

**LOCAL AGENCY FORMATION
COMMISSION**

JUNE 8, 2005

EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION

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AGENDA

June 8, 2005- 5:30 P.M.

El Dorado Hills Community Services District - 1021 Harvard Way, El Dorado Hills

PLEASE NOTE MEETING LOCATION CHANGE

Time limits are three minutes for speakers

Speakers are allowed to speak once on any agenda item

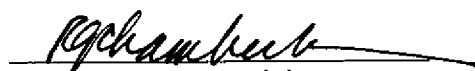
1. CALL TO ORDER AND ROLL CALL
2. CONSENT CALENDAR A. ADOPTION OF AGENDA
3. PUBLIC FORUM/PUBLIC COMMENT

Members of the public may address the Commission concerning matters within the jurisdiction of LAFCO which are not listed on the agenda. No action may be taken on these matters.

4. CONSIDERATION OF THE INCORPORATION OF THE PROPOSED CITY OF EL DORADO HILLS; LAFCO PROJECT NO. 03-10 INCLUDING THE FOLLOWING ACTIONS:
 - A. RESOLUTION ADOPTING FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS (Continued from June 1, 2005)
 - B. RESOLUTION ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM (Continued from June 1, 2005)
 - C. RESOLUTION MAKING DETERMINATIONS, SETTING TERMS & CONDITIONS & APPROVING THE INCORPORATION & RELATED CHANGES OF ORGANIZATION
5. ADJOURNMENT

The next regularly schedule LAFCO Commission meeting will be June 22, 2005

Respectfully submitted,
May 31, 2005


Rosanne Chamberlain
Executive Officer

All persons are invited to testify and submit written comments to the Commission. If you challenge a LAFCO action in court you may be limited to issues raised at the public hearing or submitted as written comments prior to the close of the public hearing. All written materials received by staff 24 hours before the hearing will be distributed to the Commission. If you wish to submit written material at the hearing, please supply 15 copies.

NOTE: State law requires that a participant in a LAFCO proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$250 to any Commissioner in the past year must disclose the contribution. If you are affected, please notify commission staff before the hearing.

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Local Agency Formation Commission
EXECUTIVE OFFICER'S REPORT
Agenda of June 8, 2005
(Continued from Meeting of June 1, 2005)

**AGENDA ITEM 5: Proposed incorporation of El Dorado Hills;
LAFCO PROJECT NO. Project #03-10**

**PROPONENT(S): El Dorado County Board of Supervisors,
on behalf of the El Dorado Incorporation Committee, Norm
Rowett and John Hidahl**

This portion of the Executive Officer's Report and Recommendation addresses the remaining aspects of the incorporation project approval process. The Commission's actions on these remaining matters will complete the proceedings. The Commission has already made determinations regarding the final boundary, the services and governmental reorganizations and fiscal and revenue neutrality matters. These decisions are included in the Resolutions and other attached documents.

Actions at this hearing consist of:

1. Adoption of the CEQA resolution relating to the Findings of Fact and Statement of Overriding Considerations.
2. Adoption of the CEQA resolution relating to the adoption of the Mitigation and Monitoring Program.
3. Consideration of the remaining factors and policies pertinent to the Project.
4. Consideration of Commissioner Dupray's request to re-open discussion of the duration of mitigation payments
5. Adoption of the final resolution approving the incorporation.

CEQA

As noted in the Staff Report for the May 18, 2005 hearing, these two remaining matters are required to complete the environmental review process. All changes and corrections resulting from discussions and decisions made at prior hearings have been incorporated into the documents.

Recommendation: Adopt Resolution L-05-07 and Resolution L-05-08

CONSIDERATION OF OTHER FACTORS AND POLICIES

1. The population of the incorporation area was approximately 28,169 as of December 2003. The population is expected to increase to 65,294 at buildout of all entitled and currently vacant land within the city boundary, based on information provided in the EIR.
2. Based on the final boundary approved by the Commission, (including the removal from the No Islands boundary alternative Marble Valley, Marble Mountain, the Mehrten parcel and the addition of the 80-acre Sierra Pacific parcel), there will be approximately 17,839 acres inside the City boundary. Based on the 2003 population estimate, population density is approximately 1.6 persons per gross acre currently and, absent future annexations, would be expected to increase to 3.7 persons per gross acre at buildout.
3. The total land area included within the approved boundary is approximately 17,839 acres. As described in the EIR, land uses include single and multi-family housing, retail and service commercial uses, commercial offices, Research and Development uses, industrial uses, recreation uses including golf courses, public and semi-public uses including schools, churches, government operations buildings and supporting infrastructure facilities including water, wastewater, drainage facilities and public streets and private roads. The large expanse of open spaces evident within the incorporation area will mostly give way to development pursuant to already approved Specific Plans or other entitlements that are protected by existing development agreements.
4. The CFA estimated the total assessed value within the incorporation area at \$4,075,318,000 as of the end of the 2004-2005 Fiscal Year. The assessed value per capita, based on 2003 population estimate, would be \$144.67.
5. Information pertaining to topography, natural boundaries, drainage basins, proximity to other populated areas, likelihood of significant growth in the area, and in next 10 years, and need for organized community services, is all addressed in the EIR.
6. Housing

Government Code Section 56668(l) requires LAFCO to consider the extent to which the proposal will affect a city and the county in achieving their respective shares of the regional housing needs as determined by the appropriate council of governments (SACOG).

