

## SUMMARY OF FINDINGS AND DETERMINATIONS

### Growth and population projections

- ❖ There has historically been limited development in and around the District, however, parcels are adjacent to district boundaries or partially within district boundaries are likely to need district water service in the foreseeable future. Amador Water Agency estimates approximately 30 additional connections could be possible.
- ❖ In anticipation of growth, the Board will need to address significant policy decisions about future demand for service, the appropriate future size of the District and the optimum levels of service that can be feasibly provided.
- ❖ Increased demand for service will be a challenge for part-time staff and board members. Annexation of parcels where the District had made commitments to serve could be a funding challenge.
- ❖ Some nearby properties have previously expressed interest in annexation due to declining well yields; however, landowners of these properties could pursue annexation, although they have not done so due to the cost of extending related infrastructure and the annexation and connection fees.
- ❖ The District relies heavily on the volunteer time of its Board and paid staff who receive minimal stipends. While this currently remains an effective arrangement, the long-term availability of qualified volunteers and/or low-cost staff may affect the sustainability of service provision. Greater demand for service and development in and around the District's service area will further challenge current staffing arrangements.

### The Location and Characteristics of Disadvantaged Unincorporated Communities Within or Contiguous to the Agency's SOI

- ❖ The Drytown Census Designated Place is an identified disadvantaged unincorporated community based upon mapping information provided by the State of California Department of Water Resources. The District and other regional providers are providing services for water, wastewater, and structural fire protection at adequate levels.

### Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

- ❖ The 2008 and 2014 MSRs reported that the distribution system has a significant rate of loss, which was reported to average 20 percent between 1995 and 2007. Current estimates of water loss are lower.

- ❖ The District anticipates completion of its capital improvement plan in early 2019. If not included in the capital improvement plan, the district should perform an evaluation of the entire system to prioritize replacement and determine the maximum capacity that can be served with the existing infrastructure.
- ❖ The District should consider routinely monitoring water use and loss rates.

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### Financial ability of agencies to provide services

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- ❖ The District anticipates completion of a capital improvement plan in early 2019. This plan will significantly enhance the district's ability to prioritize and plan financing for future services.
- ❖ The District has gradually increased rates in order to accumulate reserves. The District would need to increase rates further to provide for ongoing maintenance, the capital costs of rehabilitation and upgrade of the water system.

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### Status of, and opportunities for, shared facilities

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- ❖ DCWD relies on AWA for treatment and transmission of treated water through AWA facilities.
- ❖ No additional opportunities for facility sharing were identified.

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### Accountability for community service needs, including governmental structure and operational efficiencies

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- ❖ Accountability to local voters is constrained by a lack of contested elections. Emphasizing public outreach activities could make improvements to accountability.
- ❖ Due to the passage of SB929, the District will need to consider establishing a website that complies with the requirements of the new legislation, as well as previously enacted legislation, by January 1, 2020.
- ❖ The District has faced and overcome challenges in the past in providing adequate services and maintaining low rates. The District wishes to retain local control over water services, and is concerned about impacts on water rates if it should be consolidated into AWA.



# Drytown County Water District Boundary

Map created by:  
 Amador County Transportation Commission GIS staff  
 117 Valley View Way, Sutter Creek CA 95685  
 July 2018; Amended: Sept 2018, Nov 2018.

- Road
- === State Highway
- ▭ District Boundary
- ▭ Parcel



The Amador County Transportation Commission assumes no responsibility arising from the use of this information. THE MAPS AND ASSOCIATED DATA ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Do not make any business decisions based on this data before validating your decision with the appropriate County office.

DRYTOWN COUNTY WATER DISTRICT

COMMENTS ON MSR REVIEW

October 29, 2018

The Drytown County Water District Board of Directors has looked over and reviewed the MSR Draft Review and the following is our comments and findings.

Boundary

1. The District has not used clearly defined boundaries to support its decisions and actions for extending service, and has extended water service and made commitments to serve water to property outside the jurisdictional area.

Comment: Since the District was formed in 1961 the majority of water users have been with the District, with an exception of a few that came into the district later. For example the Calandri Property was in the District and had two meters on different parts of the property. When property sold to Mr. Aufdermauer and property was split into (9) lots, two lots and a portion of another lot is supposedly not in the District boundaries now. Also the Drytown County Water District lot where our water tank sits on is not in the District boundaries. According to maps some of the Directors have seen they feel these lots are in the District. Therefore we feel those lots should be grandfathered in to the District.

Local Accountability and Governance

2. Email/Website incorrect should be [nancygibbs08@yahoo.com](mailto:nancygibbs08@yahoo.com).

Management

3. The District is working on a Capital Improvement Plan that should be completed by January – February 2019.

Financing

4. Total water enterprise revenue in FY 17 was 69,256.77, per the District Manager. The 2017 Audit identified \$52,965 as operating revenues.

Comment: The \$52,965 is operating revenues and \$16,292.53 is non-operating revenues for a total revenue in 2017 of \$69,256.77.

Water Rates and Financing

5. Domestic water rates residential Flat Bi-Monthly \$122.27 for 40,000 gallons. Over 40,000 \$2.67 per 1,000 gallons used. \$117.27 water usage and \$5.00 service charge.  
Connection fee amount \$1,500.00,  
Participation Fee \$4,880.00 for ¾ inch meter, \$8,134.00 for 1 inch meter.

