding.

8. Evaluation of Management Efficiencies

The CSA is not currently undertaking any formal studies to identify ways to operate the limited CSA funding more efficiently.

9. Local Accountability and Governance

The CSA does not maintain a separate internet website and a portion of the County website is not dedicated to the CSA. The lack of internet information makes it difficult for citizens within the CSA to stay informed regarding the current and planned use of the property assessment.

The County budget includes the CSA; however, the approved budget does not identify funding by zones or the specific use of property assessments. The budget also does not identify any strategic goals or mission statement for the CSA or performance measures (although these are included for the County Library department). Strategic goals help to make local government more accountable to the general public as they demonstrate that the approved mandates of the local government are being pursued. The use of performance measures helps to gauge whether the local government is making progress toward its stated goals. The implementation of a detailed

CSA budget, and approved goals and performance measures could help the CSA better demonstrate its purpose and use of tax revenue to its constituents.

VI. El Dorado Hills Community Services District

The District has made extraordinary efforts to develop clear policies and procedures for its Covenants, Conditions and Restrictions (“CC&R”) enforcement service and keep its residents well informed about CC&Rs. The District provides detailed information on its website on CC&R policy, enforcement, and responsibilities. However, the revenue the District receives for CC&R enforcement - a property assessment and fees for service - does not appear to recover the cost of providing the service, even though almost half of the District does not utilize the service.

Description

The El Dorado Hills Community Service District was formed in 1962 and provides approximately 35,000 people in the El Dorado County area with recreation services, public parks, solid waste and recycling collection, and franchises local cable television service. The District’s service area is centered in the vicinity of the El Dorado Hills Boulevard/Silva Valley Parkway area north of Highway 50. The District has experienced precipitous growth in recent years.

El Dorado Hills Community Service District operates 31 parks encompassing 211.4 acres, and manages recreational programs for citizens within District boundaries. The District also provides solid waste management services through a franchise agreement with Waste Connections Inc. (dba El Dorado Disposal Services Inc.), which is effective through 2012. Comcast has a franchise to provide cable television services to residents of the area. The current 20-year cable franchise will expire in 2023. For both cable television and solid waste franchises, the District receives five percent of gross revenues as a franchise fee.

The MSR addresses only the cable television franchise, CC&R enforcement, and library services provided by the District. However, the District did not provide library services as of January 1, 2006. As a result, this service is considered a “latent” power and cannot be reactivated by the District unless approved by LAFCO.

Covenants, Conditions & Restrictions

El Dorado Hills CSD currently enforces CC&Rs in 106 separate subdivisions. The CC&Rs differ among the various units in subdivisions. The CC&R’s may require home improvements to be reviewed by an Architecture or Design Review Committee (“DRC”). The volunteer DRC meets weekly to review new home applications and home improvement applications. Examples of CC&Rs are:

- No residence shall be erected, altered, placed, or permitted to remain on any parcel which has less than 3,000 square feet of interior living area exclusive of porch, garage, or patio.
- No billboard or advertising signs shall be placed on any parcel.
- All driveways shall be paved with asphalt, concrete, bricks or other hard surface. No gravel driveway shall be permitted.
- No outside clothesline or other outside clothes drying or airing facilities shall be maintained on any parcel.
- No fences shall be constructed or erected on any parcel without the prior written approval of the Committee.
- No commercial vans, boats, off-road motorcycles, campers, motorhomes, trailers or other recreational vehicles of any type shall be kept or parked in any driveway, sidewalk or yard area within the lots.

Determinations

1. Infrastructure Needs and Deficiencies

The cable television franchise and CC&R enforcement services provided by the District have very limited capital needs. The District does not have any dedicated staff for its cable television franchise service. The District reports that it employs one full-time and one half-time position for CC&R enforcement.

2. Growth and Population Projections for the Affected Area

The District has experienced precipitous population growth over the last 15 years. The District reports in its financial statement that in 2006 the California State Department of Finance estimated that the District served approximately 35,276 people. This is an increase of 191% from 1991 and an average annual growth rate of 7.39%.

