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COUNTY OF CALAVERAS, STATE OF CALIFORNIA
LOCAL AGENCY FORMATION COMMISSION
(LAFCO)

August 18, 1995

RESOLUTION NO: 95-03

RESOLUTION MAKING DETERMINATIONS AND APPROVING THE FORMATION OF
THE SADDLE CREEK COMMUNITY SERVICES DISTRICT

RESOLVED, by the Local Agency Formation Commission of the County of Calaveras, State of California, that

WHEREAS, the above-referenced proposal has been filed with the Executive Officer of the Calaveras Local Agency Formation Commission pursuant to the Cortese/Knox Local Government Reorganization Act (Title 5, Division 3, commencing with Section 56000 of the Government Code) and the Community Services District Law, commencing with section 61000 of the California Government Code; and

WHEREAS, at the times and in the manner required by law the Executive Officer has given notice of the public hearing by the Commission on the proposal; and

WHEREAS, the Executive Officer has reviewed the proposal and prepared a report and recommendation thereon, the proposal and report having been presented to and considered by the Commission; and

WHEREAS, the Commission held a public hearing on the proposal on August 18, 1995 and at the hearing all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, at the hearing the Commission heard and received all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the environmental document or determination and applicable General and Specific Plans; and

WHEREAS, information satisfactory to the Commission has been presented that all the owners of land within the affected territory have given their written consent to the proposal; and

WHEREAS, the affected property is not being annexed to any existing agency as a result of this proposal; and

WHEREAS, the Local Agency Formation Commission finds the proposal to be in the best interests of the affected area and the total organization of local governmental agencies within Calaveras County;

NOW, THEREFORE, the Local Agency Formation Commission of the County of Calaveras DOES HEREBY IT RESOLVE, DETERMINE AND ORDER as follows:

1. Subject to the terms and conditions herein after specified, the proposal is hereby approved.

2. The boundaries of the proposal district are found to be definite and certain as approved and set forth in Exhibit A, attached hereto and by reference incorporated herein.

3. The proposal is assigned the following distinctive short-term designation:

Formation of the Saddle Creek Community Services District

4. The affected territory is found to be uninhabited.

5. The Commission certifies it has reviewed and considered the information contained in the EIR for the Calaveras Country Club Specific Plan.

6. The proposal is subject to the following terms and conditions:

A. The Saddle Creek Community Services District shall be authorized to perform the following services pursuant to Government Code Section 61600 and such other purposes as the Legislature may authorize the District to provide; however the specific services to be provided in any particular year shall be determined by the Board of Directors of the District:

1. The collection or disposal of storm water.
2. The collection or disposal of garbage or refuse matter.
3. Protection against fire, including weed abatement and wildfire fuel control.
4. Public recreation by means of parks, including, but not limited to parks, tennis courts, playgrounds, golf courses, swimming pools, or recreation buildings.
5. Street lighting - procedure
6. Mosquito abatement
7. The equipment and maintenance of a police department and other police protection to protect and safeguard life and property, including restricting access to streets where provided by law..
8. To acquire sites for, construct, and maintain library buildings, and to cooperate with other governmental agencies for library service.
9. The opening, widening, extending, straightening, surfacing, and maintaining, in whole or in part of any street in said district, subject to the consent of the governing body of the county or city in which the improvement is to be made.
10. The construction and improvement of bridges, culverts, curbs, gutters, drains, storage ponds, wetland habitats and works incidental to the purposes specified in paragraph 10 above subject to the consent of the governing body of the county or city in which the improvement is to be made.

11. The conversion of existing overhead electric and communication facilities to underground locations.
 12. To contract for ambulance service to serve the residents of said district as convenience requires, if a majority of the voters in said district, voting in an election thereof, approve.
 13. To provide transportation services.
 14. To abate graffiti
- B. The board of directors shall consist of five members. The initial board of directors shall consist of the Board of Supervisors who shall continue to serve until such time as a local board of directors is duly elected by the voters of the district.
- C. Satisfactory proof having been given that the subject area is uninhabited, all landowners within the affected territory have given their written consent to the proposal and there are no annexing agencies, conducting authority proceedings for this proposal are hereby waived pursuant to Government Code Section 56837(c).
- D. Inasmuch as no local agencies have provided during the prior fiscal year those services which the new district will assume within the proposal area, it is determined there shall be no transfer of property tax revenues with the new district and the Executive Officer is directed to notify the County Auditor pursuant to Government Code Section 56842.
- E. The appropriations limit of the Saddle Creek Community Services District for fiscal year 1995-96 shall be \$480,000 pursuant to Government Code Section 56842.5.
- F. The required State Board of Equalization filing fee shall be submitted to the Executive Officer prior to the recordation of the Certificate of Completion for the formation.
- G. The regular County assessment roll will be utilized.