Also have to pay Amador Water Agency's Participation Fees in addition to the Districts.

Water Service Adequacy

6. Water Operator Certification – It is not the District's water manager but the District's Distribution Operator.

Drytown County Water District  
Board of Directors  
By Nancy Gibbs, Clerk

# AMADOR LAFCO

LOCAL AGENCY FORMATION COMMISSION

## Notice of Exemption

TO: \_\_\_\_\_ Office of Planning and Research  
1400 Tenth Street, Room 121  
Sacramento, CA 95814  
 County Clerk  
County of Amador

FROM: Public Agency:  
Amador LAFCO  
810 Court Street, Jackson, 95642  
Contact: 209-418-9377  
amador.lafco@gmail.com

**Project Title:** Drytown County Water District and Ranch House Estates Community Service District Municipal Services Review Pursuant to Government Code 56430

**Project Location –** 1) Drytown (northwestern Amador County, south of City of Plymouth)  
2) Ranch House Estates (Ranch Road and SR 88, approx. 3mi E of PineGrove)

**Project Location - County:** Amador

**Description of Project:** Review of local government service provider

**Name of Public Agency Approving Project:** Amador LAFCO

**Name of Person or Agency Carrying out Project:** Amador LAFCO

**Exempt Status:** (check one)

**Ministerial (Sec. 21080(b)(1);15268);**

**Declared Emergency (Sec.21080(b)(3);15269(a);**

**Categorical Exemption. State type and selection number:**

**Statutory Exemptions. State code number: 21102, 21150**

**Reasons why project is exempt:** Descriptive and Planning Studies for Possible Future Action for which funding has not been approved

Signature: \_\_\_\_\_ Date: 11/15/18 Title: Executive Officer

Signed by Lead Agency

Signed by Applicant

Date received for filing at OPR: \_\_\_\_\_

POSTED ON:

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**AGENDA ITEM #8**

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**TO:** ALL COMMISSIONERS, ALTERNATES  
**FROM:** NANCY MEES, CLERK TO THE COMMISSION  
**SUBJECT:** MUNICIPAL SERVICE REVIEW (MSR) 2018 UPDATE, RANCH HOUSE ESTATES  
COMMUNITY SERVICE DISTRICT; LAFCO PROJECT #304; RESOLUTION #2018-09  
**DATE:** MEETING OF NOVEMBER 15, 2018

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**BACKGROUND:**

The Public Review Draft Municipal Service Review (MSR) for Ranch House Community Services District was approved for public comment at the September 20, 2018, LAFCO Commission Public Hearing. This MSR was undertaken at this time to review the significant changes in district organization since the last review. The Municipal Service Review (MSR) update for Ranch House Estates Community Service District has been completed and is contained elsewhere in this agenda packet.

**DISTRICT HISTORY:**

The district was formed in 1977 as an independent special district. The District was originally created to provide fire protection, recreation services, street maintenance and water services. While never providing fire protection and recreation services, water service was provided until 1986, at which time that service was transferred to Amador Water Agency. In 1986, RHECSD's water assets were also turned over to AWA to maintain and operate. The District currently provides street maintenance service to three short courts.

The District currently encompasses 60 acres, consisting of 78 parcels, 70 of which are assessed. The current boundary exists after several annexations over the years, and a detachment in 2016. RHECSD has a zero sphere of influence, most recently affirmed in 2016.

**DISCUSSION:**

The attached final review draft MSR describes the district and its services. Management and administration of the District is performed by a volunteer District Board of five members and a volunteer General Manager. Services consist primarily of chipping and sealing the three private courts once every ten years, crack filling every fifth year in between, and additional tar filling on an as-needed basis.

The current boundary map was affirmed at the time of the District's last SOI amendment in 2016. Issues identified in the MSR are minor and related to district administration. Some of these deficiencies were identified in the 2014 MSR; however, most recommendations made by the MSR at that time have been implemented. The MSR lists the changes that still need to be addressed.

The analysis and complete profile for the district is contained in the MSR and is made a part of this action by reference.

**CEQA:**

LAFCO is the lead agency for the project. The Executive Officer has reviewed the proposal and determined that it is exempt from the provisions of the California Environmental Quality Act (CEQA), Sections 21102 and 21150, descriptive and planning study for possible future action for which funding has not been committed.

**STAFF RECOMMENDATIONS:**

1. Find that the Municipal Services Review is exempt from the provisions of the California Environmental Quality Act (CEQA), Sections 21102 and 21150.
2. Make determinations regarding the Ranch House Estates Community Service District (attached).
3. Approve LAFCO Resolution # 2018-09 (attached), finding the 2018 Municipal Service Review for Ranch House Estates Community Service District is adequate and complete.
4. Direct staff to file a Notice of Exemption in compliance with the California Environmental Quality Act and local ordinances implementing the same.

Attachments: Resolution #2018-09  
Exhibit A: Determinations  
Notice of Exemption

Note: This report and attached documents were reviewed and approved by R.Chamberlain on 11/5/18.

# ***RANCH HOUSE ESTATES COMMUNITY SERVICES DISTRICT***

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Ranch House Estates Community Services District (RHECSD) provides street maintenance services.

