



MEMO

Date: October 28, 2020 **Project No.:** 190235

To: Jose Henriquez, Executive Officer, El Dorado LAFCo

From: Jerome Keene, Senior Planner

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

The El Dorado Hills Community Service District Municipal Services Review (MSR) and Sphere of Influence (SOI) Update provides a current snapshot of service delivery for the Community Service District while also analyzing potential development areas to be annexed into the District and thus receiving services. No comments have been received, regarding the MSR and SOI Update, within the 30-day public comment period or during the July 22, 2020 El Dorado LAFCo public meeting. The services of the District reviewed by the MSR include:

- Parks and Recreation
- Cable Television Franchise
- Solid Waste Collection
- Covenants, Conditions, and Restriction
- Street Lighting and Landscaping

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

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

Overall, the District appears to provide an acceptable level of service to the current residents within its incorporated boundary. The District provides these aforementioned services to its constituency. Within the MSR, each service, which is provided by the District, includes recommendations that the District should take into consideration in order to maintain its



adequate service levels or possibly increase efficiency, if feasible. Furthermore, recommendations are included sections that review the specific statutory requirements of local policy and CKH. A summary of the recommendations is included at the end of the memorandum.

As discussed during the August 26th LAFCo meeting, below are the highlighted determinations from the 2012 El Dorado Hills Community Service District Municipal Service (Previous Municipal Service Review) and the analysis from the current MSR evaluating the District's services. This shows the District's efforts in meeting the demands of the determinations depicted in the previous MSR.

Summary of the Previous Municipal Service Review Determinations

GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

GROWTH IN DEMAND FOR PARK AND RECREATION SERVICES:

1. Growth in Demand for Park and Recreation Services: According to the 2010 Census, the level of service demands having 180 acres of acres of developed parks to meet the standard for its current population and the District has 135 acres.

GROWTH IN DEMAND FOR LLAD, CC&R ADMINISTRATION, AND OTHER SERVICES:

2. According to the FY2009-2010 budget, identified that some LLADs are currently insufficiently funded and have relied on the General Fund for years to adequately cover expenses. In 2010, the District's Board of Directors signaled their intention to hold elections to revise the fee structure on those LLADs so that they are self-funded, but to-date that has not occurred. For future annexations and future development, the District should ensure the funding mechanisms cover the costs associated with those LLADs and CC&R administration.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES.

PARK AND RECREATION SERVICES:

1. According to the District's reported park/open space acreage numbers and the 2007 Parks and Recreation Master Plan's reported 2020 build out need, the District will have to acquire 254.4 acres of additional parkland in the next eight years and 270.4 additional acres of open space in order to achieve 6.54 acres per 1,000 residents. As the 2007 Master Plan concedes, the District will need to rely on privately owned park acreage to improve the level of service.
2. Developed park acreage - It is unknown why the 2007 Master Plan indicated the District had more acres of developed parkland at the time than it currently has (187.5



acres versus 135 acres), especially given that Promontory Park had been in the early stages of development at the time.

3. Undeveloped parkland acreage - The 65.38 acres reported in the 2007 Master Plan is greater than the 19 acres for Promontory (then unbuilt, but subsequently completed) plus the three acres of currently undeveloped parkland. If the 65.38 acres in the 2007 Master Plan included open space acres, then this number is smaller than the 122 acres of open space acres the District indicated it currently owns.
4. Inclusion of private acreage? – El Dorado Hills is dotted with several parks and open space areas currently in private ownership and maintained by homeowners' associations. It is possible the 2007 Master Plan included developed and undeveloped acreage in its reported numbers of 187.5 acres of developed and 65.38 acres of undeveloped land. However, in Appendix C of the 2007 Master Plan the language contains the words, "the District owns 252.88 acres of parkland" leading the reader to conclude this acreage is under public ownership.
5. The District's 2007 Master Plan indicates a lack of facilities for recreational programs. The 2007 Master Plan states that, "the district lacks sufficient sports fields, outdoor basketball courts, tennis courts, playgrounds, gymnasiums and multi-purpose recreation centers. By 2020, the District will also need a pool." The District has entered into multiple joint use agreements with local schools to increase facilities and lower costs, thereby alleviating some of the identified shortfalls.

