



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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August 22, 2022

Kevin Loewen, General Manager
El Dorado Hills Community Services District
1021 Harvard Way
El Dorado Hills, California 95762

Subject: LLAD Assessments Levied on Behalf of the El Dorado Hills CSD

Kevin:

As you will recall, you provided the attached letter of representation to my attorney, David Livingston, on August 11, 2021, to support the 2021-22 LLAD assessments on behalf of the CSD. I will summarize some of the factors that led up to my request for written representations back in 2021.

In fiscal 2020-21, my office received a number of inquiries and complaints from your residents regarding questions about their LLAD assessments. In fact, the CSD's staff referred property owners to my office if the property owners had questions regarding the assessments. Although, the law requires your Board to set the assessments and the County was just complying with the apparent direction from your Board, you and your staff referred homeowners to my office. One frequently asked question was, "How can the CSD Board make a finding that my parcel receives special benefits for the maintenance expenses for a park that is closed?" The CSD refused to answer that question regardless of whether the question was asked by the public or the County Auditor-Controller.

On June 10, 2021, your Board adopted Resolution 2021-14 which ordered a levy of \$15.74 per parcel for the Carson Creek Park LLAD. I was made aware of your Board's action by a disenchanted property owner in Carson Creek. The levy request delivered by the CSD's consultant, however, was for \$13.74 per parcel. The consultant attested that the \$13.74 levy had been verified for accuracy and approved by the CSD. Further, the consultant's delivered levy for a number of parcels was for 25% of the amount ordered by the CSD Board in Resolution 2021-14. Again, I reached the conclusion that I could not rely on your consultant's written attestation as to compliance with your Board's ordered specific actions on June 10, 2021.

Between June 10, 2021, and August 11, 2021, the CSD requested that my office ignore your Board's order related to parcels that your consultant deemed vacant and levy them at 25% of the specific language in the resolution.

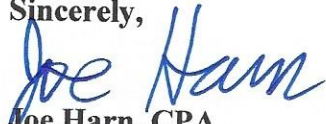
Because of the issues described above and because my office is not adequately staffed to review each and every requested LLAD assessment requested by your district, I requested written representations for you and your Board President. Because of Brown Act concerns raised by the CSD, I accepted written representation from just you in your official capacity.

Between August 11, 2021, and today, no evidence has come forward that would make me change my conclusion that I should not rely upon the representations of your consultant from Newport Beach when the CSD's General Manager and Board of Directors are responsible for the LLAD assessments. Your Board continues to make findings that homeowners receive special benefits and accordingly should pay assessments for park maintenance expenses for a park that is closed. Twice in last 12 months your Board has voted to refund LLAD assessments after many legitimate complaints were received about the impropriety of the initial finding to levy the assessments. Further, on June 30, 2022, the Civil Grand Jury issued a report criticizing the CSD's administration of LLADs. One of the Grand Jury's recommendations stated, "The EDH CSD should contract with an outside consulting firm to develop and implement a quality control process to ensure the annual assessment file sent to the County Auditor-Controller is correct."

On July 8, 2022, I sent you an email stating, "Based on the information that I have at this time, I am going to require that the CSD General Manager and the CSD Board Chair certify the accuracy of, and acknowledge responsibility for, the assessments that the CSD Board wishes to be placed on the property tax bills." Despite my repeated requests for written representations, I did not receive them by the August 10th deadline. I called you, texted you, and emailed you regarding this matter on August 17th. I also texted your Board President and talked to another Director on the phone on August 17. In response, not only did you refuse to provide the same representations and warranties that were provided in 2021, but you acknowledged the existence of inaccuracies in the assessments. Whether or not those inaccuracies are the result of information provided by the County is irrelevant as it is the CSD that bears responsibility for confirming the accuracy of its assessments prior to placement on the tax roll.

On August 18th, my office extended the property tax roll with assessments requested by your consultant for Rodeway LLAD #19 only. The property tax roll was extended without any of the other LLAD assessments provided by your consultant. To be clear, the El Dorado Hills CSD's LLAD assessments, other than Rodeway LLAD#19, were not placed on the property tax bills for fiscal year 2022-23.

Sincerely,



Joe Harn, CPA
Auditor-Controller

CC: Supervisors John Hidahl and George Turnboo
Director Michael Martinelli
David Livingston, County Counsel

Attachment: Loewen Letter dated 8-11-2021



THE HEART OF
EL DORADO HILLS
A COMMUNITY SERVICES DISTRICT

August 11, 2021

David Livingston, County Counsel

County of El Dorado

RE. El Dorado Hills Community Services District LLAD's

Pursuant to Government Code 61120, the Board of Directors of the El Dorado Hills Community Services District ("CSD") has determined that the amount of revenue available to it or any of its zones is inadequate to meet the costs of operating and maintaining facilities within the LLAD's listed in CSD Board Resolution 2021-14. Accordingly, the Board of Directors has decided to levy benefit assessments pursuant to the Landscaping and Lighting Act of 1972, Part 2 of division 15 of the California Streets and Highways Code. The CSD has reviewed the engineer's report prepared by DTA for each assessment and agrees with DTA's determination of special benefits for each parcel levied. The CSD is unaware of any deviations from the requirements of Proposition 218 and the California open meetings laws, including the Ralph M. Brown Act, which would materially affect the validity of the subject assessments. The CSD affirms the accuracy and completeness of all data used by DTA to prepare the engineer's reports and the data file prepared by DTA in support of the LLAD assessments set forth in EDHCSD Board Resolution 2021-14 and submitted to the Auditor-Controller's Property Tax Division. This includes the recertification of the assessment for Carson Creek LLAD #39 sent by Chris Hnatiuk of DTA to Marsha Tover on August 6, 2021 at 1:21pm. The CSD further affirms the lawfulness, accuracy, and completeness of the levies ordered in Resolution 2021-14 when modifying the levies by the weighting factors in each engineer's report.

Respectfully,

Kevin A. Loewen, General Manager