The Draft EIR prepared for the incorporation discussed and evaluated this issue. The County 2004 General Plan included the state-mandated Housing Element. Among other things, the County's Housing Element sets goals for the County based, in part, on how the County proposes to meet its allocation of regional housing needs as determined by the Sacramento Area Council of Governments (SACOG) in the Region Housing Needs Plan (RHNP).¹ The RHNP allocates to cities and counties their "fair share" of the region's projected housing needs by household income group over a five-year planning period. The housing allocations for El Dorado County as a whole, by differing levels of housing affordability level, are set forth in the 2001 SACOG RHNP, as follows:

¹ Sacramento Area Council of Governments (SACOG), Final Regional Housing Needs Plan for the SACOG Region, September 20, 2001

Income Affordability Level	Number of Units
Very Low Income	2,511
Low Income	1,698
Moderate Income	1,990
Above Moderate Income	<u>3,075</u>
Total Allocation	9,274

Under state law and the policies set forth in the RHNP, the new City is to negotiate with the County to determine how much of the County's allocation would become the City's allocation.²

The County submitted comments during the CEQA process relating to housing. The response to these comments is contained in the Final EIR. While the County believes that the City will make certain land use changes to accommodate its fair share of affordable housing, and that those changes will create foreseeable significant impacts, staff has identified that there will be a number of options available to the city to achieve its housing goals.

As explained in the Final EIR and found specifically by the Commission, the lack of provision for affordable housing in the El Dorado Hills community is an existing issue created by prior land use decisions. The incorporation of El Dorado Hills will not make the problem worse. If anything, the formation of a local government with local responsibility to meet regional housing objectives is likely to encourage greater effort towards a solution of the problem. The provision of such affordable housing will generate indirect environmental effects, though a specific and quantitative analysis at this level is impossible. The indirect impacts of the development of affordable housing are similar to those of residential growth generally, and have been adequately considered in the general analysis of the impacts of likely residential growth within the El Dorado Hills community as set forth in the EIR. The mitigation measures generally recommended to mitigate the impacts of growth apply as well to any affordable housing that the new city will be obligated to provide.

The County has also submitted a letter (attached) recommending LAFCO take actions pertaining to affordable housing prior to project approval and proposes that LAFCO add conditions. While these ideas are certainly within the spirit of Government Code Section 56668(f), they appear to directly regulate land use, property development or subdivision requirements, which are prohibited actions under 56886.

There is clear legal process for the post-incorporation reallocation of housing units. It is unlikely that LAFCO has any authority to regulate the transfer of housing units prior to incorporation and it is unlikely that LAFCO conditions could be binding or enforceable on the future city council, the county or other parties which will be involved in the formal reallocation process as described below.

Gov't. Code Sect. 65584.07. (c)

(c) In the event an incorporation of a new city occurs after the council of governments, or the department for areas with no council of governments, has made its final allocation under this section, the city and county may reach a mutually acceptable agreement on a revised

² California Government Code Section 65584.07. Also, see RNHP, Supra, at Section 5: Policy for RHNP Redistribution upon Annexation or Incorporation, p. 13.

determination and report the revision to the council of governments and the department, or to the department for areas with no council of governments. If the affected parties cannot reach a mutually acceptable agreement, then either party may request the council of governments, or the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and make the revised determination.

The revised determination shall be made within one year of the incorporation of the new city based upon the methodology described in subdivision (a) and shall reallocate a portion of the affected county's share of regional housing needs to the new city. The revised determination shall neither reduce the total regional housing needs nor change the previous allocation of the regional housing needs assigned by the council of governments or the department, where there is no council of governments, to other cities within the affected county.

Recommended Determination: The process for negotiation and reallocation of the Regional Housing Needs Plan as specified in statute will assist the City and the County in achieving their respective fair shares of the regional housing needs as determined by SACOG.

Recommendation: Approve the Staff Recommended Determination and take no action with regard to the transfer of housing units and defer to the post-incorporation process defined in law.

CONSIDERATION OF COMMISSIONER DUPRAY'S REQUEST TO RE-OPEN DISCUSSION OF THE DURATION OF MITIGATION PAYMENTS

Commissioner Dupray has requested the Commission reopen their action on his motion of June 1, 2005 to set a term of 40 years for the duration of mitigation payments. His intention is to amend his original motion he made, and reduce the term of mitigation to 25 years for both Road Fund and General Fund mitigation. Commissioner Dupray's request is attached.

Information and analysis of the proposed change, prepared by EPS, is attached.

ADOPTION OF THE FINAL RESOLUTION ADOPTING THE INCORPORATION

- Recommendation:
1. Review the attached resolution and supporting documents; discuss and amend as needed.
 2. Approve Resolution L-05-09.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

TRANSMITTAL

To: Nat Taylor, *Lamphier-Gregory*
Roseanne Chamberlain, *El Dorado LAFCO*
Scott Browne, *Attorney at Law*

From: Jamie Gomes and Amy Lapin

Subject: El Dorado Hills Draft Final Comprehensive Fiscal Analysis; EPS #14472

Date: June 3, 2005

Enclosed, please find the following information:

- Chapter II, the “Conclusions” chapter of the Draft Final Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of El Dorado Hills; and
- **Table A-1** and **Table A-2**, the summary and detailed summary of revenues and expenses as calculated in the Draft Final CFA.

Please note this information reflects all comments received pertaining to the March 11, 2005 Public Review Draft CFA as well as decisions made by the LAFCO Commission on June 1, 2005.

Please contact Jamie or Amy at (916) 649-8010 with any questions.

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DENVER

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Denver, CO 80202

II. CONCLUSIONS

FEASIBILITY OF PROPOSED INCORPORATION

1. THE PROPOSED CITY OF EL DORADO HILLS IS SHOWN TO HAVE ADEQUATE REVENUES TO FUND MUNICIPAL EXPENDITURES AND OTHER OBLIGATIONS

This CFA concludes that the proposed City of El Dorado Hills will have adequate revenues to fund municipal expenditures and other obligations under a range of cost and revenue “scenarios” reflecting current uncertainties facing the proposed City of El Dorado Hills. These scenarios include: the outcome of pending State legislation regarding VLF revenue to newly incorporated cities (AB 1602) and reduced residential and nonresidential growth rates. **Table 1** provides a summary of the feasibility results for the variations evaluated in the CFA.

The required “fiscal mitigation” payments to the County and other special districts may cause annual deficits in the first few fiscal years following incorporation. However, these deficits could be offset by revenues accumulated during the first fiscal year after incorporation.