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The foregoing Resolution was introduced at a regular meeting of the Local Agency Formation Commission of the County of Calaveras on the 18th of August, 1995, by Commissioner Tryon who moved its adoption, seconded by Commissioner Falendorf and adopted by the following vote of the Commission, and is effective on the date signed by the Chair.


AYES: Tryon, Falendorf, Peterson, Dell'Orto, Hathaway

NOES: None

ABSENT: None --

ABSTAINS: None

Dated: 8/19/95



Chair
Calaveras Local Agency Formation Commission

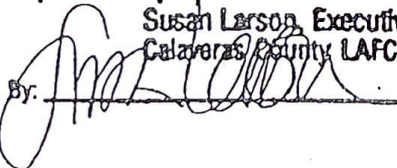
ATTEST:



LAFCO Executive Officer

"This is a true certified copy of the record if it bears the seal of the Executive Officer imprinted in purple ink.

Susan Larson, Executive Officer
Calaveras County LAFCO

By:  Deputy

District currently provides domestic water supply, wastewater treatment services, propane distribution services, street maintenance, street lighting, and open space and recreation.

A separate municipal service review and sphere of influence plan was prepared and adopted for the WCSD in February of 2004.

V:a.2. Circle XX Community Services District

Circle XX is located in the west central portion of the County. Circle XX CSD was originally County Service Area (CSA) No. 3. A petition was submitted to the County Board of Supervisors to replace the CSA with a CSD. The County and LAFCO in 1989 passed Resolutions dissolving the CSA and forming the CSD. Five elected Directors govern the Circle XX CSD. The Board of Directors meets monthly.

Circle XX subdivision has 145 parcels. The CSD provides road maintenance for approximately 15 miles of roads within the Circle XX residential subdivision. The roads vary in surface from asphalt, chip seal to gravel. The District has no employees or facilities and equipment. Private contractors complete all road maintenance.

The District's Financial Statements for the period ending June 30, 2004 reported \$43,966 in operating revenue and \$11,552 in operating expenditures. The total fund balance for the fiscal year was \$92,838. The District primarily obtains its revenues from assessments. The District held a successful election in 2003, establishing a \$300 per year parcel tax for a ten-year period (July 1, 2003 through June 20, 2013).

The District's boundaries and current Sphere of Influence are coterminous.

V:a.3. Saddle Creek Community Services District

Saddle Creek CSD is located in the southwestern portion of the County. The CSD was formed in 1994 and is governed by a five-member elected Board of Directors. The Board meets monthly.

The District currently provides road maintenance, storm drain maintenance, street lighting, landscape maintenance of public areas, monitoring of wildlife and wetlands easements, access gate control, and mosquito abatement. SB 135 provides for the Saddle Creek CSD to limit access to roads

within the Saddle Creek subdivision that are not formally dedicated for use by the public for exclusive use by landowners and residents of the district.

The Saddle Creek subdivision has 397 parcels. There are approximately 12 miles of paved streets within the Saddle Creek residential golf course development. The roads are fairly new and require only minor maintenance, which at this time is currently performed by the developer (Castle & Cooke). Additional streets will be added, as the development is built-out. Saddle Creek CSD at build-out will assume responsibility for road maintenance.

The District has a General Manager, a Clerk, a Maintenance Manager and four landscape maintenance workers. The District does not have any facilities or equipment for road maintenance at this time.

The District's Financial Statements for the period ending December 31, 2003 reported \$317,239 in operating revenue and \$298,632 in operating expenditures resulting in net revenue of \$18,607 for the fiscal year. The total fund balance for the fiscal year was \$244,252 excluding the value of fixed assets. The District primarily obtains its revenues from property assessments. The current property assessment for improved lots is \$788 per year.

The District's boundaries and current Sphere of Influence are coterminous.