Historical Population El Dorado Hills CSD

	<u>1991</u>	<u>2001</u>	<u>2006</u>	Average Annual Growth Rate 1991-2006
El Dorado Hills CSD	12,105	21,917	35,276	7.39%
El Dorado County	130,181	160,468	176,637	2.06%

Source: El Dorado Hills CSD, California State Department of Finance

According to District projections, its population is expected to increase to 44,000 by 2015.

**Population Projection
El Dorado Hills CSD**

	<u>2006</u>	<u>2015</u>	<u>Average Annual Growth Rate 2006-2015</u>
El Dorado Hills CSD	35,276	44,000	2.49%

Source: El Dorado Hills CSD, *Comprehensive Annual Financial Report For the Year Ending June 30, 2006*, p. iii.

3. Financing Constraints and Opportunities

CC&R Enforcement

The District receives a dedicated property assessment of \$10 per parcel for CC&R enforcement services. The District employs one full-time and one half-time position to perform CC&R enforcement services, which include CC&R compliance, legal enforcement, and design review. The District reports that it also contracts for a “Home Improvement Inspector” on an hourly basis. Additionally, the District reports that its Assistant General Manager contributes 125 hours (6% of her salary) supervising staff and meeting with the CC&R sub-committee and that contracted legal services are a considerable portion of the CC&R/design review budget.

For the three fiscal years 2003-04 through 2005-06, the CC&R property assessment and design review fee has not always recovered the allocated cost of providing the services. The CC&R Special Revenue Fund, which the District was created to monitor CC&R revenues and expenditures has accumulated a negative fund balance, which implies that the District “general fund” has been used to supplement CC&R services.

**Historical Revenues, Expenditures, and Fund Balance
El Dorado Hills CSD – CC&R Special Revenue Fund**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Revenues			
Property taxes/assessments	\$111,294	\$115,649	\$119,953
Charges for current services	61,702	69,168	57,170
Other	983	1,899	914
Total revenues	\$173,979	\$186,716	\$178,037
Expenditures	\$178,898	\$172,036	\$182,822
Excess (Deficiency) of Revenues over Expenditures	(4,919)	14,680	(4,785)
Fund Balance, beginning of year	\$(76,354)	\$(81,273)	\$(66,593)
Fund Balance, end of year	\$(81,273)	\$(66,593)	\$(71,378)

The District's revenues appear to be relatively stable and a reliable source of funding. The District's property assessment is imposed on each parcel and population has steadily grown. The charges for current service (the design review fees) are set to recover the cost of providing the service and conceptually should offset related expenditures.

The District has no reported fixed costs – its primary CC&R expenditures are direct and indirect personnel costs for staff that perform CC&R functions. The District may have the potential to reduce these costs either through a reduction in service level or increased productivity, in an attempt to better match ongoing revenues and expenditures. Any attempt to reduce service levels or increase productivity would likely involve additional analysis by the District on the specific duties required to perform the CC&R responsibilities and the District's current method of performing these functions.

While the District has struggled to recover the cost of CC&R services, not all homeowners rely on the District to enforce CC&Rs. According to the District, almost half of the existing and newer homes in El Dorado Hills have their own homeowner's association that provide CC&R enforcement and design review services for their residents. The District still collects \$10 per parcel on these homes, but has no active enforcement or review duties.

The District may wish to evaluate its cost of providing the CC&R service or the amount of the design review fees to determine if CC&R costs can be fully recovered. The District has considered the possibility of increasing the property assessment from its current level of \$10. However, as discussed in the following summary, a recent survey of residents showed little support for such an increase. LAFCO should consider the District's ability to fully fund CC&R enforcement services in making any future determinations regarding boundary changes or sphere of influence.

El Dorado Hills CSD June 2004 Assessment Survey

The El Dorado Hills CSD conducted an Assessment Survey in June 2004 that asked residents how they would vote on an increase in the CC&R assessment by up to \$15 per year. The majority of respondents replied 40% "Definitely No" and 17% "Probably No," in comparison to 20% "Definitely Yes" and 18% "Probably Yes."

After respondents were given additional information on the purpose of CC&R's, they were asked again how they would vote on the increase. The majority of respondents still replied "Definitely No" or "Probably No," 44% and 13%, respectively.

After respondents were given both positive and negative arguments about the proposal to increase the assessment up to as much as \$15, the majority of respondents still replied "Definitely No" or "Probably No" to the increase.