2. THE PROPOSED CITY OF EL DORADO HILLS WILL BE ABLE TO MAINTAIN OR IMPROVE MUNICIPAL SERVICES CURRENTLY PROVIDED BY OTHER ENTITIES

The CFA includes a municipal budget that provides a level of service that is at least equal to the level of service currently provided by existing service providers. Conservative assumptions have been made regarding both municipal expenditures and revenues. If the proposed City garners more revenue than shown in the conservative forecast (e.g., the historical VLF methodology is restored by the State Legislature) the new City may have an opportunity to increase service levels, particularly after repayment to the County for services provided during the first fiscal year of incorporation. As long as funding is available, the City has, at its discretion, the ability to increase service levels. Moreover, local control and location of City services, as opposed to County services delivered from Placerville, is likely to result in the City providing higher levels of service even with similar funding levels.

Table 1
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Summary of Feasibility Findings

Boundary	Feasibility Findings Before Mitigation Payments				Feasibility Findings After Mitigation Payments			
	Current VLF Methodology [1]		Historical VLF Methodology [2]		Current VLF Methodology [1]		Historical VLF Methodology [2]	
	Base Growth Rate	Reduced Growth Rate [3]	Base Growth Rate	Reduced Growth Rate [3]	Base Growth Rate	Reduced Growth Rate [3]	Base Growth Rate	Reduced Growth Rate [3]
LAFCO Approved Boundary	Feasible	Feasible	Feasible	Feasible	Feasible	Feasible	Feasible	Feasible

matrix

Source: EPS.

- [1] Current VLF methodology means the VLF-revenue allocation based on formulas for new cities formed after August 5, 2004.
- [2] Historical VLF methodology means the VLF-revenue allocation based on formulas for new cities formed before August 5, 2004.
- [3] Assumes a 25% overall reduction in the base growth rate of residential and nonresidential development as estimated in the CFA.

2

The one area where service levels could be significantly increased is road maintenance services. Dedicated revenues for road maintenance purposes within the LAFCO Approved Boundary would increase as a result of incorporation.

Chapter V discusses the increased revenues for road maintenance from gas tax revenues and the share of property tax currently allocated to the County Road Fund. The increased revenues could result in increased spending levels and thus a higher level of road maintenance service.

3. THE FISCAL STRENGTH OF THE PROPOSED CITY WILL BE INFLUENCED BY ASSUMPTIONS REGARDING KEY REVENUE SOURCES AND GROWTH RATES

As shown in **Table 1**, the CFA evaluated numerous possible scenarios including: current and historical VLF methodologies, and reduced residential and nonresidential growth rates. The following points summarize the feasibility results of the scenarios addressed in this CFA.

- **Variation in Motor Vehicle in-Lieu Fee Revenue.** The CFA examined two methodologies for distributing VLF revenue to newly incorporated cities: the current VLF methodology and the historical VLF methodology.

Current VLF Methodology

Table 2 shows the annual General Fund surpluses for selected years for the LAFCO Approved Boundary using the current VLF methodology. *Before fiscal mitigation payments*, the proposed City would experience annual fiscal surpluses ranging from approximately \$891,000 to \$3.3 million during its first nine years of operation. There is one year (FY 2007–08) that shows an annual deficit of approximately \$534,000.

Refer to **Table A-1** and **Table A-2** in **Appendix A** for the detailed estimated revenues and expenditures for the proposed City under the current VLF methodology.

Table 2
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 General Fund Summary for Selected Years (2004\$)

Current VLF Methodology

Item	LAFCO Approved Boundary		
	Fiscal Year Ending		
	2008	2010	2015
Annual Revenues	\$14,009,614	\$16,492,393	\$19,827,307
Annual Expenditures	\$14,543,220	\$15,601,875	\$16,589,287
Annual Surplus/(Deficit) before Mitigation Payments	(\$533,606)	\$890,518	\$3,238,020
Less Mitigation Payments [1]	(\$525,307)	(\$525,307)	(\$525,307)
Annual Surplus/(Deficit) after Mitigation Payments	(\$1,058,913)	\$365,211	\$2,712,713
End of Year General Fund Balance [2]	\$4,640,971	\$4,373,333	\$13,465,018
End of Year Total Fund Balance [3]	\$5,804,405	\$6,824,456	\$20,029,162

"gf_summary"

Source: EPS.

[1] Mitigation payments based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[2] Includes first year General Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Svcs District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).

[3] Includes first year Road Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

Historical VLF Methodology

Table 3 shows the annual General Fund surpluses for selected years for the LAFCO Approved Boundary using the historical VLF methodology. *Before fiscal mitigation payments*, the proposed City would experience annual fiscal surpluses ranging from approximately \$2.7 million to \$6.0 million during the nine-year study period.

Refer to **Table E-1 in Appendix E** for the detailed estimated revenues and expenditures for the proposed City under the historical VLF methodology.

- **Growth Rates.** The CFA evaluated two growth rates to test the fiscal implications of a range of likely growth and development in El Dorado Hills. The base growth rate, which is presented in **Table A-6 in Appendix A**, assumes timely construction of planned projects in El Dorado Hills, given current market trends and expectations. The reduced growth rate is a 25-percent overall reduction of the base growth rate. The CFA indicates that within the time horizon considered, planned growth is an advantage, due primarily to “economies of scale” that can be achieved in service delivery; however, a 25-percent reduced growth rate (or less total development) also would be feasible.

Refer to **Table E-2 and Table E-3 in Appendix E** for a summary of the reduced growth rate scenario under both the current and historical VLF methodologies, respectively.

Refer to **Table E-6 in Appendix E** for a summary of the sensitivity analyses evaluated in this CFA as of FY 2009–10, the fourth year following incorporation.

4. THE PROPOSED CITY IS CAPABLE OF MAKING REQUIRED FISCAL MITIGATION PAYMENTS TO EL DORADO COUNTY

The March 11, 2005 Public Review Draft CFA estimated the amount of fiscal mitigation payments to the County based on the cost of services information provided by County departments and other affected agencies. In addition to fiscal mitigation payments to the County, the March 11, 2005 Public Review Draft CFA analysis included an estimated amount of fiscal mitigation to fire districts that would continue to provide fire protection services to the new City following incorporation. The estimated mitigation amount accounts for the responsibility of these fire districts to provide wildland fire protection to the area following incorporation.