V:a.4. Copper Cove Rocky Road Community Services District

The Copper Cove Rocky Road CSD was formed in 1984 and is located near Copperopolis in the southwestern portion of the County. The District is governed by a Board of Directors with five members who are elected by voters within the district. The Board meets monthly.

The Copper Cove Rocky Road subdivision has 569 parcels. The District provides road maintenance for approximately 16 miles of roads. The District has two employees, a Manager and a Secretary. The District does not own facilities or equipment for road maintenance but rather contracts for such services.

The District's Financial Statements for the period ending June 30, 2003 reported \$87,297 in operating revenue and \$123,174 in operating expenditures resulting in negative revenue of \$35,877 for the fiscal year. The total fund balance for the fiscal year was \$193,060. The District primarily obtains its revenues from property assessments. The current property assessments are based upon three levels of service and are assessed annually at \$225, \$250 or \$350 per lot.

VI. Determinations

LAFCO must prepare a written statement of its determination with respect to nine factors as required by the CKH Act and OPR's Guidelines. This section of the Service Review Report addresses each of those nine factors as they may relate and be of pertinence to the Community Service Districts and County Service Areas within Calaveras County.

VI:a. Infrastructure Needs and Deficiencies

The term infrastructure needs and deficiencies refers to the status of existing and planned public facilities and services and its relationship to the quality and levels of service that are, can, and need to be provided.

The CSDs and CSAs in the County are primarily responsible for road maintenance within their respective subdivisions. The County's Public Works Department develops, in cooperation with the various CSA road committees, necessary road improvements for the coming year. The CSAs and the CSDs mostly perform road maintenance when needed and when funds are available. Road maintenance is often done on an-as-needed basis without the benefit of long-range capital improvement plans (CIP). CIPs are important to identify and budget for long-range improvements that may need addressing not only annually but also on a five or ten year basis.

The Spheres of Influence (SOI) of all of the districts are coterminous with their district boundaries, with one exception. County Service Area No. 1 (Rancho Calaveras) has an adopted SOI larger than its current service territory. Some of the roads within the districts are dedicated for public use and provide access to property outside the districts' boundaries. In these situations, the districts are providing maintained roads for property owners outside the district without the ability to assess these property owners their fair share of maintenance and improvement costs. Very few of the districts have annexation policies. Such policies would assist the districts in decisions regarding future annexations and the provision of assessments on all of those that use roads maintained by the districts.

VI:b. Growth and Population Projections

LAFCO needs to consider whether service provisions are facilitating the implementation of adopted land use plans, or alternatively inducing growth in areas not intended to be urbanized.

The County is experiencing growth in resident population and the development of second homes. The County's population in 1990 was 31,998 and in 2000 a total of 40,554. This represents a 27 percent increase or 2.7 percent per year. In 2004, the U.S. Census Bureau reported an estimated population of 45,939 for Calaveras County. The County's population is expected to continue to increase especially if current trends continue with people retiring to the County from more urban centers in the State. The state of the overall economy, interest rates, and the retirement of the baby-boomer population will in part influence the rate in which this growth occurs.

The County of Calaveras is not accepting new subdivision roads within the county maintained road system. New subdivisions will need to be responsible for their own road maintenance provisions by forming either new homeowner associations, CSDs, CSAs, or PRDs.

PRDs or Permanent Road Divisions come under the California Streets and Highways Code. They provide a mechanism for the sole purpose of constructing, improving and maintaining of roads. The County Board of Supervisors sits as the governing Board of the PRD. Funding for PRDs can be derived from a special tax approved by two-thirds of those eligible to vote within the district boundaries. Alternatively, the Board may fix and collect parcel charges. PRDs could be used in existing and new subdivisions. A PRD is not subject to LAFCO's approval.

VI:c. Financing Constraints and Opportunities

An examination of financing constraints and opportunities includes an evaluation of issues that affect the cost and implementation of financing mechanisms or practices used to fund needed improvements and enhance revenue streams.

The financing of road maintenance is primarily done by parcel assessments. Some of the districts also receive property tax revenues. The Board of Directors of each CSD sets the assessments for the CSDs. The County Board of Supervisors sets the assessments for the CSAs.