Cable Television Franchise

The District receives a 5% cable franchise fee pursuant to the terms of the franchise agreement with Comcast. The franchise fee helps fund the District's costs of providing access to cable system infrastructure, and any costs related to the District's responsibilities under the franchise agreement, such as responding to customer complaints. The District does not account for costs specifically relating to the cable television franchise.

4. Cost Avoidance Opportunities

The District is not currently undertaking any formal studies that would reduce the cost of providing cable or CC&R services.

5. Opportunities for Rate Restructuring

The District sets fees for design review relating to its CC&R enforcement and has a role in the rates paid for cable television services as the cable franchisee.

Design Review Fees

The District imposes fees for its design review services as shown in the following table. The District's fees are higher than the fees charged for similar services at the neighboring Cameron Park CSD. The District increased the fees in August 2007. The District has a policy to "maintain fees at a level that is directly proportional to the cost incurred by the District in providing design review services under the applicable CC&Rs."²

² El Dorado Hill CSD, *DRC/CC&R Guidelines Manual*, March 2007.

**El Dorado Hills CSD
Comparison of Design Review Fees**

<u>Description</u>	<u>El Dorado Hills CSD</u>	<u>Cameron Park CSD</u>
New home construction	\$770	\$270
Pool construction	\$195	\$100
Room addition	\$300	\$100
Landscaping	\$85	\$35
Fencing	\$85	\$35
Flatwork, RV pad, sport court	\$85	\$35
Deck, patio, trellis	\$85	\$35
Shed, gazebo, play structure	\$85	\$50
Roofing	\$85	\$50
Miscellaneous	\$60	\$35

Source: El Dorado Hills CSD, Cameron Park CSD

Cable TV Rates

The franchise agreement allows the District to regulate the “basic cable services rates.” Federal law allows local cable franchising authorities to regulate the rates for the “basic services tier,” which include local broadcast station and any public, educational, and governmental channels. Any other tier of service or pay-per-view channels is not regulated.

As shown in the following table, the basic cable rates in El Dorado Hills are low relative to other cable providers in El Dorado County. The Comcast “Basic” cable service includes 23 channels; the “Expanded Basic” has an additional 38. The cable franchise with Comcast ends in 2023 and at such time, the State of California will issue any future cable franchise.

**Monthly Cable Charges
Selected El Dorado County Area**

<u>Name</u>	<u>Monthly Basic Cable Charge</u>	<u>Monthly Expanded Basic Cable Charge</u>
El Dorado Hills CSD (Comcast)	\$9.00	\$51.15
Kirkwood Meadows PUC (Volcano Vision)	\$16.95	\$38.99
City of South Lake Tahoe (Charter Communications)	\$20.00	\$53.00

6. Opportunities for Shared Facilities

The District does not have any dedicated staff relating to its cable franchise and has one full-time and one half-time position for CC&R enforcement. The District CC&R services require a minimal amount of office space, meeting space, and storage space, which limits the opportunities for shared facilities.

7. Government Structure Options

CC&R Enforcement

The District is authorized to enforce CC&Rs under the Government Code, and received voter approval to provide this service in 1983. Many, but not all of the residential developments within the District have delegated CC&R enforcement to the District. The District could potentially exit this service, through approval by property owners. The CC&R enforcement service could be delegated to a newly created homeowners association. Such a dissolution of CC&R enforcement service could be financial beneficial to the District, given its CC&R revenues do not consistently recover the cost of providing the service.

Cable Television Franchise

The District's cable television franchise with Comcast expires in 2023. There are limited alternative government structures for cable service prior to 2023, unless Comcast agrees to terminate the existing agreement.

8. Evaluation of Management Efficiencies

The District has developed policies, procedures and guidelines for its design review services that give general guidelines and an interpretation of the District's policies for this service. The District has also developed a "DRC/CC&R Guidelines Manual" that describes the District's responsibilities, fees, process, and approval criteria.

The policies and procedures and guideline manual ensure that the District follows consistent practices and demonstrates that the District is attempting to meet its stated mandate or purpose.

The District is not currently undertaking any studies relating to CC&R enforcement or the cable television franchise that have the potential to more effectively deliver the service.