Table 3
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
General Fund Summary for Selected Years (2004\$)

Historical VLF Methodology

Item	LAFCO Approved Boundary		
	Fiscal Year Ending		
	2008	2010	2015
Annual Revenues	\$17,212,280	\$19,736,665	\$22,587,207
Annual Expenditures	\$14,551,958	\$15,611,834	\$16,600,742
Annual Surplus/(Deficit) before Mitigation Payments	\$2,660,322	\$4,124,832	\$5,986,465
Less Mitigation Payments [1]	(\$525,307)	(\$525,307)	(\$525,307)
Annual Surplus/(Deficit) after Mitigation Payments	\$2,135,015	\$3,599,525	\$5,461,158
End of Year General Fund Balance [2]	\$11,007,579	\$17,186,903	\$41,529,588
End of Year Total Fund Balance [3]	\$12,171,013	\$19,638,026	\$48,093,732

"gf_summary"

Source: EPS.

- [1] Mitigation payments based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [2] Includes first year General Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Svcs District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
- [3] Includes first year Road Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

Based on LAFCO Commission actions on June 1, 2005 and County comments on the March 11, 2005 Public Review Draft CFA, the calculated fiscal mitigation amounts in the CFA were amended. On June 1, 2005, the LAFCO Commission approved the amended fiscal mitigation payments to the County and affected fire districts. The calculation of the required fiscal mitigation payments is included in **Chapter VI** of this report.

Table 2 shows annual General Fund surplus/(deficit) under the current VLF methodology *after fiscal mitigation payments* for selected years. After making the required level of fiscal mitigation payments of approximately \$525,000 annually, the proposed City would experience an annual fiscal deficit of \$1.1 million in FY 2007–08, but would experience annual fiscal surpluses ranging from \$365,000 to \$2.7 million during the remainder of the nine-year study period.

A summary of FY 2006–07 through FY 2014–15 fund revenues and expenditures under the current VLF methodology is presented in **Table A-1** and **Table A-2** in **Appendix A**.

Table 3 shows annual General Fund surplus/(deficit) under the historical VLF methodology *after fiscal mitigation payments* for selected years. The proposed City would experience annual fiscal surpluses ranging from \$2.1 million to \$5.5 million during its first nine years of operation after making an assumed level of fiscal mitigation payments of approximately \$525,000 annually.

A summary of FY 2006–07 through FY 2014–15 fund revenues and expenditures under the historical VLF methodology is presented in **Table E-1** in **Appendix E**.

FISCAL IMPACTS ON OTHER AGENCIES

1. REVENUES TRANSFERRED TO THE NEW CITY ARE NOT “SUBSTANTIALLY EQUAL” WITH EXPENDITURES TRANSFERRED

The incorporation is shown not to be “revenue neutral.” As defined in Government Code Section 56815 and calculated in this analysis, the difference between revenues transferred and expenditures transferred is a negative County General Fund impact of \$309,000 for the LAFCO Approved Boundary based on FY 2003–04 estimated costs and revenues. This amount reflects the level of funding that will be mitigated by the fiscal mitigation terms imposed by LAFCO on June 1, 2005. The CFA analysis also shows a negative County Road Fund impact of approximately \$751,300 for the LAFCO Approved Boundary.

According to the terms of the mitigation agreement imposed by the LAFCO Commission, an amount equal to the full fiscal mitigation amounts (for both the County General Fund and County Road Fund) over 40 years in dollars adjusted by the Consumer Price Index (All Urban Consumers – California) will be paid to El Dorado County.

The analysis shows a negative Fire Protection District impact of approximately \$216,000. According to the terms imposed by the LAFCO Commission on June 1, 2005, the new City is required to enter into a tax sharing agreement with the affected fire districts to cover the costs for providing wildland fire protection. Further, the LAFCO terms state that the tax sharing agreement will be reviewed and adjusted according to increases or decreases in the cost of providing wildland fire protection services.

The last section of this report, "Incorporation Impact to County and Districts and Calculation of "Revenue Neutrality," describes the fiscal mitigation terms and payment structure in detail.

2. OTHER AGENCIES SERVING THE EL DORADO HILLS AREA WILL NOT BE SIGNIFICANTLY AFFECTED BY THE INCORPORATION

Other public and private agencies serving the El Dorado Hills area, including the school districts, the water and sanitation districts, and utility providers will not be significantly affected by the proposed incorporation. Whether El Dorado Hills incorporates or not, the growth in El Dorado Hills will create demand for services from these districts. It is assumed that the new City would remain in the Fire Department and RFPD under the LAFCO Approved Boundary. Furthermore, it is assumed that fire protection expenditures (excluding wildland fire protection) and revenues will remain the same whether or not the area incorporates.

ISSUES REGARDING INCORPORATION AND IMPACT ON FEASIBILITY

This CFA includes conservative assumptions based on the most current information available. The CFA developed a model of the proposed City's budget during its first nine years of operation using the current VLF methodology. The data, assumptions, and projections included in this analysis emulate what would transpire should incorporation occur.

Although the analysis includes a realistic approach to assumptions, forecasting future events, and anticipating the actions of involved agencies, there is no guarantee as to the ultimate accuracy of these judgments.

Listed below are issues that could affect the revenue and expense figures shown in this analysis. As noted in the previous section, the CFA conducted a sensitivity analysis to determine the impacts of the issues on feasibility as discussed below.

1. THE REDUCTION OF THE STATE SUBVENTION REVENUE FOR NEWLY INCORPORATED CITIES

As part of the Final FY 2004–05 State Budget, the Governor signed SB 1096 and AB 2115, a bilateral provision that affects future VLF and property tax revenue streams to jurisdictions. The new legislation enacted two significant changes in the methodology for distributing VLF revenue to cities. First, SB 1096 and AB 2115 include a permanent reduction in the VLF effective rate from 2 to .65 percent of the value of a vehicle. Second, the provision replaces 100 percent of County VLF revenues, except for the “Program Realignment” funding, and approximately 87.5 percent of City VLF revenues with an equal dollar amount of property tax revenues. After FY 2004–05, the “property tax in-lieu of VLF” amount will increase annually based on the change in the gross taxable assessed valuation in each municipal jurisdiction. Over the long term, this process will favor those jurisdictions that experience a higher assessed value growth rate compared to their population growth rate.