LIGHTING AND LANDSCAPING, CC&R ADMINISTRATION AND OTHER SERVICES:

1. EDHCSD did not indicate any deficiencies in service to the street lighting and landscaping areas. However, the District has noted in budget reports that the fees have not kept up with the costs of providing services in some LLADs. The 2011-2012 Engineer's Report all LLADs recommended raising rates for at least 13 LLADs. For those LLADs that are already charged the maximum rate under the current covenant, EDHCSD will have to hold an election to get the approval from the home and landowners within the LLAD to raise their rates. As discussed previously, the Board of Directors have agreed in concept to hold Proposition 218 elections, but have yet to call them.
2. The District has not identified infrastructure needs or deficiencies for CC&Rs Administration and other services.



FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES AND STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

PARKS AND RECREATION SERVICES

1. The District collects park impact fees from new developments which are used to purchase new parklands and develop facilities and recreation areas. The District completed a Park Impact Fee Nexus Study in 2007 that analyzed the need for updated fees and estimates the most appropriate amounts for park impact fees.
2. Approximately nine LLADs have consumer price indicator (CPI) escalators. Other LLADs have reached the maximum levy amount allowed under the agreement, so EDHCSD will either need to increase fees or reduce service levels in some LLADs.
3. Should homeowners in a particular LLAD agree to increase their levies, the process is that the EDHCSD Board of Directors calls an election and ballots are sent to the residents within the LLAD. A majority of the ballots returned determine the outcome. Should residents defeat a fee increase, the Board may take some drastic actions to stay within budget, which may include shutting down some street lights, deferring landscape maintenance or delays in repairing facilities.

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

1. Provide cross-training initiatives for middle management personnel and “to prepare supervisors to move up the organization and create a succession plan for the District.

THE POTENTIAL EFFECT OF AGENCY SERVICES ON AGRICULTURAL AND OPEN SPACE LANDS.

1. While none of the services provided by EDHCSD will have an effect on when and how those parcels are developed, the eventual development of Marble Valley, Carson Creek, Valley View and the Business Park have the potential to introduce growth-inducing pressures on parcels to the south of Highway 50 on the way to the Community of Latrobe.

Current Municipal Service Review Determinations

GROWTH AND POPULATION PROJECTIONS DETERMINATIONS

Determination 2.9-1: *The current population according to the 2018 U.S. Census Bureau American Community Survey, is 45,999.*

Determination 2.9-2: *The primary planning document for the District is the 2016 Parks and Recreation Master Plan.*



Determination 2.9-3: *The District has policies in place to assure that goals and objectives identified in the 2016 Master Plan are met by future developments.*

DISADVANTAGED UNINCORPORATED COMMUNITIES DETERMINATIONS

Determination 3.1-1: *El Dorado Hills Community Services District does not provide Water, Wastewater, and Structural Fire Protection.*

Determination 3.1-2: *There are no areas currently within the District's SOI that can be considered unincorporated disadvantaged communities due to median household income being below 80 percent of the statewide average.*

CAPITAL IMPROVEMENT PROGRAM DETERMINATIONS

Determination 4.1-1: *The District's CIP provides a foundation and planning tool to assist in the acquisition of land or construction of a building or facility to assure that service needs for the future are met.*

Determination 4.1-2: *The CIP aids in the implementation of the District's 2016 Parks Master Plan.*

Determination 4.1-3: *The District annually reviews its CIP during budget preparation to identify funding available to complete infrastructure and facility improvements identified in the Parks 2016 Master Plan.*

LANDSCAPING AND STREET LIGHTING DETERMINATIONS

Determination 4.2-1: *The District administers the funds and provides the service on behalf of all LLADs within the fiscal budget that is established annually by the Annual LLAD Report.*

Determination 4.2-2: *The District should continue to collect funds through the 25 LLADs.*

Determination 4.2-3: *The District should review all rates of LLADs every five years and include appropriate inflation measures when fees are updated to ensure the appropriate funds are collected annually.*

PARKS AND RECREATION SERVICES DETERMINATIONS

Determination 4.3-1: *For neighborhood parks, the District must develop an additional 17.54 acres of neighborhood park in order to meet the 1.5 acre LOS standards for neighborhood parks per 1,000 residents at buildout.*

Determination 4.3-2: *For village parks, the District should include an additional 20.57 acres of village park to meet the LOS of 1.5-acre of village park per 1,000 residents at buildout.*



Determination 4.3-3: *For community parks, based on that community park LOS standard 2.0 acres per 1,000 residents ratio, at buildout the District would need an approximate 33.76 acres to meet the LOS standard.*