9. Local Accountability and Governance

The District maintains an extensive internet website that provides a substantial amount of important information relating to District governance and finances, including:

- Board of Directors names, e-mails, and phone numbers are listed.
- El Dorado County Supervisor's Office names and phone numbers also listed.
- Event Calendar (Includes dates, times, locations, and contact information related to Board of Directors Meetings, Area Planning Advisory

Committee Meetings, Board Solid Waste Committee Meetings, LAFCO meetings, etc.).

- Board of Directors
 - Includes agenda archives and minutes (for regular and special meetings) from 2002-current. Most recent posted is July 12, 2007
 - Agendas appear to be detailed, including footnotes inviting the public to comment during certain portions of the meeting, detailed contact information for people who provided written communications relevant to the meeting, names of individuals responsible for reporting during each section, ADA compliance statement, etc.
 - No attachments appear to be posted related to the agendas
 - Meetings take place at 7:00pm. Committee meetings also appear to take place in the evening, making them accessible to the public.
- The 2006-2007 Budget is posted, as well as the 2006 CAFR. An explanation of what the Administration and Finance Department is responsible for is also included.
- There does not appear to be any information on elections.
- Announcements – including invitations to participate (i.e. the Design Review Committee).
- Links to District Planning Documents.
- Links to reporting on community issues (i.e. environmental reports, transportation, etc.)
- List of downloadable documents and forms (permits, programs, volunteer, etc.)

The large amount of pertinent information provided by the District allows residents to be thoroughly informed regarding CC&Rs, the role of the District in enforcement and design review, and the use of public funds - all of which makes the District highly accountable to its constituents.

VIII. Georgetown Divide Recreation District

Georgetown Divide Recreation District is located approximately 1.5 miles north of Coloma in the Georgetown area, and comprises 412 square miles. The District provides parks, recreation, lighting, and landscaping services. The District is also empowered to provide transportation services to its residents. The District was created in May of 1988 and has major facilities at Georgetown Park, Garden Valley Park, Buffalo Hill Pedestrian Path, Baylor House Historic Park, and Beam Field.

The District has and currently does not provide public transport services. Therefore, the MSR makes no determinations regarding this service.

IX. Kirkwood Meadows Public Utility District

The District has very limited responsibilities under its cable franchise agreement and is not authorized to regulate cable rates. However, the District could increase efforts to inform residents of their rights under the agreement, particularly those relating to customer service.

Description

Kirkwood Meadows Public Utility District is located in Alpine, Amador, and El Dorado Counties and provides water, sewer, and solid waste services to residents within its boundaries.

The District also manages the cable television franchise with Volcano Vision. The MSR only addresses the District's services regarding the cable franchise.

Determinations

1. Infrastructure Needs and Deficiencies

The District has very limited responsibilities under the cable franchise agreement. There are virtually no staff or facilities needs for this service.

2. Growth and Population Projections for the Affected Area

The largest community in the District is the unincorporated area of Kirkwood, which is in proximity to a major resort. Neither the District nor SACOG prepare population projections for the area. The area of Kirkwood is a "census-designated place" as defined in the U.S. Census and had a reported population of 96 in the 2000 Census.

3. Financing Constraints and Opportunities

The District has very limited responsibilities under the cable franchise agreement and does not have staff dedicated to perform services related to the cable franchise. The District collects a 5% cable franchise fee under the terms of the agreement. As shown in the following table, for the period fiscal year 2004-05 and 2005-06, the cable franchise fee revenue has greatly exceeded the costs allocated to perform the service.

**Historical Revenues, Expenditures, and Income
Kirkwood Meadows PUD – Cable Franchise**

	<u>Actual 2004-05</u>	<u>Actual 2005-06</u>	<u>Budget 2006-07</u>
Revenues			
Franchise fee	\$9,316	\$7,235	\$9,700
Other	9	8	10
Total revenues	<u>\$9,325</u>	<u>\$7,243</u>	<u>\$9,710</u>
Expenditures			
Material & supplies	-	-	8,000
Other	651	771	1,135
Total expenditures	<u>\$ 651</u>	<u>\$ 771</u>	<u>\$9,135</u>
Income/(loss)	\$8,675	\$6,473	\$ 575

Source: Kirkwood Meadows PUD

4. Cost Avoidance Opportunities

The District is not undertaking any studies or initiatives that would reduce the cost of providing the District's services relating to the cable franchise.