For newly incorporated cities, however, the new legislation does not provide “property tax in-lieu of VLF” revenue. In addition, the new legislation provides Revenue and Taxation Code Sec. 11005.3 funding (three times the total number of registered voters basis or “proxy population” basis) for the first seven years following incorporation *only* to cities that were incorporated on or before August 5, 2004. Thus, for cities that incorporate after August 5, 2004, the new law dictates those cities shall use a per capita method—instead of the “proxy population” method—of distributing VLF revenue.¹

The CFA analysis uses the current VLF methodology in estimating the results presented in the body of this report and appendices, unless otherwise indicated.

For the historical VLF methodology, the CFA model assumes that VLF revenue is restored to a level commensurate with the per capita amount provided by the California State Controller as of FY 2003–04. Further, the CFA model assumes the

¹ California City Finance. <http://www.californiacityfinance.com/VLFswapAnnIncFAQ.pdf>.

population of the new City will be calculated by a proxy of three times the registered voters at the time of incorporation. The proxy population then provides the basis for determining VLF revenue for the first seven years following incorporation. On February 22, 2005, California Assembly Member Laird introduced AB 1602, which, if approved, would restore the proxy population basis of the historical VLF methodology to cities that incorporate after August 5, 2004.² Although there is uncertainty surrounding the passage of AB 1602, under the direction of LAFCO and the Project Manager, this CFA evaluates the impact of the historical VLF methodology for distributing VLF revenue to the proposed City.

It should be noted that the historical VLF methodology used in this CFA also assumes VLF revenue is restored to a level commensurate with the per capita amount provided by the California State Controller as of FY 2003–04 (approximately \$60 per capita for the proposed City). The CFA uses this approach, which does not take into consideration “property tax in-lieu of VLF” or the increase of “property tax in-lieu of VLF” based on an annual increase in gross taxable assessed value, to conservatively estimate the combination of property tax and VLF revenue (shown in the CFA as VLF revenue only) for the proposed City. This approach is conservative because the revenues would be higher under the methodology that estimates “property tax in-lieu of VLF” based on expected annual increases in gross taxable assessed value.

The CFA estimates VLF revenue would increase from approximately \$186,000 in the base fiscal year (using the current VLF methodology) to approximately \$3.4 million in the base fiscal year *and* for the first 7 years of incorporation for the LAFCO Approved Boundary (using the historical VLF methodology). A summary of fund revenues and expenditures under the historical VLF methodology for FY 2006–07 through FY 2014–15 is presented in **Table E-1** in **Appendix E**.

2. WILDLAND FIRE PROTECTION AND FISCAL IMPACT TO FIRE PROTECTION DISTRICTS

Currently, the California Department of Forestry (CDF) provides wildland fire protection for all lands designated as State Responsibility Areas (SRAs). Land not included in SRAs is designated as Local Responsibility Areas (LRAs). The local agency responsible for fire protection is responsible for providing service to LRAs.

² Official California Legislative Information. http://www.leginfo.ca.gov/pub/bill/asm/ab_1601-1650/ab_1602_bill_20050222_introduced.pdf.

Upon incorporation, all land included within the City's boundary is designated as LRAs; therefore, the cost of fire protection service for this area becomes the responsibility of the local agency. This also affects responsibility for wildland fire protection. Based upon a legal opinion received from El Dorado LAFCO's legal counsel, responsibility for wildland fire protection rests with the local agency that is responsible for providing fire protection services.

Under this proposed incorporation, the Fire Department and the RFPD all remain separate special districts. Consequently, each special fire district would be responsible for the cost of wildland fire protection within their respective jurisdictions.

The CFA has included fiscal mitigation payments to two fire protection districts under the LAFCO Approved Boundary for the cost of wildland fire protection. The responsibility for providing wildland fire protection throughout the proposed City becomes the responsibility of the respective fire protection districts. Each respective fire protection district would be responsible for any cost associated with wildland fire protection either through a contract with CDF or by other means. Although, the new cost incurred by the fire districts may not be a revenue neutrality issue as defined in Government Code Section 56815, LAFCO has decided to include a term in the incorporation terms and conditions regarding the new City mitigating for the cost of wildland fire protection.

3. ASSUMPTIONS USED IN ESTIMATING COUNTY SHERIFF NET COUNTY COST

The CFA estimated the net FY 2003–04 cost to the County for the proposed City, based on information provided by the County Sheriff's Department for an entire sheriff's beat (Beat 21). Similarly, the CFA used preliminary estimated contract cost and offsetting revenue estimates from the County Sheriff's Department based on the entire existing Beat 21, with some exceptions for revenue estimates.

Although costs for the entire Beat 21 are being used for FY 2003–04 net county costs, the County Sheriff's Department has indicated there is a portion of Beat 21 that excludes the proposed incorporation area. The Sheriff's Department has indicated the excluded area is primarily rural without many residents or calls for service and therefore the cost of service to this area are minimal and difficult to quantify.

However, the County Sheriff also indicated that a successful incorporation may result in the need to create a new County sheriff's beat to cover the portion of Beat 21 that falls outside of the proposed incorporation area boundary. The cost for this new

County sheriff's beat has not been included in this analysis because it is possible that this cost has already been accounted for in the FY 2003-04 net cost estimate or preliminary contract cost estimate for the proposed City. It is further possible that this cost may be absorbed into a separate existing County Sheriff's beat following successful incorporation of the proposed City.

4. THE AUDITOR'S DETERMINATION AND PROPERTY TAX EXCHANGE

Government Code Section 56810 describes the procedure for the County Auditor-Controller to determine the proportion of property tax revenues to total revenues available for general purposes (the "Auditor's Determination") for FY 2003-04. The Auditor-Controller has estimated the Auditor's Determination to be 59.73 percent.