Some of the CSDs are not preparing adequate financial reports accounting for annual revenues and expenditures. For those districts that did provide financial information (refer to the Appendices), fund equity exceeded annual expenses by widely varying ratios. Some districts had fund equity of less than 10 percent of their total annual expenses. Other districts had nearly 80 times their annual expenses in fund equity. This ratio may vary given that most of the districts are involved in road maintenance and that it may take several years

of accumulating sufficient revenues to undertake major road improvement projects

A Little Hoover Commission report in 2000 raised questions why some special districts were accumulating large reserves. The report was especially critical of special districts that operate as enterprise funds having a combination of tax revenue and service fees such as water charges. Policy-makers and the public were asking why districts were setting aside so much money and how were they planning to spend it. Special districts should improve the way they report their fiscal activities and explain the purpose of the reserves.

VI.d. Cost Avoidance Opportunities

Cost avoidance opportunities include those that eliminate unnecessary costs.

The districts performing road maintenance most often contract for these services. In the case of the CSAs, road maintenance is either conducted by the County Road Department or contracted to private contractors. To assure cost avoidance opportunities are realized it is important for the districts to have competitive bidding practices when awarding contracts.

VI.e. Rate Restructuring Opportunities

Rate restructuring opportunities deal with positive rate impacts that will not adversely affect service quality or other factors.

The districts obtain the majority of their revenue from property assessments. The Board of Directors of the CSDs can restructure such assessments. The County Board of Supervisors is responsible for setting assessments of the CSAs.

VI.f. Opportunities for Shared Facilities

Public service costs may be reduced if service providers develop strategies for sharing facilities and resources. Sharing facilities and utilizing excess capacity in another agency's service system works to avoid service duplications, reduces costs, and minimizes unnecessary resource consumption.

Many miles physically separate the various districts providing road maintenance and as a result the opportunity for sharing facilities, maintenance

personnel and maintenance equipment is limited. Often local contractors in a particular area are used for road maintenance to reduce travel and haul time.

VI:g. Governmental Structure Options

LAFCO should consider the advantages and disadvantages of changes to government structure when conducting service reviews.

The current governmental structure of providing road maintenance to residential subdivisions in the County involves CSDs, CSAs, private homeowner associations, and even informal arrangements among property owners.

CSDs and CSAs provide a more formal arrangement and are guided by specific State laws. Both CSDs and CSAs have numerous governmental services that they may provide. Consideration should be given to forming PRDs in lieu of forming a CSD or CSA since most of the existing CSDs and CSAs within Calaveras County only provide road maintenance. PRDs may be more flexible, less burdensome to administer, and do not require LAFCO approval for formation.

VI:h. Management Efficiencies

Management efficiencies refers to the organized provision of the highest quality public service with the lowest necessary expenditure of public funds.

Elected officials that serve on the Board of Directors and volunteers manage many of the CSDs. Some of the larger CSDs have paid staff. CSDs are required by law to follow various government requirements such as competitive bidding processes, securing adequate general liability insurance, and having a general manager with specific duties. It is often difficult for the small CSDs to perform and comply with all requirements. Often the collection of funds and accounting of these funds are managed by the County Treasurer and County Auditor. However, management practices vary widely with the CSDs with some districts not having adopted budgets or annual financial reporting.

The County Public Works Department, under the direction of the County Board of Supervisors, administers the CSAs and follows County's departmental policy regarding finances.

VI:i. Local Accountability and Governance

Local accountability and governance refers to public agency decision making and operational and management processes.

All of the CSAs and CSDs within Calaveras County were formed under the laws of the State of California and are subject to and comply with state disclosure laws and the Brown Act. The Boards of Directors are either elected or appointed, and are required to hold periodic meetings that are open to the public, adopt annual budgets, and have regular financial audits. However, some of the CSDs are not fully complying with these provisions.

VII. Considerations for Reorganization

Considerations for reorganization of the CSDs and CSAs in the County would include the consolidation, formation or dissolution of any or all of the agencies and the annexation or detachment of territory. Each of these considerations is briefly discussed below.

VII:a. Consolidation

There does not appear to be an immediate need for the consolidation of any of the districts. The individual districts have respective funding sources, mainly property assessments, in place that are adequate to provide for the services they provide.

CSA law (Section 25210.4c.) does provide for a county service area to be established including the entire unincorporated area of the county.

VII:b. Formation

There will be the need to form new CSDs, CSAs or PRDs for road maintenance and other extended governmental service to serve new subdivisions within the County. The formation of such districts or homeowners associations should be a condition placed upon the approval of all new subdivisions.