5. Opportunities for Rate Restructuring

The District has entered into a franchise agreement with Volcano Vision, Inc., which terminates in 2011. The franchise agreement does not give the District the right to regulate the rates charged for cable service.

Nevertheless, the cable rates in the District are somewhat comparable to other areas in the region. Both the basic and expanded cable rates are less than the amounts charged in South Lake Tahoe.

**Monthly Cable Charges
Selected El Dorado County Areas**

<u>Name</u>	<u>Monthly Basic Cable Charge</u>	<u>Monthly Expanded Basic Cable Charge</u>
El Dorado Hills CSD (Comcast)	\$9.00	\$51.15
Kirkwood Meadows PUC (Volcano Vision)	\$16.95	\$38.99
City of South Lake Tahoe (Charter Communications)	\$20.00	\$53.00

6. Opportunities for Shared Facilities

The District does not dedicate staff for its cable franchise and has limited facilities needs. Because of the negligible facilities needs, there are no apparent opportunities for shared facilities relating to the cable franchise.

7. Government Structure Options

Upon the termination of the existing agreement with Volcano Vision, any future cable franchise will be administered by the State. There are limited government structure options prior to that time, unless the existing agreement is terminated prior to its duration.

8. Evaluation of Management Efficiencies

The District is not currently undertaking any initiatives or studies relating to the more effective delivery of its responsibilities under the cable franchise.

9. Local Accountability and Governance

The District does not provide a large amount of information regarding its responsibilities and rights under the cable franchise. The District does not distribute information directly to cable customers or post public information regarding rights under the cable franchise.

In addition, the District does not post detailed information of its general governance and finances on its website. The website does not include information regarding Board elections or any financial information, such as the audited financial statements and approved budgets. The District website includes:

- Board agenda (most current agenda listed is June 14, 2007)
- Agenda and minutes do not include attachments of staff reports
- Names of Board of Directors, but no individual contact information.
- Water and sewer rates

The District may wish to consider posting additional information regarding its cable franchise, overall governance and financial management. Information of this type would allow residents to remain informed and better understand their rights under the cable franchise agreement. Additional financial information would increase public awareness of the franchise facility fee and allow the District to be more accountable for the use of this public resource.

V. City of South Lake Tahoe

The City's airport is an important component of the regional and inter-regional transportation system in this heavily visited region. The Airport does not produce sufficient revenue to recover its costs and any future efforts to increase profitability may be hampered by a settlement agreement that restricts its operations.

Description

The City of South Lake Tahoe is a general law city that provides a wide-range of municipal services to its residents, including police, fire, parks and recreation, redevelopment, community development (planning and building), snow removal and street maintenance. The City is centered on the south shore of Lake Tahoe.

The MSR addresses the City's airport, cable franchise, CC&R enforcement, and public transport services.

The City has not and does not currently provide CC&R enforcement. The MSR makes no determinations regarding CC&R enforcement.

Determinations

1. Infrastructure Needs and Deficiencies

The City continues to be a major tourist destination, drawing 2 million visitors per year. This level of tourism places ongoing demands on the City's infrastructure. In addition, the Tahoe region is at risk for major brushfires and must maintain its transportation infrastructure to provide access for emergency response.

Airport

The City owns and operates the Lake Tahoe Airport, which is a small, general aviation airport that receives an estimated 18,000 flights per year. The Airport does not currently handle commercial flights. The Airport operates under a 1992 settlement agreement involving the League to Save Lake Tahoe, Tahoe Regional Planning Agency ("TRPA"), and the State Attorney General's Office that limits the type and volume of flights.

The City prepares a five-year Airport CIP that identifies its planned infrastructure. The City has planned a substantial amount of improvements at the Airport, including the rehabilitation of the runway and terminal area ramp, which is expected to be funded primarily by the FAA and State. As shown in the following table, the City expects to expend almost \$29 million at the Airport.

The Airport's Strategic Plan calls for a return of inter-regional air service to provide an alternative to the automobile, with the airport becoming the transit hub.