The Auditor's Determination is important as it directly affects the future property tax revenue transferred from the County to the new City. It is important to note that in some previous incorporation efforts, calculation of the Auditor's Determination has become the subject of litigation.

5. THE RATE OF RESIDENTIAL GROWTH IN EL DORADO HILLS

The CFA estimated residential growth projections using the following primary sources:

- The estimated supply of entitled housing units with all required annexations as determined by LAFCO, the Project Manager, and EPS;
- Historical annual housing unit development from the Sacramento Area Council of Governments (SACOG);
- EDHCSD;
- The County Geographic Information Systems (GIS) Department; and
- Annual housing unit projections from the Fire Department.

The CFA's estimates, which show an average of 695 single-family dwelling units and 70 multifamily dwelling units per year for the LAFCO Approved Boundary, are more conservative than the Fire Department's estimates. An average of 765 total dwelling units per year yields 8,400 total dwelling units from 2004 to 2014.

These estimated totals are approximately equal to projected supply of residential lots that have all discretionary approvals and required annexations. The section entitled

“Demographic and Development Assumptions” in **Chapter II** includes a more detailed description of the basis for projected growth in the proposed City.

Although the CFA estimates approximately 695 single-family housing units per year, several factors may affect this rate of residential growth including these:

- A short-term inability to provide utility services; or
- A prolonged general economic downturn.

Each of these issues alone or in conjunction with another has the ability to change measurably the rate of future residential growth in the proposed City.

There is no way to accurately predict how or if either of these factors would affect future residential growth. For this reason, the CFA has conducted a sensitivity analysis to account for the possibility of slower residential growth than currently shown in the CFA.

This sensitivity analysis evaluates the impact on the proposed City’s fiscal viability from a substantially reduced residential growth rate. The sensitivity analysis assumes residential growth occurs at 25 percent less than estimated in the CFA. In addition, the sensitivity analysis assumes nonresidential growth would occur at 25 percent less than estimated in the CFA.

REDUCED GROWTH SENSIVITY RESULTS

The sensitivity results presented below reflect a comparison between the base growth rate scenario and the reduced growth rate scenario, a 25-percent overall reduction of the base growth rate. Similar assumptions regarding general government cost reductions and mitigation payments are used under both the current and historical VLF methodology. A summary of the reduced growth rate scenario is presented in **Table E-2** (using the current VLF methodology) and **Table E-3** (using the historical VLF methodology) in **Appendix E**.

Current VLF Methodology

Using the current VLF methodology, the proposed City would be fiscally feasible under the reduced growth scenario both before and after making fiscal mitigation payments to the County and fire districts.

After fiscal mitigation payments, the reduced growth scenario would reduce the City’s annual General Fund surplus/(deficit) by a range of \$600,000 to \$1.2 million over the City’s first nine years after incorporation for the LAFCO Approved Boundary. As

shown in **Table E-2** in **Appendix E**, the total General Fund balance increases from approximately \$5.1 million to \$6.0 million from FY 2006–07 through FY 2014–15.

Reduced growth would lower anticipated City revenues and expenditures in all years of the analysis. Although the reduced growth scenario does include some general government cost reductions, many general government costs would remain relatively fixed based on the City's size. The CFA does assume that Planning Department costs would decrease by approximately 20 percent. In addition, the *reduced growth scenario* assumes all required mitigation payments, as calculated in the CFA, would remain constant. Consequently, under the reduced growth scenario, the annual revenue reductions that are estimated in this CFA are greater than the annual cost reductions.

Historical VLF Methodology

Using the historical VLF methodology, the proposed City would be fiscally feasible under the reduced growth scenario both before and after making fiscal mitigation payments to the County and fire districts. Similar to the results under the current VLF methodology, the reduced growth scenario would lower anticipated City revenues and expenditures in all years of the analysis under the historical VLF methodology.

After fiscal mitigation payments, the reduced growth scenario would reduce the City's annual General Fund surplus/(deficit) by a range of \$700,000 to \$1.4 million over the City's first nine years after incorporation. As shown in **Table E-3** in **Appendix E**, the total General Fund balance increases from approximately \$8.2 million to \$32.9 million from FY 2006–07 through FY 2014–15.

7. THE RATE OF SALES TAX REVENUE GROWTH COULD AFFECT FUTURE REVENUE SURPLUSES

Sales tax revenues are estimated to be one of the City's largest revenue sources. Taxable sales for 2004 in El Dorado Hills were approximately \$4,500 per capita based on sales tax information provided by the SBE. El Dorado Hills has a very low per capita taxable sales average as compared to the County, which is estimated at \$9,300, and the State of California, which is estimated at \$8,500 per capita.

One of the main reasons for this is that many El Dorado Hills residents shop and spend money on taxable goods in surrounding areas such as Folsom, other areas in Sacramento County, and South Placer County. However, there is significant room for improvement in the proposed City's per capita taxable sales depending on population growth, demographics, and the amount and type of new commercial

development. Improvement in sales tax generation may occur as the City grows. Many cities typically see an increase in per capita taxable sales once a city reaches a population of 30,000 to 40,000 people.

The CFA estimates that taxable sales per capita would increase by approximately 30 percent in the future to approximately \$5,800 per capita. The CFA estimates approximately 660,000 square feet of new retail square footage between 2004 and 2014. **Table A-6 in Appendix A** shows detailed forecasts of retail and other *nonresidential square footage anticipated in the LAFCO Approved Boundary incorporation area.*

It is possible that sales tax revenues in the City could be higher than estimated in the CFA. The CFA conducted a sensitivity analysis to show the impact of an additional 350,000 new square feet of retail development in the City through 2014. Under this scenario, the fiscal surpluses for the LAFCO Approved Boundary would increase by approximately \$136,000 to \$860,000 per year by 2014 and the City taxable sales would be approximately \$7,200 per capita.