Consideration should be given to the formation of PRDs rather than CSDs and CSAs if the only governmental service to be provided is for road maintenance. PRDs are easier to manage and do not require LAFCO approval for their formation.

VII:c. Dissolution

Consideration should be given to the dissolution of some of the CSDs and CSAs.

The Board of Directors of the small CSDs may want to consider dissolution of their districts and in its place the formation of a PRD. This may alleviate many of the governmental requirements they currently face. A PRD road committee, similar to the road committees currently active in the CSAs, would

allow the residents of the subdivision to participate in establishing road maintenance priorities and assessment levels in conjunction with the County.

There are three inactive CSAs: Campo Seco Estates (CSA No 5), Forest Meadows (CSA No. 7) and El Rancho Loma Sera (CSA No. 5). Dissolution of CSAs can be initiated by either the County Board of Supervisors or by petition. The LAFCO Executive Officer must set a public hearing on the matter and the Commission must adopt a Resolution making determinations either approving or disapproving the dissolution. If LAFCO disapproves the dissolution, the matter cannot be raised again within one year. If LAFCO approves the dissolution, the Board of Supervisors must commence proceedings for a change of organization by conducting a public hearing. After the hearing, the Board of Supervisors may order dissolution without an election if it finds that either: (1) there has been a non-user of corporate powers for three years, (2) that the district is a resident-voter district and is uninhabited, or (3) the Board of Directors of the district has consented to the dissolution.

VII:d. Annexation and Detachment

There are no reasons to consider the detachment of territory from any of the districts.

The CSDs and CSAs in the future may want to consider annexing additional territory to their districts if they are or will be providing services to that territory. It is difficult to define a SOI for each CSD and CSA without knowing when and where adjoining development may occur. It would be more beneficial for each of the districts to adopt annexation policies. When development occurs surrounding an existing CSD or CSA, the annexation policies could be applied. Likewise, the annexation policies should address those situations where adjoining properties are utilizing the services of a CSD or CSA, such as road access and maintenance, and propose the means by which those properties share in the cost of providing such services.

VIII. Conclusions and Recommendations

VIII:a. Conclusions

The County of Calaveras has nearly 700 miles of County maintained roads and is not accepting additional roads into the County maintained system. The CSDs and CSAs within the County largely provide road maintenance services for residential subdivisions. A couple of CSDs, namely Wallace CSD and Saddle Creek CSD, also provide other services.

The districts primarily perform road maintenance upon an as needed basis without the benefit of long-range capital improvement plans (CIPs). The preparation of and periodic updating of CIPs are important to budget for and set necessary revenue targets to adequately maintain and improve the district's facilities.

Some of the CSDs are not adequately developing budgets and annual financial reports. The County, because of its role as either Tax Collector and Auditor-Controller for these districts, should require all of the districts to comply with basic government accounting standards and request the preparation of periodic financial statements. Such statements provide reasonable assurances that financial information is free of material misstatement, reviews internal control systems, and reports on any material weaknesses.

Most of the CSDs and CSAs do not have annexation policies and the ability of addressing reimbursement for the benefits provided to properties outside their boundaries.

New CSDs, CSAs or PDRs will likely be formed in the County as the County's population and second home development continues to grow and the need for extended governmental services increases.

VIII:b. Recommendations

It is recommended LAFCO adopt the following Resolutions approving the updated SOIs based upon the following written determinations and recommendations.

A summary of these recommendations follows.

- The districts should prepare long-range Capital Improvements Plans with accompanying financial plans for adequate fees and reserve amounts.
- The districts should develop annexation policies and provisions for assessing a fair share of their costs to adjoining properties that utilize their services.
- The existing Spheres of Influences of the CSDs and active CSAs should remain as they currently exist.
- Proceedings should be initiated for the dissolution of Campo Seco Estates (CSA No 5), Forest Meadows (CSA No. 7) and El Rancho Loma Sera (CSA No. 5).
- The Board of Directors of the small CSDs should evaluate and consider the formation of a Permanent Road Division (PRD) as an organizational alternative of providing road maintenance services within their districts.
- The County of Calaveras should consider the formation of PRDs in residential subdivisions for road maintenance services rather than the formation of CSAs or CSDs.