**Capital Improvement Program
Lake Tahoe Airport
(2007 Dollars)**

<u>Year</u>	<u>Total Costs</u>	<u>FAA/State Funded</u>	<u>City Funded</u>
2008	\$ 5,274,400	\$ 5,135,711	\$138,689
2009	4,416,000	4,300,080	115,920
2010	1,330,000	1,295,087	34,913
2011	8,112,000	7,899,060	212,940
2012	1,145,000	1,114,943	30,057
2013	526,000	512,192	13,808
2014	700,000	681,625	18,375
2015	4,240,000	4,128,700	111,300
2016	1,061,000	1,033,149	27,851
2017	2,100,000	2,044,875	55,125
Total	\$28,904,400	\$28,145,422	\$758,978

Public Transport

The City is part of a consortium of public and private entities called "BlueGo," which provide transit and on-demand service to the area. The consortium is governed by a board that includes a representative from the City. While part of a consortium, the City manages a contract for services with Area Transit Management ("ATM") for services within the City limits. The infrastructure needs of BlueGo are evaluated by its board. The transit service is provided through contract with ATM, which is responsible for vehicle facilities needs.

The City also owns a Heavenly Valley Transit Center and transit center at the "Y." Both facilities serve public transit needs. The Heavenly Village Transit Center also provides information about tourist attractions in the basin as part of a collaborative effort with Federal and State agencies called Explore Tahoe.

2. Growth and Population Projections for the Affected Area

The City has experienced relatively slow population growth since 1990, having increased by 2,100. The City's average annual growth rate since 1990 is .55%. In comparison, the County population has grown at an average annual rate of 2.08%.

**Historical Population
South Lake Tahoe, El Dorado County and State of California**

	<u>1990</u>	<u>2000</u>	<u>2007</u>	Average Annual Growth Rate <u>1990-2007</u>
City of South Lake Tahoe	21,586	23,609	23,844	0.55%
El Dorado County	125,995	156,299	178,674	2.08%
State of California	29,758,213	33,873,086	37,662,518	1.40%

Source: California State Department of Finance

The City projects that its population will grow moderately through 2010, at an average annual rate of 1.5%.³ City population growth and development is regulated to a great extent as a result of a “bi-state compact” enforced by the Tahoe Regional Planning Agency (see discussion below), which has land-use authority in the region and minimally allocates new housing construction permits.

Tahoe Regional Planning Agency

The Tahoe Regional Planning Agency (“TRPA”) was formed due to concern about the impacts of tourism, ranching, and logging on the Lake Tahoe environment. The states of California and Nevada approved the bi-state compact that created a regional planning agency to oversee development at Lake Tahoe. In 1969, the United States Congress ratified the compact and created the Tahoe Regional Planning Agency.

The TRPA was the first bi-state regional environmental planning agency in the country. The compact gives TRPA the authority to adopt environmental quality standards (called “thresholds”), enforce ordinances designed to achieve the thresholds, and review and approve most projects within the region.

The TRPA monitors activities in the region and may bring enforcement actions to insure compliance with the Regional Plan (developed by the TRPA) and adopted ordinances, rules, regulations and policies.

3. Financing Constraints and Opportunities

Airport

The Airport receives revenue from hangar rentals and a portion of airplane tie-down fees and fuel sales. The Airport operations are performed through contract with a fixed base operator that receives a portion of revenues.

³ City of South Lake Tahoe, “SLT City-wide demographics.”

The amount of revenue received by the Airport is directly related to Airport usage. In order to ensure ongoing use, the Airport must maintain the runway and taxiways and provide sufficient hangar space. In the event commercial service is ever reinitiated at Lake Tahoe Airport, the Airport must provide adequate terminal facilities.

In recent years, the Airport has not generated sufficient revenue to cover its costs (including depreciation). The Airport reported a net loss in fiscal years 2003-04 through 2005-06, which required that the City's general fund make a contribution to the Airport. The general fund transfer to the Airport was \$443,189 in fiscal year 2006.