Determination 4.3-4: *The District has established LOS ratios for recreation facilities. The District will be required to provide an additional 43 basketball courts in order to comply with the LOS standard of one basketball court per 1,000 residents. Additionally, the District will be required to provide an additional 28 tennis courts in order to meet the LOS standard of one tennis court per 1,500 residents, at buildout. For playground facilities, in order to be compliant, at buildout, the District will need to develop 23 additional playgrounds into park designs in order to be compliant with the LOS standard of one playground per 1,000 residents. The existing community center facilities do not meet the District's policy of one multiuse community center per 20,000 residents and with new centers developed at a minimum of 40,000 square feet. The District will need to develop one community center facility that is larger than 40,000 square feet.*

Determination 4.3-5: *Compile and maintain an accurate inventory of open space, private or public, within the District's boundary.*

Determination 4.3-6: *The District should work with the HOAs to inventory all available facilities in the next Parks Master Plan in order to properly quantify all available recreational facilities within the District.*

Determination 4.3-7: *The District should develop one community center facility that meets the minimum of 40,000 square feet.*

Determination 4.3-8: *Establish an inventory of trails managed and a LOS standard in order to keep up with the demand growth, which correlates with population growth.*

CC&R ADMINISTRATION, SOLID WASTE, AND CABLE TV FRANCHISE DETERMINATIONS

Determination 4.4-1: *Maintain all franchise agreements between Comcast, AT&T U-verse, and Waste Disposal.*

Determination 4.4-2: *Review existing franchise agreements and service reports in order to determine the level of service required in accordance with population growth.*

Determination 4.4-3: *Continue maintaining the enforcement of existing CC&Rs and establishing new CC&Rs to new developments that are located within the District.*

PLAN FOR FUTURE SERVICE/DEVELOPMENT

Determination 4.5-1: *The District should confirm with El Dorado County that the proper LOS standards that are applicable have been met during the development process of the County prior to annexation. If the following requirements have not been met then reconsideration*



of the proposed annexation should be considered due to the District not meeting park and open space minimum LOS requirements.

Determination 4.5-2: *Address the potential impacts to the services provided by the District with the inclusion of approved projects and land that can be potentially developed (Southern area of interest) located within the areas of interest.*

Determination 4.5-3: *If developed land of the northern area of interest is annexed into the District, then the District shall correspond with the County in acquiring their fair share of the park development impact fees.*

Determination 4.5-4: *The District should review and monitor the existing franchise agreements and rates to ensure they are consistent with regional rates of similar services.*

Determination 4.5-5: *If annexed, establish a new LLAD for the proposed developments or incorporate them into existing adjacent LLADs if there is available capacity.*

DISTRICT BUDGET DETERMINATIONS

Determination 5.1-1: *The District will continue to receive \$10 per parcel in assessment revenues in the next fiscal year as a part of the Compliance and Design Review Committee sector of the CC&R Department.*

Determination 5.1-2: *The District should work with the residents of Green Valley, La Cresta, Bass Lake A, and Oakridge to collaborate and devise a plan to address their specific funding issues.*

Determination 5.1-3: *The District should incorporate an inflation factor in all future rate or fees studies.*

Determination 5.1-3: *The District should identify a method of levying the maximizing authorized assessment that will result in contributions to the General Reserve in an Assessment District, the amount of the approved assessment which is levied upon the properties in said Assessment District should be reduced to an amount which is estimated to avoid contributions to the General Reserve for LLADs with a surplus in their General Reserve after a Reserve Study Update.*

Determination 5.1-4: *The District should reduce the Deferred Maintenance Reserves for the following LLADs: Stonegate, Green Valley, Promontory, Oaktree, La Cresta, Oakridge, Crescent Hills, Bass Lake A, Francisco Oaks, Valley View, and Lake Forest Park to cover shortfalls between the total levy assessment and the anticipated maintenance expenditures.*

Determination 5.1-5: *The District should secure a consistent funding source in order to finance the acquisition, development, and maintenance of parks and recreational facilities in order to meet the demand for such services.*



Determination 5.1-6: *The District should conduct a nexus study to determine the equitable development impact fee amount for projects within proximity to the District that are not already subject to District fees.*

STATUS OF, AND OPPORTUNITIES FOR, COST AVOIDANCE AND SHARED FACILITIES

Determination 5.2-1: *The District through joint-use agreements shares numerous facilities throughout the District's service area.*

