



LAFCO - San Luis Obispo - Local Agency Formation Commission  
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**TO: MEMBERS, FORMATION COMMISSION**

**FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER (DC)**

**DATE: NOVEMBER 19, 2015**

**SUBJECT: SPHERE OF INFLUENCE/MUNICIPAL SERVICE REVIEW  
UPDATE – ROAD DISTRICTS (CRESTON HILLS RANCH)**

**Recommendation.** It is respectfully recommended that the Commission adopt this supplemental report.

**Summary.** This report is to provide additional supplemental information regarding the Creston Hills Ranch CSD and amend the Sphere of Influence and Municipal Service Review Update. On October 15, 2015 the Commission updated the SOI/MSR for the following Community Service Districts: California Valley, Creston Hills Ranch, Ground Squirrel Hollow, Independence Ranch, Linne, and Squire Canyon. It was noted by the Commission that Creston Hills Ranch CSD had limited data with no budget or audit information. The Commission directed staff to reach out to the District and seek additional information and discuss the recommendations adopted in the October report.

**Supplemental Information.** The Creston Hills Ranch Community Services District was formed in 2001. The CSD was able to obtain an unsecured loan as a result of becoming a CSD for the purpose of improving the roads within the District's boundaries. The CSD loan is expected to be fully repaid in 2016 completing the loan. The CSD successfully passed a measure that included a special tax at an initial rate not to exceed \$1,200 annually per parcel and increasing not more than two percent per year thereafter.

The District does not anticipate significant increases in costs for future maintenance once the loan is completed. The CSD does not envision requesting additional assessments fees to make further improvements. The existing property tax assessments would be used to provide on-going maintenance. The roadway improvements have an estimated life span of 30-years. The road improvements were not built to County road standards, which is allowed and was in part the reason for forming the CSD. The roads in Creston Hills Ranch CSD consist of three roadways that include Irongate Road (17-foot wide), Twin Canyon Lane (15-foot wide) and Fox Hollow Road (12-foot wide). Each of these roadways is improved to paved asphalt with Fox Hollow Road being compacted Decomposed Granite (DG) standards behind a gated community.

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An Audit was completed by the District in June 2015 for the two previous years FY14 & 13. The audit reports property tax assessment revenue of \$10,801 and expenses of \$9,545 to pay back principal payments and interest on the debt. The district has had a positive fund balance over the last two years.

Based on the new supplemental information about the Creston Hills Ranch CSD it is recommended that the District's Sphere of Influence not change.

**CEQA Notice of Exemption.** This supplemental information and adoption of a Sphere of Influence for the Creston Hills Ranch CSD are consistent with the decision made by LAFCO in October and comply with the California Environmental Quality Act (CEQA) for a Categorical Exemption. The determination that there is no possibility that the project will have a significant environmental effect on the environment and therefore found to be exempt from CEQA pursuant to section 15061(b)(3) of the State Guidelines still applies.