## **AGENCY OVERVIEW**

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### **Background**

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Ranch House Estates Community Services District was formed on December 30, 1977, as an independent special district.<sup>1</sup> RHECSD was formed to provide fire protection, recreation, street maintenance and water services. Fire protection and recreation services were never initiated. RHECSD was initially formed for the express purpose of connecting to the Central Amador Water project (CAWP). Prior to this, the homeowners association provided water from a well located to the west of a pond in the subdivision. Amador Water Agency (AWA) would not allow a non-governmental entity to participate in the CAWP system, so the CSD was formed as a prerequisite to connecting.<sup>2</sup> RHECSD entered into an agreement to receive water from AWA through CAWP on November 13, 1978. On September 9, 1986, AWA and RHECSD entered into an agreement to turn over the CSD's water assets to AWA to operate and maintain.<sup>3</sup> RHECSD is currently responsible to provide street maintenance service to three short courts within the district. All other roads within the District are county maintained roads.

The principal act that governs the District is the Community Services District Law.<sup>4</sup> CSDs may potentially provide a wide array of services, including water supply, wastewater, and solid waste; police and fire protection; street lighting and landscaping; airport, recreation and parks; mosquito abatement; library services; street maintenance and drainage services; ambulance service; utility undergrounding; transportation; graffiti abatement; flood protection; weed abatement; and hydroelectric power; as well as various other services. Since 2005, CSDs are required to gain LAFCO approval to add or divest those services permitted by the principal act (i.e., latent powers).<sup>5</sup>

### **Boundary**

RHECSD is located at Ranch Road and SR 88, approximately three miles east of the community of Pine Grove. The bounds encompass parcels to the southeast of SR 88 along Meadowbrook Drive. The District has a boundary area of approximately 60 acres.

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<sup>1</sup> LAFCO Resolution 77-95. Formation date is from Certificate of Completion.

<sup>2</sup> Email from Jim Simmons, General Manager, September 15, 2008.

<sup>3</sup> Email from Gene Mancebo, General Manager of Amador Water Agency, October 29, 2018.

<sup>4</sup> Government Code §61000-61226.5.

<sup>5</sup> Government Code §61106.



LAFCO records indicate there were three annexations to the initial District, totaling 103 acres. The first annexation occurred in 1978 and entailed 16 acres. Annexations also occurred in 1984 and 1989, consisting of 69 and 18 acres, respectively.<sup>6</sup>

In 2016, RHECSD began the process of detaching the portion of the District lying north of Highway 88. This area, known as the “Homestead Area”, was annexed in 1984. At the time of annexation, the Homestead Area developer proposed a subdivision with private roads. Homestead was annexed for the purpose of road maintenance. Ultimately, the developer constructed roads meeting county standards and deeded the new roads to the County. RHECSD did not provide, nor anticipate ever providing, any services to the Homestead Area. The Board was concerned that residents of the Homestead Area were voting members of the District despite not receiving services, and as such, could affect future elections. The Board was especially concerned that these residents could override the will of the residents who are receiving services from the District. In 2017, the detachment process was completed and approved by LAFCO, removing 81.75 acres from the District.<sup>7</sup>

### Sphere of Influence

RHECSD’s SOI was first adopted in 1982. LAFCO minutes indicate the SOI included 566 acres of territory beyond the District’s bounds. Accurate maps of the historic sphere are not available. Following the 2008 MSR, LAFCO adopted a zero sphere of influence for the District.<sup>8</sup> The zero sphere of influence was affirmed after the 2014 MSR and again prior to the Homestead Detachment.<sup>9</sup>

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## Local Accountability and Governance

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The principal act requires that districts have five-member governing boards, including a president and vice-president.<sup>10</sup> At the time of the 2014 MSR, RHECSD did not meet these requirements, and had been having difficulty maintaining a board of directors since at least 1981, based on recruitment letters found from that time. As a result, RHECSD was at risk of dissolution due to the lack of a Board of Directors and affirmative action related to its primary mission. The District 5 County Supervisor and LAFCO were, in fact, actively pursuing its dissolution in early 2015, when a District resident volunteered to serve on a reactivated Board of Directors. With the assistance of the Supervisor, new board members were appointed, and with the assistance of LAFCO, new bylaws were adopted. A General Manager (GM) was also appointed as required by law.<sup>11</sup>

RHECSD directors are appointed by the County Board of Supervisors through a consolidated election, unless there is more than one interested party, in which case an at-large election is held. There have been no contested elections in recent history. Board members are elected to four-year terms. The General Manager is charged with identifying

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<sup>6</sup> LAFCO Resolutions 78-130, 84-181, and 89-218.

<sup>7</sup> LAFCO Resolution 2016-10.

<sup>8</sup> LAFCO Resolution 2009-14.

<sup>9</sup> LAFCO Resolutions 2014-24 and 2016-09.

<sup>10</sup> Government Code §61040, §61043.

<sup>11</sup> Government Code §61050.

residents interested in serving on the Board. In 2017, there had been one Board Member whose term ended and who was immediately replaced by a previously identified interested resident. At the time of this MSR, another member has resigned due to personal reasons and a replacement is currently being sought.

The principal act requires that boards convene at least four times a year or every three months.<sup>12</sup> When the District had active board members, RHECSD reported meeting twice per year in the past, which did not meet the principal act requirement of at least quarterly meetings. Since reorganizing in 2015, the District has met once each quarter as required by the Special District Law. The District reported that it has had no Brown Act violations.