Determination 5.2-2: *The District should continue implementing Policy A.5 from the 2016 Parks and Recreation Master Plan and enter into joint-use agreements wherever feasible and cost effective to expand on available parks and open space facilities or new recreational services.*

Determination 5.2-3: *The District should consider entering into a joint-use agreement with the future high school site on Latrobe Road.*

ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATION EFFICIENCIES

Determination 5.3-1: *The District should continue conducting open meetings in compliance with the Brown Act that allows for complaints and comments regarding services and potential conflicts or inefficiencies to be identified to the Board of Directors by residents.*

Determination 5.3-2: *The District should continue to utilize an organizational structure that obtains efficiency through department heads who oversee multiple divisions.*

Determination 5.3-3: *The District makes reports, documents, meeting agendas and other information available to the public that details operations and services provided by the District at the District Office as well as on its website.*

Determination 5.3-4: *The current District's structure is efficient, transparent and meets expectation of its residents with the resources available*

AGRICULTURAL AND OPEN SPACE LANDS

Determination 6.3-1: *The majority of land within the SOI is considered Grazing Land and therefore would not have direct impact on agricultural activities.*

Determination 6.3-2: *Expansion of the SOI could potentially impact adjacent open space lands and should be analyzed through the appropriate California Environmental Quality Act process during entitlement review by the Lead Agency.*



Current MSR Conclusions in Comparison to Prior Findings

The primary concerns of the previous 2012 MSR are in regard to the solvency of 13 LLADs and the potential of growth inducing measures in the southern region of the District. Secondly, the MSR had concerns about the adequacy of the District's ability to provide Park and Recreation services pursuant to the standards and level of service (LOS) identified in the previous Parks and Recreation Master Plan. Level of service is commonly known as a ratio of facilities or a service per a specific amount of people within a service boundary. For instance, the current overall park LOS for the District is 5.0 acres per 1,000 residents.

PARKS AND RECREATION LEVEL OF SERVICE (LOS)

According to the previous MSR, the District was not meeting the demand measured by the District's LOS. As described in the previous MSR's findings, the District needed to add 254.4 acres of additional parkland and 270.4 additional acres of open space in order to achieve 6.54 acres per 1,000 residents, which is estimated to make up for the deficit, identified prior to 2007, at buildout. This will allow for the District to achieve its desired 5.0 acres per 1,000 residents LOS ratio.

According to the current MSR, the District is recording a deficit for Neighborhood Parks and Village parks, in regard to LOS. Community parks greatly exceeds the LOS standard with the recent acquisition/development of the Bass Lake Regional Park. With the current Census population data (2018) of approximately 45,999 people and the current 67.92 acres of neighborhood park, the current LOS for neighborhood parks is 1.48 acre per 1,000 residents. Similarly, with a current inventory of 64.69 acres of village park space, the current LOS for village parks is 1.41 acres per 1,000 residents. Both park types have a desired LOS standard for 1.5 acre per 1,000 residents. It is clear that the District is close to reaching its goal of achieving an LOS standard of 1.5 acre per 1,000 residents for neighborhood and village parks, respectively. Furthermore, the community parks inventory is 258.22 acres. The current LOS for community parks is 5.61 acres per 1,000 residents. The District has established a 2.0 acres per 1,000 residents LOS. In a comprehensive view of the District's parks inventory, the District measures a 5.0 acre per 1,000 residents, which is comprised of the LOS standards for neighborhood (1.5 acres per 1,000 residents), village (1.5 acres per 1,000 residents), and community parks (2.0 acres per 1,000 residents). By this metric, the District greatly exceeds the 5.0 acre per 1,000 LOS standard with a cumulative 7.42 acres of total park space per 1,000 residents. However, the most recent Parks and Recreation Master Plan (2016) has a buildout date of 2035 and the District will need to acquire and develop additional land for neighborhood, village, and community parks to account for the estimated population growth, which is estimated at 56,973 residents. Neighborhood parks will need an additional 17.54 acres, village parks will need an additional 20.57 acres, and community parks will need an additional 33.76 acres (Determinations 4.3-1, 4.3-2, and 4.3-3).

Additionally, the District depicts deficiencies in recreation amenities measured by LOS in its Master Plan document. Courts, Playgrounds, Aquatic Facilities and Community Centers all



need to be developed with additional facilities in order to meet the demand of the estimated population at Master Plan buildout (2035). The District will need to provide an additional 43 basketball courts, 28 tennis courts, 23 playgrounds, and one multi-use community center facility at the time of the Master Plan buildout (Determination 4.3-4).