**Historical Operating Revenues, Operating Expenses and Cash Balance
Lake Tahoe Airport**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating Revenues			
Charges for current services	\$ 53,694	\$ 65,008	\$ 60,847
Rental and reimbursements	447,451	474,839	470,784
Other income	-	-	(50)
Total operating revenues	<u>\$501,145</u>	<u>\$ 539,847</u>	<u>\$531,581</u>
Operating Expenses			
Salaries and wages	\$ 215,674	\$ 244,175	\$ 256,445
Payroll expenses	139,667	158,374	190,276
Contracted services	130,703	22,705	59,367
Supplies	169,663	201,367	196,493
Other	86,384	74,134	82,892
Depreciation	446,639	384,481	526,479
Total operating expenses	<u>\$1,188,730</u>	<u>\$1,085,236</u>	<u>\$1,311,952</u>
Operating Income (Loss) Before Contributions and Transfers	(758,958)	(609,043)	(400,382)
Cash and Investments (Beginning)	\$78,267	-	\$82,689
Cash and Investments (Ending)	-	\$82,689	\$69,692

Source: City of South Lake Tahoe

The ability of the Airport to fund ongoing operations and capital investments should be an issue of interest to LAFCO, as the Airport serves an important transportation and public safety function for the area. In the event that LAFCO must make future determinations regarding the Airport, LAFCO should reevaluate the financial resources available to the Airport.

Public Transport

The City receives an annual State sales tax subvention from the Local Transportation Fund that is to be used for transportation purposes. The City has an internal policy to allocate all of its Local Transportation Fund revenue

for transit operations contracted with ATM. All other costs of the City's transit costs are paid from fares and other transportation grants. The City has not recovered its allocated BlueGo transit costs over the last few years (including depreciation).

**Historical Operating Revenues, Operating Expenses and Cash Balance
South Lake Tahoe Transit**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating Revenues			
Charges for current services	\$ 818,132	\$ 883,088	\$ 880,299
Rental and reimbursements	-	-	(600)
Other income	41,684	58,343	58,482
Total operating revenues	<u>\$ 859,816</u>	<u>\$ 941,431</u>	<u>\$ 938,181</u>
Operating expenses			
Salaries and wages	\$ 26,910	\$ 22,619	\$ 27,537
Payroll expenses	69,241	72,037	78,800
Contracted services	1,206,438	1,180,530	1,211,926
Supplies	263,870	315,886	331,445
Communication	39	652	259
General expenses	25,103	10,555	82
Depreciation	361,637	332,012	290,796
Total operating expenses	<u>\$1,953,238</u>	<u>\$1,934,291</u>	<u>\$1,940,845</u>
Operating income (loss) before contributions and transfers	(435,490)	(376,080)	(314,888)
Cash and investments (beginning)	\$16,136	\$43,507	-
Cash and investments (ending)	\$43,507	-	-

Source: City of South Lake Tahoe

Cable

The City does not separately account for cable related revenues and costs. The City does not dedicate any staff to perform the City's responsibilities under the cable franchise. Customer service complaints are handled through the City Manager's Office. The City received approximately \$300,000 in revenue from the cable franchise in 2006.

4. Cost Avoidance Opportunities

The City is not formally undertaking any studies relating to cost avoidance opportunities for the Airport or cable franchise.

5. Opportunities for Rate Restructuring

Airport

The City imposes the following fees for services at the Airport. The City last increased its fees in December 2006.

**Selected User Fees and Rates
Lake Tahoe Airport**

<u>Description</u>	<u>Amount</u>
Fixed base operator – land	\$0.17 per sq. ft. per year
Fixed base operator – fuel farm	\$4,548.90 per month
Fuel flow fee	\$0.11 per gallon
Hangar rental – Airport owned	\$1,600 per month
T-hanger complex rental	\$129 to \$1,060 per month

Source: City of South Lake Tahoe

Public Transport

The City’s BlueGo system charges fares for transit use. Similar to most public transit service, the fares are not sufficient to recover costs. The fare amount that the BlueGo system charges must consider both the recovery of costs, the contributions from its members that subsidize costs, and the impact of the fare on ridership.

Cable

The cable franchise agreement with Charter Communications allows the City to regulate rates for “basic cable service.” The City’s basic cable rate of \$20 per month is the highest of the three cable franchisees reviewed in the MSR.