Form 700 Financial Interest Statements have been completed by all Board Members and the General Manager, and are on file at the County Elections Office. The District does not have a separate Conflict of Interest Code, but its bylaws do specify that a Director should abstain from participating on any item involving a conflict of interest as set forth in state law.

The District adopts a very basic and minimal budget annually. This budget is filed with the County Auditor, who also collects and holds the District's revenue and pays expenses. In addition, the Auditor submits the District's annual Financial Statement to the State Controller.

In 2018, the District completed a full fiscal audit by a Certified Public Accountant. The District, with the help of the County Auditor-Controller, qualified for an alternate audit schedule designed to reduce the District's audit costs. The new schedule is a full audit every fifth year, with independent fiscal reviews each intervening year.

The District does not have a website or newsletter. Constituent outreach is accomplished by posting minutes, agendas and notices on a public bulletin board centrally located next to the community mailboxes. Ranch House Estates is a small community and informal communication is a common practice for small districts.

The District demonstrated accountability in its disclosure of information to LAFCO and willingly cooperated with LAFCO staff. The District was cooperative in re-forming a Board of Directors subsequent to the prior MSR's determinations, and is complying as much as it is able with state laws and performing its designated purpose of road maintenance.

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<sup>12</sup> Government Code §61044.

**Figure 1: RHECSD Governing Body**

<b>Ranch House Estates CSD</b>			
<b>Governing Body</b>			
	<b>Name</b>	<b>Position</b>	<b>Term Ends</b>
<i>Members</i>	Virginia Bartley	President	November 2019
	Cari Taylor	Vice President	November 2019
	Bob Bartley	Director	November 2021
	Ron Nicholas	Director	November 2021
	Judy Alexander (1)	Director	November 2019
<i>Manner of Selection</i>	Members are appointed by County BOS through biennial consolidated elections in odd numbered years, unless there is more than one interested party, in which case a general election is held.		
<i>Length of Term</i>	4 years.		
<i>Meetings</i>	Quarterly at a residence within the District.		
<i>Agenda Distribution</i>	Posted on bulletin board next to community mailboxes.		
<i>Minutes Distribution</i>	Posted on bulletin board next to community mailboxes.		
<i>Notes: (1) Judy Alexander recently resigned for personal reasons &amp; a replacement has not yet been elected.</i>			
<b>Contact</b>			
<i>Contact</i>	Jim Simmons, General Manager		
<i>Mailing Address</i>	13806 Shadow Glen, Pine Grove 95665		
<i>Phone</i>	209-296-7633		
<i>Email/Website</i>	<a href="mailto:snowskiers@volcano.net">snowskiers@volcano.net</a>		

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## Management

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The principal act calls for community service districts to appoint a general manager to implement board policies.<sup>13</sup> RHECSD was nearly defunct in 2015. The District did not have enough Board members to convene a quorum. At the urging of LAFCO and the county, several residents volunteered to reactivate the Board. The District has maintained a full board since reorganizing.

The Board appointed a non-paid General Manager and contracts out for maintenance services as needed. There are no paid employees and no other volunteer staff. The District has no personnel policies or written job descriptions other than those specified in its bylaws for Directors and the General Manager, which is most likely sufficient for the Directors. The Board additionally provides direction to the GM via minute orders. The GM has been given authority by the Board to respond to issues arising between board meetings that require no expenditure of funds.

The District adopted bylaws and, by minute order, created a road maintenance plan based on the District's current assessment schedule. The District currently complies with

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<sup>13</sup> Government Codes §61050. Per §61040(e), the general manager may not be a member of the board.

the requirement to hold at least one public meeting per quarter. All meetings are noticed as required by the Brown Act and are provided to LAFCO by email. Meeting minutes are posted for public review at a central public location.

Ethics training is required every two years by Government Code §53234. All five Board Members have completed such training, although two certificates are still outstanding because the Board Members did not save copies on their computers. Board Members and supervisory staff are also required to complete sexual harassment training every two years (Government Code §53237). This training has not been completed, although sexual harassment training is less important as there are no employees or staff other than the GM.

The California Special District Association recommends board member training on the Brown Act and the Public Records Act. Although none of the Board Members have taken any such training, the District bylaws do state that business shall be conducted according to the Brown Act. There is, however, no procedure in place for handling a Public Records Act request. Neither is there any official procedure for handling resident complaints.

Although not a member, the GM receives mailings from the Special Districts Association, and reports any changes in law or regulations specified therein to the Board of Directors.

The County manages district finances and the District Board adopts an annual budget. Although there is no written Master Plan, the District adopted, by minute order, a road maintenance plan after consultation with a paving contractor. This plan calls for extending the interval between resurfacing from five to ten years, with a commercial crack filling every fifth year between resurfacing. Additional crack filling will be accomplished as needed by the General Manager.

The District did not report whether its management practices include risk management, and its income may be insufficient to afford insurance.

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## Service Demand and Growth

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RHECSD is a built-out residential community with no significant potential for development.

There is little to no economic activity within RHECSD's bounds, as land use is entirely rural residential (one to five acres per unit).<sup>14</sup> Economic activity in the surrounding area includes farming and several small businesses in Pine Grove, including a drug store, auto body shop, realtor, and a dentist's office.