LIGHTING AND LANDSCAPING ASSESSMENT DISTRICT (LLAD)

The purpose of LLADs are to levy fee to property owners in order to provide funding for the maintenance, installation, and operation of improvements within the boundary of each LLAD. There were 13 LLADs identified in the previous MSR that were described as not solvent due to the revenue from fees not keeping up with the costs of providing services. The previous MSR recommended that the fees should be raised for the 13 LLADs. In addition, if the LLADs that are already charging a maximum rate under the current covenant, the District will need to hold a Prop 218 election in order to raise their respective rates.

The current MSR has reviewed the 2019-2020 Annual Engineer's Report in order to adequately assess the solvency and level of service each LLAD is providing. The MSR identifies that four LLADs are inadequately funded (Green Valley, LA Cresta, Bass Lake A, and Oakridge LLAD) in comparison to the 13 LLADs from the previous MSR. The report mentions that these LLADs are inadequately funded due to the time of their formation and an escalation factor was not included in the formation proceedings. The MSR presents two determinations that addresses the LLADs that receive deficit funding. The District should work with the residents of Green Valley, LA Cresta, Bass Lake A, and Oakridge LLADs to collaborate and devise a plan to address their specific funding issues. Also, the District should reduce the Deferred Maintenance Reserves for the following LLADs: Stonegate, Green Valley, Promontory, Oaktree, La Cresta, Oakridge, Crescent Hills, Bass Lake A, Francisco Oaks, Valley View, and Lake Forest Park to cover shortfalls between the total levy assessment and the anticipated maintenance expenditures. (Determination 5.1-2 and 5.1-5). With the execution of these determinations, the intention is the LLADs will not be operating at a deficit and siphoning funds from the General Fund in order to cover their annual expenses.

GROWTH SOUTH OF THE DISTRICT'S BOUNDARY

As development encroaches on undeveloped land, it is a reasonable assumption that the existing developments will induce growth in nearby undeveloped land. Outside the southern boundary of the District in the Marble Valley, Carson Creek, Valley View and the Business Park region, the pressure on undeveloped parcels within proximity to these developed areas are heightened.

Commercial and Industrial development is already slated to occur south of the District's boundary. There is a high probability that these future developments will spur other developments nearby. El Dorado County is the agency responsible for regulating and permitting those developments. Under the current status of how projects are reviewed, the District may be at-risk of nearby development that can access the District's facilities and subsequently create more free-riders scenarios. Free-riders are referring to, people outside



of the District's service boundary that travel to use the District's facilities. Since the free-riders are located outside of the District's service boundary, the District can not recoup any fees that will offset the impacts of the increased use of its facilities. The District and County should continue their collaboration through the entitlement and CEQA processes to addresses these future issues accordingly.

Land Use Designation regarding the Areas of Interest

As shown in Figures 1 and 2 (corresponding to Figures 2-2 in the Final MSR), the northern Area of Interest (AOI) is planned primarily Low Density Residential and the southern AOI is planned Rural Residential by the El Dorado County General Plan. In addition, the northern AOI is zoned as Residential Estate – Five Acres. the southern AOI is zoned as Rural Land – 40 acres.

