



***CASTLE HOMES
COUNTY SERVICE AREA
MUNICIPAL SERVICE REVIEW FINAL***

November 29, 2012

Prepared for the
Local Agency Formation Commission of Alameda County
by
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1. AGENCY OVERVIEW

The Castle Homes CSA (CHCSA) provides street maintenance services on five private roads. The most recent municipal service review for the CHCSA was adopted in May 2006.

FORMATION

CHCSA was formed on January 11, 1983 as a dependent special district. CHCSA was created to provide maintenance of three private roads in an unincorporated area—Clover Road, Star Ridge Road (formerly East Avenue) and China Court.

The principal act that governs CHCSA is the County Service Area law.¹ The principal act authorizes county service areas to provide a wide variety of municipal services, including street maintenance, fire protection, extended police protection, water and sewer services.² A CSA may only provide those services authorized in its formation resolution unless the Board of Supervisors adopts a resolution authorizing additional services. All districts must apply and obtain LAFCo approval to exercise latent powers or, in other words, those services authorized by the principal act but not provided by the district at the end of 2000.³

BOUNDARY

The boundary area includes 138 parcels of unincorporated area just north of Hayward in the Fairview area. The total land area within the boundary of CHCSA is 0.61 square miles. The service area is divided into two service zones. Zone 2 encompasses 74 acres; Zone 1 makes up the remainder of CHCSA's boundary area and is approximately 316 acres.

In November 1996, the Board approved the annexation of properties adjacent to Quercus and Arbutus Courts (both private roads), to CHCSA for road maintenance services.

Extra-territorial Services

CHCSA does not provide services outside of its bounds.

¹ California Government Code §25210 et seq

² California Government Code §25213.

³ Government Code §56824.10.