The District serves approximately 161 residents and encompasses 78 parcels, seven of which are not currently assessed.<sup>15</sup> The bounds include homes located on Meadowbrook Drive, which is a County-owned road running through the District. The population density in the District is 2,081 per square mile (although the District encompasses approximately only one-half of a square mile). Comparatively, the County's overall average population density is 64 per square mile.

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<sup>14</sup> Amador County, *General Plan Land Use Map*, 2016.

<sup>15</sup> The population estimate for the District is the product of the total occupied parcels within the boundary area and the average household size (2.3) in Amador County in 2009-2011, according to the United States Census Bureau.

The District reported that there has been no increase in growth or demand for service within the District's bounds.<sup>16</sup>

The District is not a land use authority, and does not hold primary responsibility for implementing growth strategies.

### Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities (DUCs) as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined, under Amador LAFCO Policies, as any area with at least 15 dwelling units at a density not less than one unit per acre, where the median household income is less than 80 percent of the statewide annual median.<sup>17</sup> The issue of DUCs only applies, however, if the district in question is providing services related to wastewater, municipal and industrial water, or structural fire protection.<sup>18</sup> These services are not provided by RHECSD. Therefore, there is no need to identify DUCs.

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## Financing

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During the previous service review (2014), the District was inactive due to lack of a District Board. In 2015, the District reorganized, and has maintained a five-member board since then. Assessments were not collected in FY 2013-14 because no board existed to submit the annual certification of assessments required by the County Auditor-Controller. The first financial action of the new board in 2015 was to certify the District's assessment roll. With this reorganization, the District has collected assessments each year since 2015.

Finances are tracked through a single general fund for road maintenance activities. Accounting for the District's single fund is maintained by the County, through the County Auditor's office. Assessments are also collected by the Controller-Auditor, who invests any unallocated funds. This investment results in a small increase in the District's available funds.

The District's assessment was established when it was a homeowner's association and not a community service district. The assessment continued when it became a community services district. While all parcels that front the district-maintained courts do pay the assessment, other parcels elsewhere within the District also pay for the court maintenance.

The Board of Directors has determined that its finances are adequate to implement its adopted road maintenance plan. The Board has, however, discussed raising the assessment if, in the future, it cannot meet its road maintenance obligations. One of the reasons the Board went to the ten-year resurfacing schedule with a lesser treatment at five years, was to allow the District to operate within the current \$50/parcel assessment rate. They are unsure whether the current law would allow them to increase the assessment on all parcels or if they would only be able to impose the increase on those parcels on the three courts maintained by the District. The Board is fearful that, even if they do seek to increase the

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<sup>16</sup> Interview of Jim Simmons, General Manager, August 9, 2018.

<sup>17</sup> Amador LAFCO Policies, Guidelines and Procedures, §7.1-7.2, adopted February 16, 2017.

<sup>18</sup> Amador LAFCO Policies, Guidelines and Procedures, §7.4, adopted February 16, 2017.

assessment, it would likely not be high enough to cover maintenance, insurance, audits, and other expenses which would be beneficial to the District and its residents.

In FY 2015-16 and 2016-17, the major expenditures included LAFCO costs and the Board of Equalization fees for the Homestead detachment; cost of a fiscal audit; and road resurfacing project costs. The adopted budget for FY 2018-19 allocates \$100 for office supplies and \$400 for professional services, with all remaining funds to be held in reserve for road maintenance. The District has no long-term debt.

Total revenues in 2017 amounted to \$3,436.<sup>19</sup> To date, there has been no assessment in 2018. The District receives revenue solely from property assessments (and negligible interest on its reserve funds). The District charges \$50 per parcel on 70 of the 78 parcels within the District.<sup>20</sup>

Although there is no formal District policy on maintaining financial reserves. RHECSD had a cash fund balance of \$15,913 at the end of FY 2017 according to the audit. It also had \$17,822 in capital assets, which is comprised of road improvements. An independent financial review for the fiscal year ending in 2018 will be completed after the close of the fiscal year.

California law requires that all Special Districts have an independent audit or fiscal review annually.<sup>21</sup> An audit had been done in 2006, but the District was unable to comply with the annual audit requirements due to the cost, and later, to the lack of an active board. After the Board reactivated in 2015, with the assistance of the Amador County Board of Supervisors and Amador County Auditor, the District was able to obtain a different audit schedule allowed by state law.<sup>22</sup> The schedule is now set at an independent audit every fifth year, with an independent financial review every intervening year. In May 2018, an independent audit was completed for fiscal years ending 2016 and 2017.

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<sup>19</sup> The total consists of \$3,308 in assessments and \$128 in interest (Independent Audit of FY ending 2017).

<sup>20</sup> All of the lots that front the courts pay, but many other parcels that front on the County-maintained roads also are assessed.

<sup>21</sup> Government Code §§61118 and 26909(a)(1).

<sup>22</sup> Government Code §§61118 and 26909(b).

## ROADWAY SERVICES

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### Nature and Extent

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RHECSD provides road maintenance services to three short courts within the District. All other roads within the District are county-maintained roads. Repairs are completed by a contractor. Drainage issues along District-maintained roads are corrected as part of resurfacing the roads. Minor drainage issues are handled in-house by the General Manager. Homeowners are responsible for maintaining drainage through culverts under their driveways.

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### Location

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RHECSD provides road maintenance on three courts off of Meadowbrook Drive. The District does not serve Brook Court or the portion of Meadowbrook Court east of Brook Court, as these roads are maintained by the County. The seven unassessed parcels do not front district-maintained roads. The District does not provide services outside of its bounds.