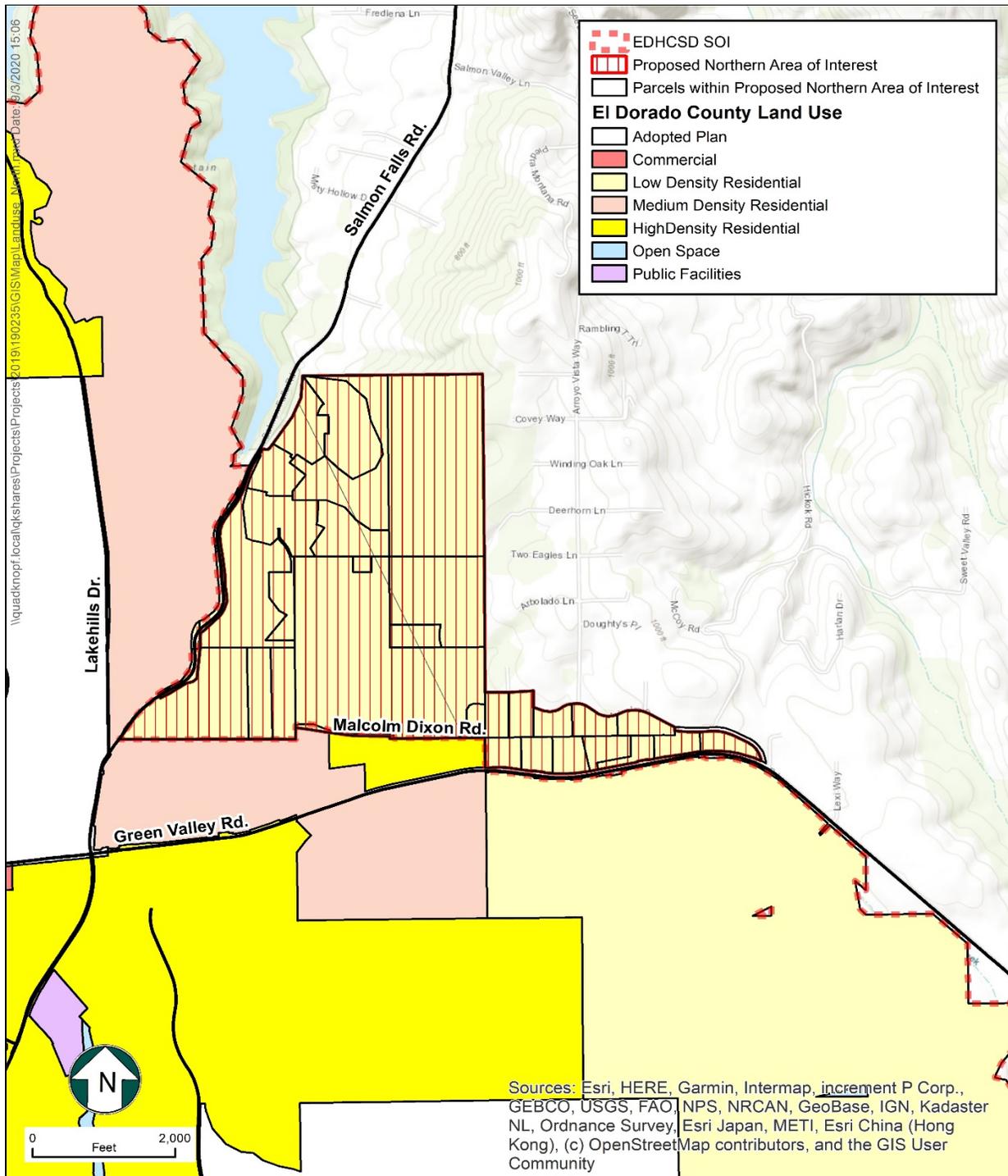


Figure 1
Northern Area of Interest Land Use Designation

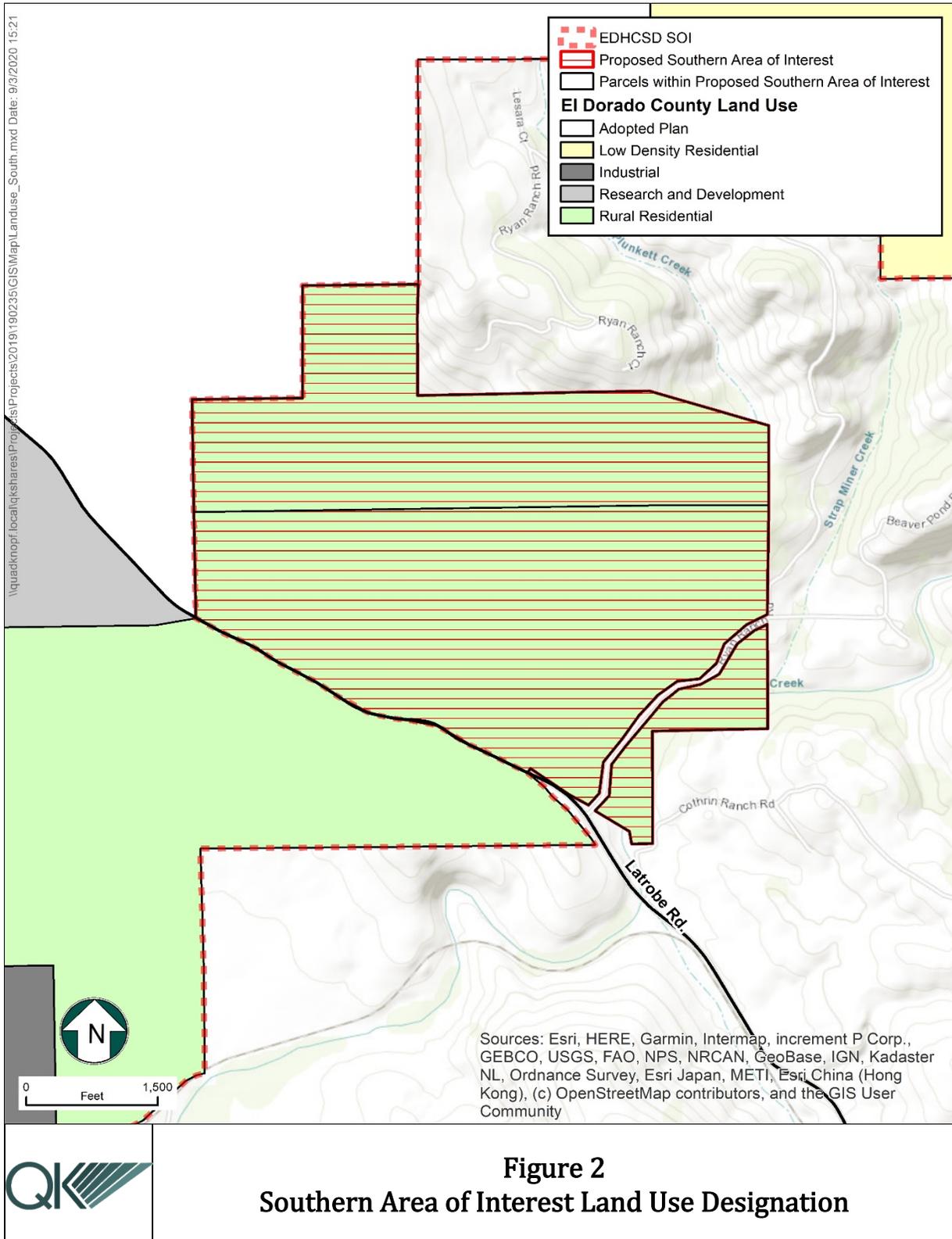


Figure 2
Southern Area of Interest Land Use Designation



Discussion of Freeriders

As mentioned in Section 5.1.7 of the Final Municipal Service Review, “freeriders” are characterized as people that live in developments within proximity to the District’s boundaries, which were not required to pay the District’s applicable impact fees. Residential subdivisions have been proposed in the Northern AOI. Due to the proposed developments each project has done an environmental review. In the recreation section of some of the environmental documents, analysis provided regarding the impacts towards recreational services were deemed “No Impact”. More specifically, the Alto Reorganization project’s environmental document described the development as freeriders using the following language:

“ It should be noted that although the subdivision is not within the service boundaries of the El Dorado Hills Community Services District and no property tax increment would be allotted to the District, future residents would likely use the District’s parks and recreation facilities, creating a “free-rider” situation. There are numerous parks located within five miles of the project site with a total area of over 50 acres.”

Since the Alto Reorganization project is adjacent to the other developments, it can be assumed that they may also considered as “freeriders” as they also were deemed to have no impact under CEQA.

SOI Recommendations

Lastly, the MSR includes a review of the existing SOI for the District to determine if changes are necessary. In short, one issue factors into the SOI review/update and guides the report to the conclusion; that with the inclusion of the areas of interest the District will adequately provide services throughout its service boundary. First, the District should have greater participation in the review of development projects in proximity to the District SOI in order to ensure that dedications and the payment of appropriate fees are considered. Written determinations are included within the MSR consistent with the requirements of CKH that address the following:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.



Following the written determinations, recommendations regarding the District's SOI are provided. Recommendation 7.6.1 shall be considered along with the adoption of the Final MSR. In addition, Recommendations 7.6.2 and 7.6.3 are general recommendations for the District. These recommendations are as follows:

Recommendation 7.6.1 - *It is recommended that the El Dorado Hills Community Service District's Sphere of Influence be amended as proposed in the MSR to add the two areas of interest, as shown in Figure 3 (which corresponds to Figure 1-2 in the Final MSR).*