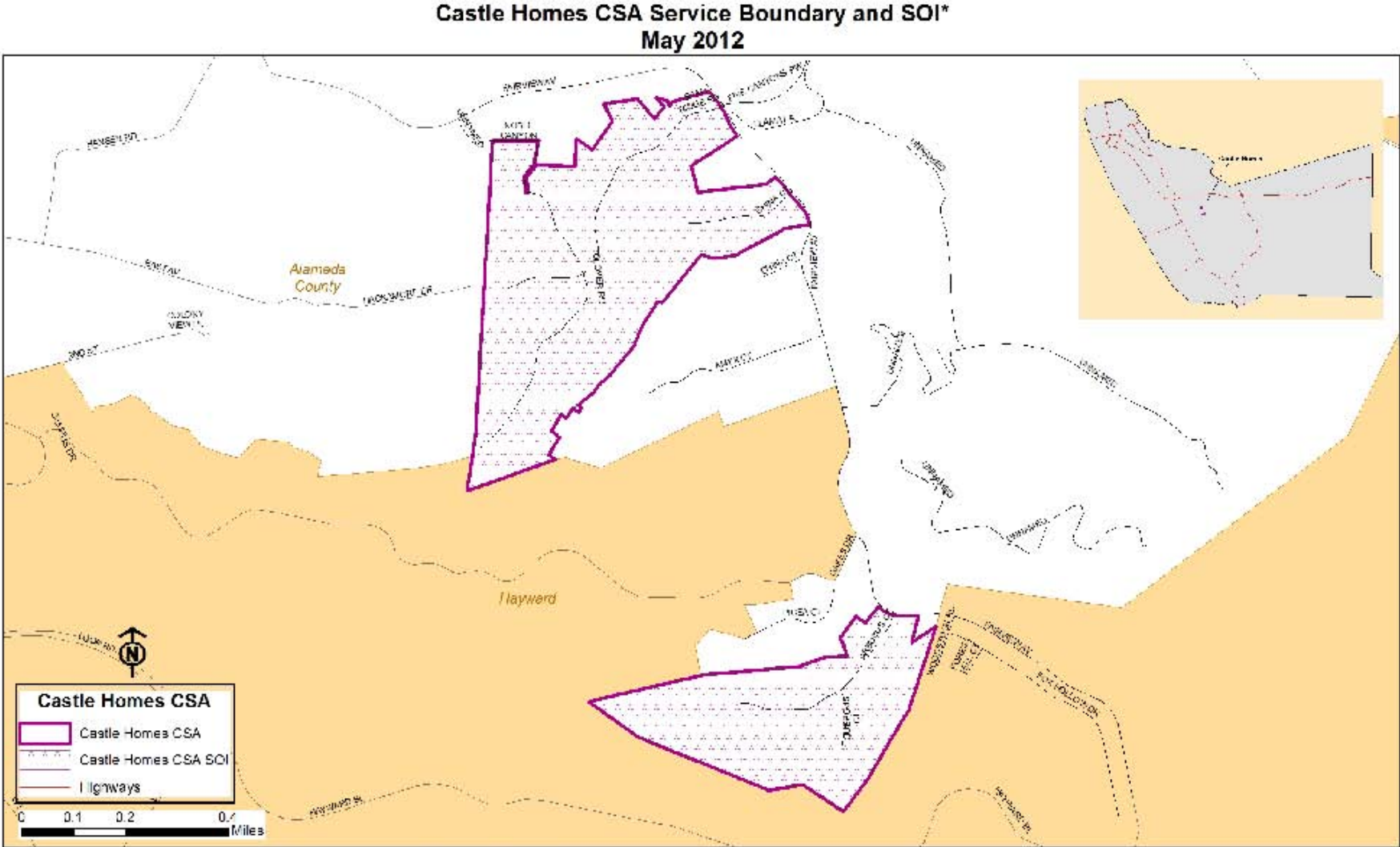
Unserved Areas

There are no areas within CHCSA's bounds that lack street maintenance services.

SPHERE OF INFLUENCE

The SOI was established on April 19, 1984 as coterminous with CHCSA's bounds. On November 19, 1996, approximately 76.4 acres along Quercus and Arbutus Courts were annexed to CHCSA without a corresponding SOI amendment. Hence, the boundary area became larger than the District's SOI. CHCSA's SOI was last updated in 2006 and made coterminous with its boundaries.

Figure 1-1: Castle Homes CSA Boundaries and SOI



*Agency sphere equals the service area boundary

Created for Alameda LAFCO by the Alameda County Community Development Agency

ACCOUNTABILITY AND GOVERNANCE

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here are limited to 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) a defined complaint process designed to handle all issues to resolution, and 3) transparency of the agency as indicated by cooperation with the MSR process and information disclosure.

CHCSA was formed as a dependent special district with the Alameda County Board of Supervisors as its governing body. There are five members of the governing body of CHCSA. The five supervisors are elected by district to four-year terms of office.

The governing body meets weekly. Agendas for each weekly meeting are posted by the Board Clerk on the Internet and at the County Administration building. The Board Clerk provides notice for meetings and disseminates minutes. Board actions and meeting minutes are available on the internet. Through the County website, the public has access to live audio/visual webcasts and archived audio and/or visual webcasts of regular Board meetings for viewing online at their convenience. The County also discloses finances, plans and other public documents via the internet. Current board member names, positions, and term expiration dates are shown in Figure 1-2.

Figure 1-2: Castle Homes CSA Governing Body

Castle Homes CSA				
<i>District Contact Information</i>				
Contact:	Daniel Woldesenbet, Director, Alameda County Public Works Agency			
Address:	399 Elmhurst Street, Hayward, CA 94544			
Telephone:	(510)670-5480			
Fax	(510)670-5541			
Email/website:	http://www.acgov.org/pwa/			
<i>Board of Directors</i>				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Scott Haggerty	Supervisor, Dist. 1	January 2013	Elected	4 years
Richard Valle	Supervisor, Dist. 2	January 2015	Elected	4 years
Wilma Chan	Supervisor, Dist. 3	January 2015	Elected	4 year
Nate Miley	Supervisor, Dist. 4	January 2013	Elected	4 years
Keith Carson	Supervisor, Dist. 5	January 2013	Elected	4 years
<i>Meetings</i>				
Date:	Every Tuesday at 9:30am.			
Location:	Meetings are held in the Board Chambers at 1221 Oak Street, 5th floor in Oakland.			
Agenda Distribution:	Posted on the internet and County Administration Building.			
Minutes Distribution:	Available on the County website.			