8. THE TIMING OF TRANSIENT OCCUPANCY TAX COULD AFFECT FUTURE REVENUE SURPLUSES

Based on current information regarding hotel development in El Dorado Hills, the CFA estimates one 93-room hotel will be constructed and generating transient occupancy tax (TOT) revenue by July of 2006 for the LAFCO Approved Boundary. This would translate into the new City receiving TOT revenue (approximately \$261,000 annually) during all years of the analysis. Delay or cancellation of hotel construction would reduce annual fiscal surpluses projected by the CFA.

It is possible that additional hotels will be constructed within the proposed LAFCO Approved Boundary. In this event, the City's annual revenues would be higher than that shown in the current analysis.

9. EFFECTIVE DATE OF INCORPORATION

The effective date of the incorporation could affect the City's General Fund balance reserves. According to Government Code Section 57384, the County is responsible for providing "all services provided to the area before incorporation" for the remainder of the first FY during which the incorporation became effective.

The CFA currently assumes the effective date of incorporation would be July 1, 2006. This results in the County providing services to the incorporated area through the fiscal year ending June 30, 2007. The result of this assumption is that the City is able to generate approximately \$5.7 million in its first fiscal year. If the effective date of the incorporation took place later in FY 2006–07, the City would end up with a reduced General Fund balance reserve at the end of its first fiscal year.

10. THE WILLINGNESS OF THE COUNTY OR OTHER ENTITY TO ENTER INTO SERVICE CONTRACTS WITH EL DORADO HILLS, MOST IMPORTANTLY, FOR POLICE PROTECTION

This analysis used information provided by the County Sheriff's Department estimating a preliminary contract cost for providing law enforcement services (including traffic enforcement) to the incorporation areas.

The actual negotiated agreement for services may differ from the cost estimates. In addition, the associated levels of service are an important consideration both in the CFA and in subsequent deliberations on the incorporation proposal. Cost estimates by County agencies do not represent a commitment from the County Board to enter into contracts at the estimated amounts. The Board may or may not authorize such contracts. The alternative to contracting with the County would be to contract with another entity such as the City of Folsom for services, or provide the service in-house. The City's cost to form its own police department, however, especially during the first few years of operation, is likely to be higher than contracting for the service.

11. PROVIDING ADEQUATE FINANCING FOR PLANNED ROAD AND CITY CAPITAL IMPROVEMENTS

The City would be required to meet the public facility demand generated as El Dorado Hills grows. The City would inherit the capital financing mechanisms established by other respective government entities for the relevant City services. As such, before the City takes any additional actions, the planned capital facilities funding would be the same whether the City or current service provider is responsible. The City can alter the funding mechanisms in the future to the extent the facilities and funding are not contractually obligated by the existing service providers. However, it will also be essential that the accrued funds and authority to continue these financing instruments be effectively transferred to the new City.

Issues regarding capital financing would be negotiated by the County, Incorporation Committee, and LAFCO with the recommendations included as part of the LAFCO Executive Officer's Terms and Conditions.

12. COVENANTS, CONDITIONS, AND RESTRICTIONS AND CODE ENFORCEMENT

The fiscal analysis assumes the new City would continue to collect a parcel tax for the enforcement of Covenants, Conditions, and Restrictions (CC&Rs) in the dissolved EDHCSD boundaries. The City would need to continue to enforce the CC&Rs. The City also would have a related code enforcement function. The fiscal analysis assumes one code enforcement officer would be utilized for CC&Rs and one person would be used for code enforcement for the entire nine-year study period, although LAFCO terms specify the City shall provide CC&R services for not less than one year. Revenues derived from the continuation of the parcel tax would offset the cost of one of the CC&R staff persons. The City's General Fund balance would be greater if the City ceases to provide CC&R services for less than what is shown in this CFA.

The assumption regarding the continuation of CC&R enforcement is based upon an El Dorado LAFCO Counsel opinion which states "LAFCO has the authority to condition the incorporation to authorize the continuation of the CC&R enforcement service and charge only in the area in which the service was previously provided, regardless of the ultimate boundaries of the city."



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDIX A

FEASIBILITY SUMMARY

Table A-1	Summary of Revenues and Expenses	A-1
Table A-2	Detailed Summary of Revenues and Expenses (2 pages)	A-2

Table A-1
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary
 Current VLF Methodology

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
GENERAL FUND										
Total General Fund Revenues [1]	\$11,683,471	\$14,009,614	\$15,270,810	\$16,492,393	\$17,433,989	\$17,979,987	\$18,488,679	\$19,171,515	\$19,827,307	
Total General Fund Expenditures	\$6,705,386	\$14,543,220	\$15,378,352	\$15,601,875	\$15,967,025	\$16,407,930	\$15,935,449	\$16,283,566	\$16,589,287	
General Fund Operating Surplus/(Deficit)	\$4,978,085	(\$533,606)	(\$107,542)	\$890,518	\$1,466,965	\$1,572,057	\$2,553,229	\$2,887,949	\$3,238,020	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [4]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Subtotal Mitigation Payments	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	
General Fund Operating Surplus/(Deficit) After Mitigation Payments	\$4,452,778	(\$1,058,913)	(\$632,849)	\$365,211	\$941,658	\$1,046,750	\$2,027,922	\$2,362,642	\$2,712,713	
General Fund Balance [5]	\$5,699,884	\$4,640,971	\$4,008,122	\$4,373,333	\$5,314,990	\$6,361,740	\$8,389,663	\$10,752,305	\$13,465,018	
ROAD MAINTENANCE FUND										
Road Fund Revenues	\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968	
Road Fund Expenses	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,960,029	\$2,019,575	\$2,079,120	\$2,138,666	
Road Fund Operating Surplus/(Deficit)	\$1,209,273	\$1,290,225	\$1,347,947	\$1,442,342	\$1,567,653	\$1,585,601	\$1,640,426	\$1,503,538	\$1,572,303	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	
Road Fund Operating Surplus/(Deficit) After Mitigation Payments	\$457,973	\$538,925	\$596,647	\$691,042	\$816,353	\$834,301	\$889,126	\$752,238	\$821,003	
Road Fund Balance [6]	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,478	\$4,101,778	\$4,990,903	\$5,743,142	\$6,564,145	
OTHER RESTRICTED FUND										
Other Restricted Fund Revenues	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restricted Fund Expenditures	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restr. Fund Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Funds Operating Surplus/(Deficit)	\$4,910,751	(\$519,988)	(\$36,202)	\$1,056,253	\$1,758,011	\$1,881,052	\$2,917,048	\$3,114,880	\$3,533,716	
All Funds Balance	\$6,324,393	\$5,804,405	\$5,768,203	\$6,824,456	\$8,582,466	\$10,463,518	\$13,380,566	\$16,495,446	\$20,029,162	

*summary

Source: EPS.