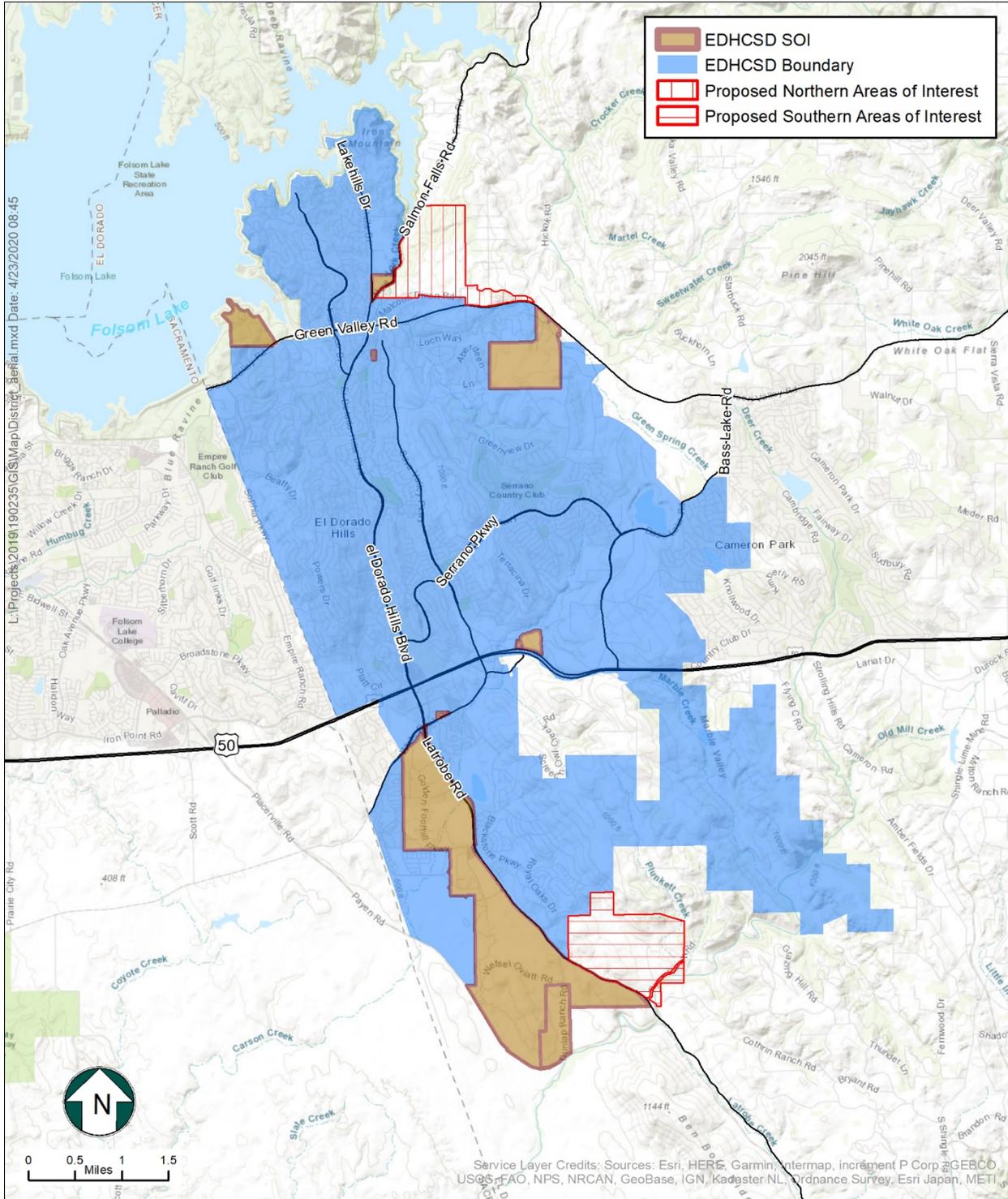


Figure 3
El Dorado Hills Community Services District
Limits and Sphere of Influence



Recommendation 7.6.2 – *Since the County has a practice of including the District during the environmental review process, the District should participate in the CEQA review process for development projects in order to ensure that proper dedications and payment of appropriate fees are considered during the approval of future project proposals within the SOI and anticipated for future annexation.*

Recommendation 7.6.3 – *If the District requirements for dedication and/or payment of appropriate fees are not included in the CEQA mitigation measures or conditions of approval, the District should request that LAFCO make as a condition of approval the appropriate parkland dedications, payment of fees and/or establishment of a LLAD prior to issuance of a Certification of Completion.*

jk