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### Infrastructure

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The District provides street maintenance on three small roads totaling 0.6 miles extending from Meadowbrook Drive: Dogwood Court, Valley View Court, and Shadow Glen Court. A homeowner's association originally maintained these roads. This association became part of the District when the District was created. For many years, the District and the association functioned as one and the same. It was during this period that the District sold the lot containing the association's old well and pond. A revision to the Special District Law specifically removed the ability to serve both as a homeowner's association and a special district. Three districts were allowed to add, by resolution, the ability to exercise the Board's power of enforcing covenants, conditions, and restrictions adopted by the community. RHECSD was one of these.<sup>23</sup> Since then, however, the law has changed. Several districts are allowed to still exercise such powers if they so choose, but RHECSD is no longer one of them.<sup>24</sup>

When the subdivision was originally being constructed, an offer of dedication was made by the owner/developer for these roads to the County's public road system. The County accepted the offer for Meadowbrook Drive, but rejected the offer for the three courts and, specifically, the drainage easements, until such time as the streets and drainage easements are constructed to County standards and accepted into the County road system by a resolution of the Board of Supervisors.<sup>25</sup> However, the roads still do not meet County design standards, and have never been accepted into the County's public road system.

The courts exist as separate parcels; individual lot lines extend under the other roads in the District except those along these courts. It is unclear who owns the property under the roads in the three courts. LAFCO staff has reviewed the ownership of these roads. After

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<sup>23</sup> Government Code § 61601.7 (repealed).

<sup>24</sup> Government Code §§61105(e) and (f)(1).

<sup>25</sup> Recorded Final Map of Ranch House Estates Unit 1, Subdivision Map No. 17, recorded October 25, 1966.

rejection of dedication of the roads in the courts, there is no record that the roadways or title to the roadway property was ever transferred to any other party. Thus, the reasonable conclusion is that the roadway property is a remainder area still owned by the original owner/developer or the owner's heirs, whose identity and whereabouts are not known to the County. It may be possible for the District to pursue an action to declare the property abandoned. Under procedures of state law and local requirements, the County could potentially effect a transfer of the property to the District.

In 2016, the Board directed the General Manager to obtain bids to oil and chip seal the road surfaces. The roads were treated that summer by a licensed paving contractor at a cost of \$19,210. The District adopted a plan to fill the cracks with tar filler as a temporary fix for the winter.

The District has traditionally oiled and chip sealed the roads on a five year schedule. The new Board adopted a different approach in 2016 that will double the time between resurfacing the roads. The District will hire a paving company to crack fill the roads at a five-year interval, followed by oil and chip sealing on a ten-year schedule. Discussion with a paving contractor confirmed this is a reasonable approach to maintaining the roads. This plan will provide a somewhat lower level of service, but will ensure that the District can meet its statutory responsibilities and comply with other administrative requirements without the need for increasing the annual road assessment.

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## Service Adequacy

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The District reported that it has the means to provide services adequately. The District maintains an adequate reserve to fund needed street improvements. Preventative maintenance to minimize excessive costs is provided on a regular basis. The District has worked to reduce expenditures over time to meet its core mission. With a longer schedule for expensive oil and chip seal and maintenance, and a less expensive audit process, the District is confident it can meet all its obligations without raising assessments within the next ten years.<sup>26</sup>

The roads still appear to be in good condition two years after the most recent oil and chip seal. The drainage ditches also appear to be fairly clean.

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<sup>26</sup> Interview of General Manager Jim Simmons, July 2018.



**Figure2: Ranch House Estates Street Profile**

<b>Street Service Profile</b>			
<b><i>Service Configuration</i></b>			
Street Maintenance	Hired Contractors	Drainage Maintenance	District/Homeowners
<b><i>Service Demand</i></b>			
Street Sweeping Frequency:	Service not provided.		
<b><i>Circulation Description</i></b>			
The District serves three courts stemming off of Meadowbrook Drive.			
<b><i>System Overview</i></b>			
Street Centerline Miles	0.6	Signalized Intersections	0
Privately maintained roads	0.6	Bridges	0
Publicly maintained roads	0	Other	NA
<b><i>Infrastructure Needs/Deficiencies</i></b>			
There are no current infrastructure needs according to the District.			
<b><i>Service Adequacy</i></b>			
Street Miles Rehabilitated FY 16	100%	Costs per Street Mile <sup>1</sup>	\$26,894
Road maintenance performed in 2016 consisted of chip sealing the roads in the District at a cost of \$19,210. The next chip sealing will be in 2026. The next crack filling will occur in 2021.			
<b><i>Service Challenges</i></b>			
Keeping costs down while maintaining mandated services and complying with all applicable laws.			
<b><i>Facility Sharing</i></b>			
<b>Current Practices:</b> None identified.			
<b>Opportunities:</b> The District has transferred financial administration activities to the County since the last MSR. Bringing streets and drainage to County standards would allow the District to transfer road maintenance to the County, thus alleviating the need for the District. This might be cost prohibitive, however.			
Notes: (1) Base on CSD expenditures on road maintenance in FY 16 for .6 miles of road.			

## SUMMARY OF DETERMINATIONS

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### Growth and population projections

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- ❖ There has been no growth within the District as the area is entirely built-out. No future growth is anticipated.