**Monthly Cable Charges
Selected El Dorado County Areas**

<u>Name</u>	<u>Monthly Basic Cable Charge</u>	<u>Monthly Expanded Basic Cable Charge</u>
El Dorado Hills CSD (Comcast)	\$9.00	\$51.15
Kirkwood Meadows PUC (Volcano Vision)	\$16.95	\$38.99
City of South Lake Tahoe (Charter Communications)	\$20.00	\$53.00

6. Opportunities for Shared Facilities

There do not appear to be significant opportunities for operations at the City’s Airport, transit system, or those relating to the cable franchise to be performed at a shared facility. The Airport has limited demand for facilities beyond those at the airport. The transit operations are performed by a contract operator that provides its own facilities. The cable franchise requires virtually no staff, equipment, or infrastructure.

7. Government Structure Options

Public Transport

The City recently restructured the governance of its transit system as a result of the implementation of the BlueGo service in 2002. Prior to BlueGo, the City managed its STAGE fixed-route bus system independently of the other area transit and shuttle operations.⁴ BlueGo, or the Tahoe Coordinated Transit System, was created with the intent of reducing costs, increasing overall transit ridership, and decreasing traffic in the Lake Tahoe area through a common brand, shared vehicles, coordinated scheduling, and use of an “intelligent transportation system.” BlueGo received federal transportation grants for its start-up costs. The Department of Transportation (“DOT”) recently sponsored an evaluation of BlueGo in meeting its initial objectives.⁵ The DOT evaluation found that transit ridership has actually declined, but was unable to determine if there were changes in ridership by visitors. The DOT evaluation also found that vehicle traffic volumes have declined since the creation of BlueGo and that rider satisfaction has increased.

8. Evaluation of Management Efficiencies

The City is not currently undertaking any studies or initiatives relating to the more effective management of its Airport or cable services. The City has been part of a demonstration project relating to its transit system, in an attempt to provide more efficient and effective service.

9. Local Accountability and Governance

The City provides a substantial amount of information as part of its internet website, which allows the City to be more accountable to the general public. The City’s website includes the following:

- City council assignments along with names and phone numbers of individuals.
- Meeting dates for the city council and South Tahoe Redevelopment Agency.
- Pictures and names of council members are included on the site.
- Agendas and detailed agenda packets are posted online in PDF format.
- Video streaming of recent council meetings.
- Limited search capabilities of recent council meetings.
- An excerpt of the budget is available, along with an explanation of government terms included in the document, the most recent audited financial report, and monthly financial reports.
- Contact information for staff.

⁴ While part of BlueGo, the City retains its full rights under its contract for services with ATM.

⁵ Science Applications International Corporation, *Evaluation of the South Lake Tahoe Coordinated Transit System (CTS) Project Phase III Evaluation Report*, April 14, 2006.

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- City code.
 - An option to translate text on the website to a variety of languages other than English.

The website does not include a general search engine that can help locate City documents or a complete budget. The posting of the City budget is a financial management “best practice” that allows the public to review the detailed use of city revenues.

Governance Practices

The City recently completed a 2005-2006 Strategic Plan, which is posted on its website. The Strategic Plan identifies the following major goals for City:

GOAL A: Provide necessary services for residents and businesses by enduring funding to support City operations, infrastructure, and future projects. Enhance the quality of City/County/Regional government through implementation of cooperative efficiency measures. Create a reliable and consistent program of operations and maintenance.

GOAL B: Create a new creative economic development vision and strategy that includes all of the City’s potentialities and does not rely solely on the hotel/gaming assumptions of the past.

GOAL C: Within available resources, provide for contemporary, efficient and effective City administrative and management services.

GOAL D: Address quality of life issues and create beautification plan for the City including the gateway that is the Tahoe Valley Community Plan Area

A strategic plan is a beneficial local government management practice that helps inform the general public of the direction, policies, and activities that the City intends to pursue.

X. Tahoe City Public Utility District

The Tahoe City Public Utilities District provides water, sewer, and park services to a portion of El Dorado County. The District employs 40 full-time employees and has projected 2007 revenues to be \$9.2 million, with the majority of these funds coming from property tax collections and water revenues.

The District has a large capital improvement budget; \$6.75 million of its expenditures in 2007 are projected to be for capital improvement purposes.

The District is authorized to provide public transport services but has not and currently does not provide this service.