To keep constituents informed CHCSA activities, each of the CSA's two service zones has a volunteer advisory committee, although the committees are inactive. Service programs and funding are addressed directly with CHCSA property owners through open public

meetings, informational mailings and public workshops. Public meetings with CHCSA residents are held annually. If service issues arise, special meetings are scheduled to review the non-routine service need. In addition, annual service reviews are conducted with advisory committee members (when the committee is active) and other interested parties. The County Board receives annual reports on CHCSA service and funding needs.

CHCSA demonstrated accountability in its disclosure of information and cooperation with LAFCO questionnaires and other requests for information and review.

Customer complaints, requests for services and information are received by telephone, email, in writing, or in person. A response from CHCSA is either immediate or within two working days. The types of service inquiries received include plan reviews, maintenance requests and requests for service changes. CHCSA tracks complaints and service requests together. In FY 2010-2011, CHCSA completed 52 service requests. There were no complaints filed in 2011.

MANAGEMENT AND STAFFING

While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

CHCSA is staffed by the County Public Works Agency on an as-needed basis.

CHCSA conducts performance evaluation through annual service reviews on site at the CHCSA facilities and in the service area with interested property owners and residents. The results are discussed at public meetings and a recommendation is sent to the County Board of Supervisors regarding possible changes in service or service charges. Monthly and quarterly reports are provided to the Alameda County Public Works Agency management regarding work plans and performance.

CHCSA indicated that it monitors productivity with the results reported monthly and quarterly in reports provided to the Public Works Agency management, as discussed above.

Management practices conducted by the PWA (on behalf of CHCSA) include performance-based budgeting and annual financial audits. CHCSA did not identify benchmarking practices.

The County has a mission statement. Neither CHCSA nor the County Public Works Agency has a strategic plan. However, the Board of Supervisors adopted Alameda County's Strategic Vision in 2008 to provide a multi-year, comprehensive, and far-reaching roadmap with high-level strategic direction for the County's agencies and departments, who are responsible for implementation through their own strategic plans and activities. The Alameda County Public Works Agency has a Capital Improvement Plan specific to road

service needs with a planning time horizon of seven years. The Board of Supervisors recently adopted an FY 11-12 Annual Report for CHCSA.

CHCSA's finances are managed by the County. While County finances are audited annually, the CHCSA finances are not isolated in the audited financial statements but are grouped with other CSAs under non-major governmental funds.

GROWTH AND POPULATION PROJECTIONS

This section discusses the factors affecting service demand, such as land uses, and historical and anticipated population growth.

Land Use

CHCSA's boundary area is approximately 0.61 square miles. The County is the land use authority for the unincorporated areas. CHCSA's land uses are entirely residential.

Existing Population

As of 2010, the population of the area in CHCSA was 57. Its population density—93 residents per square mile—is lower than the countywide density of 1,840 people per square mile.

Projected Growth and Development

Based on Association of Bay Area Governments (ABAG) growth projections and CHCSA's estimated 2010 Census population, the population of the area within the CSA is anticipated to reach 69 by 2035, with an average annual growth rate of 0.8 percent.⁴ Per ABAG population projections, the rate of growth in CHCSA is expected to be similar to the unincorporated growth rate through 2035. From 2010 to 2035 the population of unincorporated area of Alameda County is estimated to grow by 22 percent, while the entire County is anticipated to grow by 27 percent.

The County reported that growth patterns have not been affecting service demand for CHCSA in the last few years. Slow or no growth is anticipated by the County within the CHCSA boundary area in the next several years; however, no formal projections were made due to the small size of the CSA. All lots are presently developed; however, there is the potential for land owners to subdivide lots for development purposes. No planned or

⁴ Association of Bay Area Governments, Projections 2009, August 2009.

proposed developments that may be occurring within the agency's bounds or SOI were identified.

FINANCING

The financial ability of agencies to provide services is affected by available financing sources and financing constraints. This section discusses the major financing constraints faced by CHCSA and identifies the revenue sources currently available to the CSA.

CHCSA reported that current financing levels were adequate to deliver services. No challenges to financing or impacts of the recent economic recession were identified.

Revenues

The revenues for Zone 1 for FY 10-11 were estimated to be \$22,284. The revenue sources included service charges (81 percent) and interest on investments (19 percent).

The revenues for Zone 2 for the same fiscal year were estimated to be \$17,480, out of which 96 percent came from service charges and four percent from interest on investments. The total estimated revenue for the whole CSA in FY 10-11 was \$39,764.