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### The Location and Characteristics of Disadvantaged Unincorporated Communities Within or Contiguous to the Agency's SOI

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- ❖ Since the District does not provide services related to wastewater, municipal and industrial water, or structural fire protection, the policies regarding identification of DUCs does not apply.

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### Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies

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- ❖ Present and planned capacity of public facilities is sufficient, and service provision is adequate, as the District chip-sealed all roads in 2016.
- ❖ All roads appear to be in good to excellent condition, and no current infrastructure needs were identified.
- ❖ It has only been two years since the last complete resurfacing. Therefore, it still remains to be seen whether the new plan for chip and seal every ten years, with crack filling every five years in between will be adequate over a longer period of time under the new maintenance plan.

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### Financial ability of agencies to provide services

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- ❖ As reported in the previous MSR, current financing level appears to be adequate to deliver services.
- ❖ The District maintains a fund balance that will allow it to continue providing services into the future under the new maintenance plan.
- ❖ The District's assets appear to be entirely represented by the cash maintained in the County treasury and the District's capital asset, which is the road resurfacing.
- ❖ With the new Board in place, the annual certification of assessments are back in place, and the District should continue to receive annual revenue.

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### Status of, and opportunities for, shared facilities

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- ❖ The District does not currently share facilities and did not identify any opportunities for shared facilities.

- ❖ Were the District to bring the streets and drainage up to County standards, the roads could be dedicated to the County, thus alleviating the need for a special district. County Service Area (CSA) 5 presently provides street maintenance to several zones located throughout the County. The cost to do such upgrades is unknown.

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### Accountability for community service needs, including governmental structure and operational efficiencies

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- ❖ Since the 2014 MSR, Ranch House Estates CSD has made substantial improvements, including the installation of a functioning board, regular board meetings, adoption of bylaws and policies, appointment of a General Manager, transfer of accounting duties to the County Auditor, adoption of a financially feasible schedule for audits and financial oversight, and institution of a plan for regular road maintenance.
- ❖ Communication and transparency have improved since the last MSR. Regular quarterly meetings are held, and notices, agendas and minutes are timely posted on a community bulletin board in a prominent location. Although agendas are brief, they appear to adequately identify what actions will be taken at each meeting.
- ❖ The District needs to insure that it continues to transmit terms of office for Board Members and annual Form 700s to the County Elections Office. There appears to be some discrepancy in the transmittal of terms of office, but it is unclear whether it is due to a lack of organization in the files at the Elections Office, or the failure of the District to make the transmittal.
- ❖ There is no formal complaint process and no procedure for handling Public Records Act requests. While these may have been handled informally in the past, reliable procedures to comply with state laws will improve District accountability and transparency.
- ❖ Board Members and the General Manager should have sexual harassment training, as well as training to comply with the Brown Act and Public Records Act. The Board is trying to comply with Ethics Training.
- ❖ Due to the passage of SB929, the District will need to set up and maintain a website that complies with the requirements of the new legislation, as well as previously enacted legislation, by January 1, 2020.
- ❖ The most recent audit, completed for the fiscal years ending in 2016 and 2017, was presented to the Board on May 22, 2018. The audit found no material misrepresentations in the District's financial reports. The only issue raised regarded the lack of insurance and the questions of ownership of the roads.
- ❖ The District needs to continue to pursue a way in which it can affordably acquire both liability insurance and Errors & Omissions insurance.
- ❖ The District may want to pursue an action to declare the roadway property abandoned, and its subsequent transference by the County to the District. This would not be necessary, however, if the District were to decide to upgrade the roads and drainage to County standards, and then dedicate the roads to the County for

maintenance. It would then be up to the County to declare the abandonment of the roadways on its own behalf.

- ❖ The District does have its financial reports filed with the State Controller by the County Auditor. The most recent figures appearing on the State Controller's website are for 2016.

# **AMADOR LAFCO**

## **LOCAL AGENCY FORMATION COMMISSION**

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810 COURT STREET ♦ JACKSON, CA 95642-95334 ♦ (209) 418-9377

### **RESOLUTION MAKING DETERMINATIONS AND FINDINGS RELATED TO THE 2018 UPDATE OF THE RANCH HOUSE ESTATES COMMUNITY SERVICE DISTRICT MUNICIPAL SERVICES REVIEW**

#### **LAFCO RESOLUTION NO. 2018-09**

WHEREAS, pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act, commencing with §56000, et seq. of the Government Code, specifically in accordance with §56430, requiring a review of municipal services provided in the county; and

WHEREAS, LAFCO initiated and conducted a service review of all municipal services in all areas of Amador County in 2008, and prepared a comprehensive update and review of agencies and services in 2014, and has now completed a review and update of the services of Ranch House Estates Community Service District (RHECSD); and

WHEREAS, the Commission held a noticed public hearing of the Ranch House Estates Community Service District municipal services review on November 15, 2018, received and heard testimony and comment related to the report, its findings and determinations;

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED AND ORDERED as follows:

1. The Ranch House Estates Community Service District Municipal Service Review of 2018 is found to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Sections 21102 and 21150 in that it is a descriptive and planning study for possible future action for which funding has not been committed.
2. The Ranch House Estates Community Service District Municipal Service Review is found to be adequate and complete pursuant to the requirements of Government Code Section 56430. Determinations regarding municipal services are approved as set forth and described in the attached “Exhibit A” and by this reference incorporated herein.
3. The Executive Officer is hereby directed to file a Notice of Exemption in compliance with the California Environmental Quality Act and local ordinances implementing the same.