Parcels in Zone 1 are levied annual service charges of \$200 for developed parcels and \$100 for undeveloped parcels. Parcels in Zone 2 are levied charges of \$525 per year for developed parcels and \$262.50 for undeveloped parcels. County staff reported that the charges are based on projected maintenance service needs for the roadways in each zone, which are physically different, thus the difference in service charges.

Expenditures

Expenditures in FY 10-11 for Zone 1 were estimated to be \$20,365, which mainly consisted of the road service program (\$15,274 or 75 percent) and county administrative expenses (\$4,887 or 24 percent). Other minor expenses included publications, legal, and county risk management. For the same fiscal year, Zone 2 had \$11,869 in estimated expenses. A majority of funds were spent on the road service program (\$6,765 or 57 percent) and county administrative expenses (\$4,984 or 42 percent). The rest were spent on publications, legal, and county risk management.

Total expenditures for CHCSA amounted to \$32,234. Total revenues exceeded total expenditures by \$7,530 in FY 10-11.

Liabilities and Assets

CHCSA does not have any long-term debt.

At the end of FY 10-11, the estimated fund balance was \$231,750 for both zones—\$180,735 for Zone 1 and \$51,015 for Zone 2.

CHCSA's capital financing approach is pay-as-you-go. CHCSA relies on current revenues and reserves to finance capital projects. At CHCSA's annual business meeting in March 2011, the property owners made requests for various capital budgeting needs for the next fiscal year. Zone 1 property owners requested that funds be allocated to a seal program, which will include base and shoulder repairs, and a chip seal and fog seal for Star Ridge Road, Clover Road, and China Court. Property owners of Zone 2 requested base repairs in one area of concern which would amount to \$4,103.

Financing Efficiencies

CHCSA engages in joint financing arrangements related to insurance. The County receives excess workers compensation and liability coverage through the California State Association of Counties Excess Insurance Authority—a joint powers authority.

2. MUNICIPAL SERVICES

STREET MAINTENANCE SERVICES

Service Overview

Street services can include maintenance activities, landscaping, street sweeping and street lighting. CHCSA provides street maintenance services on 2.4 miles of private roads by reimbursing the Alameda County Public Works Agency for as-needed staffing. CHCSA acts as a financing mechanism for road maintenance services, as these private roads would not otherwise be maintained by the County. The Street Lighting CSA provides limited street lighting services in the area. Street sweeping services are not provided by the County or CHCSA, but may be provided privately.

The street system within CHCSA includes five local streets in the Fairview area north of Hayward: Clover Road China Court, Star Ridge Road (formerly East Avenue), Arbutus Court, and Quercus Court.

CHCSA does not provide services to other agencies through contract.

Demand for Services

In FY 10-11, CHCSA had 52 service requests, or 22 service calls per street mile.

Infrastructure and Facilities

CHCSA does not own infrastructure, but does serve two centerline miles of private roads. There are no signalized intersections in CHCSA.

Infrastructure Needs or Deficiencies

Private roads typically do not meet County Design Standards in regards to paved width, paving, right-of-way width, grade, drainage, handicapped access, and sidewalk improvements.

Shared Facilities and Regional Collaboration

As an Alameda County Congestion Management Agency member, the County engages in joint studies and planning efforts.

Service Adequacy

This section reviews indicators of service adequacy, including percentage of street miles seal coated, costs per street mile, and response time policy.

None of the roads within CHCSA boundaries are seal coated. Expenditures per street mile in FY 10-11 were estimated to be about \$13,430, which is less than recorded in the 2006 MSR. CHCSA generally responds to service requests within two working days.

3. MSR DETERMINATIONS

Growth and Population Projections

- ❖ As of 2010, the population within Castle Homes County Service Area (CHCSA) was 57.
- ❖ Based on ABAG growth projections the population of CHCSA is anticipated to be 69 by 2035.
- ❖ No new developments are anticipated within CHCSA's boundaries and sphere of influence.

Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

- ❖ Using Census Designated Places, Alameda LAFCo determines that there are no disadvantaged unincorporated communities that meet the basic state-mandated criteria within the County. Alameda LAFCo recognizes, however, that there are communities in the County that experience disparities related to socio-economic, health, and crime issues, but the subject of this review is municipal services such as water, sewer, and fire protection services to which these communities, for the most part, have access.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ Residents of the Castle Homes community primarily use the private road network.
- ❖ CHCSA serves 2.4 miles of five private roads.
- ❖ There were 52 service requests in FY 10-11.
- ❖ Private roads in CHCSA do not meet County design standards for width, grade, drainage, or handicapped access. The area mostly lacks sidewalk, curb and gutter improvements.
- ❖ Infrastructure deficiencies on private roads in unincorporated areas may affect the desirability of annexation of such areas to cities.

Financial Ability of Agency to Provide Services

- ❖ CHCSA reported that its financing level was adequate to deliver services.
- ❖ In FY 10-11, CHCSA's revenues exceeded expenses. The fund balance at the end of the fiscal year was \$231,750.
- ❖ CHCSA does not have any long-term debt.

Status and Opportunities for Shared Facilities

- ❖ As an Alameda County Congestion Management Agency member, the agency engages in joint studies and planning efforts.
- ❖ CHCSA contracts with ACPWA for maintenance of private roads and, in that sense, shares facilities.
- ❖ CHCSA engages in joint financing arrangements related to insurance.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- ❖ CHCSA is governed by the Alameda County Board of Supervisors. The Board updates constituents, broadcasts its meetings, solicits constituent input, discloses its finances, and posts public documents on its website.
- ❖ The 2006 MSR identified annexation to the City of Hayward as an option. CHCSA is adjacent to the City boundary and lies within the Hayward SOI. However, due to the low-density nature of the residential community and the lack of integration with the Hayward street system and the City's development standards (i.e., curbs, gutters, and sidewalks), annexation was deemed unlikely.
- ❖ No alternative governance structure options with regard to CHCSA were identified.
- ❖ The County demonstrated accountability in its cooperation with the LAFCo information requests.

4. SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence

CHCSA's existing SOI is coterminous with its boundary and includes three private roads in Zone 1 and two private roads in Zone 2. All roads are located in the Fairview Area, north and east of the Hayward City limits and south of Castro Valley.

SOI Options

One option was identified with respect to CHCSA's SOI.

Option #1 – Maintain coterminous SOI

Should the Commission wish to continue to reflect the existing service boundary, then a coterminous SOI would be appropriate.

Recommended Sphere of Influence Boundary

The SOI was established in 1984 as coterminous with its bounds. In 1996, Quercus and Arbutus Courts were annexed to CHCSA but, no corresponding SOI amendment occurred with the annexation, therefore, the subject territory was outside CHCSA's SOI.

During the previous SOI update, the Commission adopted a coterminous SOI to correct a technical error. It was determined in the MSR that services were being efficiently provided and no change in service area was proposed. This continues to hold true during this SOI update.

Given the fact that no change in service area is proposed and annexation of CHCSA to the City of Hayward is currently unlikely, it is recommended that the Commission maintain a coterminous SOI for the CSA.

Proposed Sphere of Influence Determinations

Nature, location, extent, functions, and classes of services provided

- ❖ CHCSA provides on 2.4 miles of private roads by reimbursing the Alameda County Public Works Agency for as-needed staffing. CHCSA acts as a financing mechanism for road maintenance services, as these private roads would not otherwise be maintained by the County.

Present and planned land uses, including agricultural and open-space lands

- ❖ The area is a low-density residential community. The recommended SOI does not conflict with planned land uses.
- ❖ There is no Williamson Act or agricultural land within CHCSA's bounds and proposed SOI; consequently, there will be no impact on these lands. CHCSA already serves the entire boundary and SOI area.

Present and probable need for public facilities and services

- ❖ CHCSA's population is projected to grow slowly in the coming years. It is anticipated that there will be continued wear and tear on the road system, which will demand continued service by CHCSA.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ The County appears to have adequate capacity to provide street maintenance services to the CHCSA territory in the long term.
- ❖ CHCSA streets lack sidewalk, curb and gutter improvements.
- ❖ CHCSA appears to provide adequate services as the service provider conducts performance evaluations, productivity monitoring and benchmarking to improve service efficiency, and has a standardized means to track complaints and service requests.

Existence of any social or economic communities of interest

- ❖ The private road network is primarily used by residents of the Castle Homes community, which is considered a community of interest. The residents of the area pay service charges for the services provided by CHCSA, and thus have an interest in the CSA's activities.