**DRAFT**

The foregoing resolution was duly passed and adopted by the Local Agency Formation Commission of the County of Amador at a regular meeting thereof, held on the 15<sup>th</sup> day of November, 2018, by the following vote:

AYES:

NOES:

ABSENT:

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Presiding Officer  
Patrick Crew, Chairman

ATTEST:

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Nancy Mees  
Clerk to the Commission  
Amador Local Agency Formation Commission  
Amador County, California

## SUMMARY OF DETERMINATIONS

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### Accountability for community service needs, including governmental structure and operational efficiencies

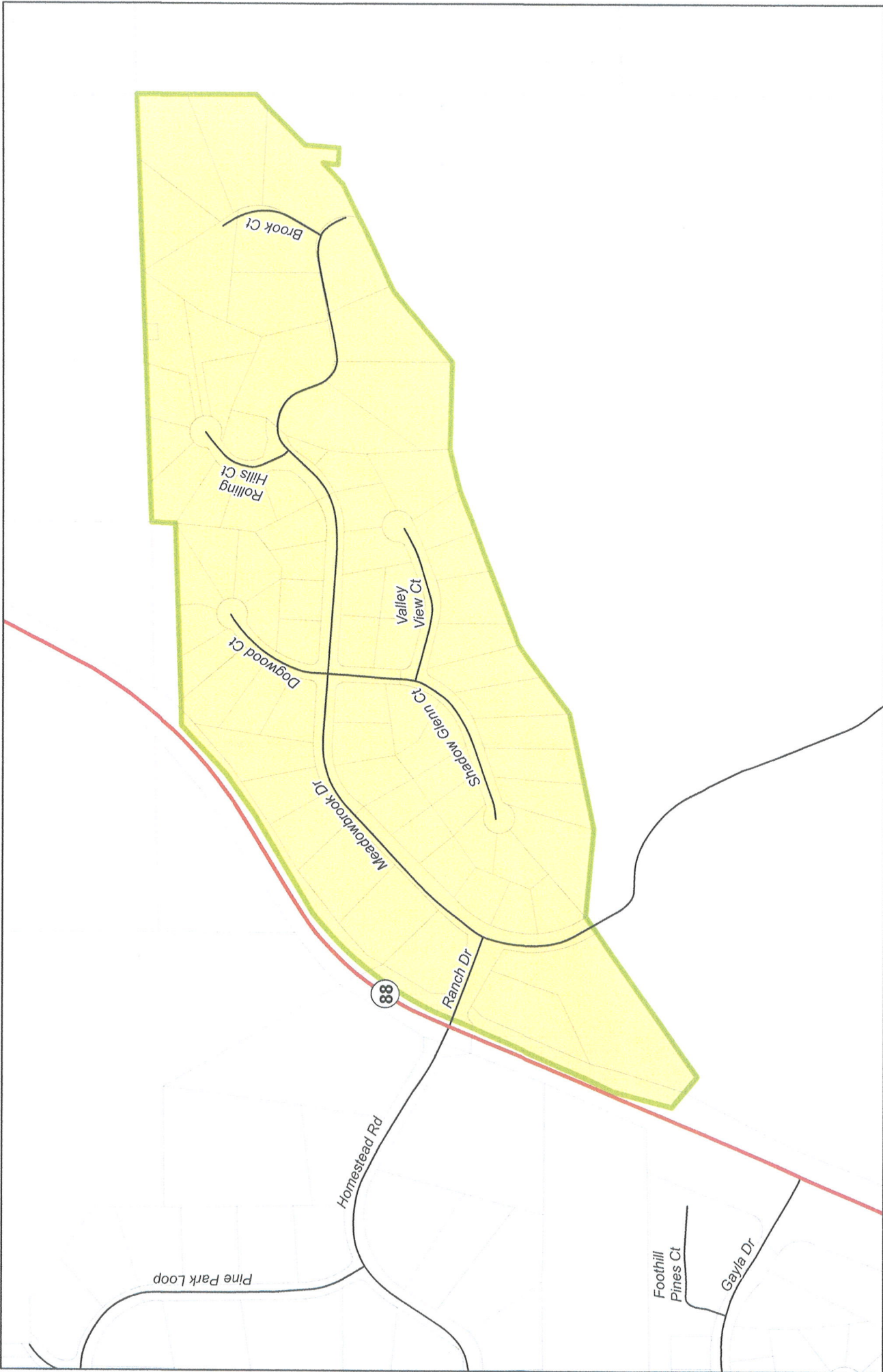
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Map created August 27, 2018 for Amador LAFCO by  
 Amador County Transportation Commission GIS staff  
 117 Valley View Way, Sutter Creek CA 95685 (209) 267-2282

### Ranch House Estates Community Services District

Boundary and Coterminous Sphere of Influence

The Amador County Transportation Commission assumes no responsibility arising from the use of this information. THE MAPS AND ASSOCIATED DATA ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Do not make any business decisions based on this data before validating your decision with the appropriate County office.

-  Parcel
-  Ranch House Estates CSD
-  Sphere of Influence
-  County Road
-  State Highway