[1] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximately \$3,180,881 in FY 2006-07 if there are no changes to the current legislation.

[2] General fund operating surplus (deficit) prior to mitigation payment to County and other agencies.

[3] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[4] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[5] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).

[6] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

Table A-2
Comprehensive Fiscal Analysis
El Dorado Hills Incorporation
Detailed Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary
Current VLF Methodology

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
General Fund Revenues										
Property Taxes	\$7,439,366	\$8,237,508	\$8,995,485	\$9,835,433	\$10,652,827	\$11,059,249	\$11,359,305	\$11,823,505	\$12,232,087	
Sales Tax [1]	\$1,305,108	\$1,884,344	\$2,028,544	\$2,172,744	\$2,316,944	\$2,461,144	\$2,605,344	\$2,749,544	\$2,893,744	
Real Property Transfer Tax	\$530,690	\$531,518	\$556,030	\$606,422	\$606,836	\$455,892	\$495,473	\$483,567	\$496,723	
Unitary Tax	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	
Transient Occupancy Tax	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	
Franchise Fees	\$409,383	\$432,164	\$459,692	\$482,472	\$493,863	\$510,000	\$521,391	\$532,781	\$544,171	
Business License Tax	\$46,142	\$47,878	\$49,213	\$50,748	\$52,284	\$53,819	\$55,355	\$56,890	\$58,425	
Planning Fees	\$0	\$491,086	\$546,510	\$672,518	\$675,521	\$678,539	\$681,571	\$684,619	\$687,682	
Public Works Administration	\$185,000	\$276,658	\$277,898	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036	
Fines and Penalties	\$35,959	\$38,387	\$41,321	\$43,749	\$44,963	\$46,683	\$47,897	\$49,111	\$50,325	
Park and Facility Use Revenue	\$147,940	\$149,420	\$250,914	\$252,423	\$253,947	\$255,487	\$257,042	\$258,612	\$260,198	
Recreation Fees and Charges	\$1,035,610	\$1,105,563	\$1,190,095	\$1,260,048	\$1,295,024	\$1,344,579	\$1,379,556	\$1,414,532	\$1,449,509	
State Motor Vehicle License Fees [2]	\$185,783	\$198,327	\$213,486	\$226,030	\$232,302	\$241,189	\$247,461	\$253,733	\$260,005	
Fund Transfers In (Build. Fees Portion)	\$0	\$194,870	\$244,870	\$194,870	\$104,870	\$154,870	\$104,870	\$104,870	\$104,870	
Investment Earnings	\$71,578	\$131,179	\$126,032	\$125,284	\$133,907	\$146,781	\$160,602	\$185,872	\$214,618	
Total General Fund Revenues	\$11,683,471	\$14,009,614	\$15,270,810	\$16,492,393	\$17,433,989	\$17,979,887	\$18,488,679	\$19,171,515	\$19,827,307	
General Fund Expenditures										
City Council	\$188,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	
Elections	\$72,590	\$55,350	\$0	\$63,080	\$0	\$67,310	\$0	\$70,810	\$0	
City Manager	\$440,000	\$683,681	\$691,878	\$694,588	\$697,311	\$700,047	\$702,798	\$705,562	\$708,339	
City Clerk	\$206,375	\$212,584	\$213,422	\$214,264	\$215,110	\$215,961	\$216,815	\$217,675	\$218,538	
City Attorney	\$700,000	\$703,500	\$707,018	\$710,553	\$714,105	\$717,676	\$721,264	\$724,871	\$728,495	
Finance	\$295,000	\$486,171	\$488,102	\$490,043	\$580,746	\$583,150	\$585,565	\$587,993	\$680,975	
Administrative Services	\$328,125	\$491,599	\$548,377	\$579,956	\$648,821	\$684,913	\$687,738	\$690,577	\$693,430	
Property Tax Administration	\$155,622	\$172,812	\$190,052	\$208,502	\$225,839	\$235,337	\$246,063	\$255,626	\$265,227	
Police	\$136,000	\$4,591,250	\$4,939,418	\$5,091,540	\$5,235,601	\$5,439,707	\$5,583,769	\$5,727,830	\$5,871,891	
LAFCO	\$54,955	\$58,865	\$63,149	\$66,860	\$68,715	\$71,344	\$73,199	\$75,054	\$76,910	
Animal Control	\$0	\$243,522	\$261,264	\$282,640	\$300,744	\$310,634	\$324,130	\$334,222	\$344,406	
Environmental Health	\$0	\$90,916	\$97,865	\$103,616	\$108,491	\$110,565	\$113,440	\$116,315	\$119,191	
Planning	\$122,500	\$818,476	\$910,850	\$1,120,864	\$1,125,868	\$1,130,898	\$1,135,952	\$1,141,032	\$1,146,137	
Code Enforcement	\$80,250	\$80,576	\$80,904	\$81,234	\$81,565	\$81,898	\$82,232	\$82,568	\$82,906	
Public Works Administration	\$185,000	\$276,658	\$277,898	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036	
Parks and Recreation	\$2,647,602	\$2,773,369	\$3,125,346	\$3,251,113	\$3,313,997	\$3,403,091	\$3,465,974	\$3,528,858	\$3,591,741	
Non-Departmental [3]	\$774,064	\$1,229,639	\$1,169,729	\$760,889	\$771,077	\$771,478	\$772,777	\$783,201	\$804,099	
Contingency	\$319,304	\$656,588	\$697,404	\$709,064	\$727,439	\$749,393	\$758,831	\$775,408	\$789,966	
Loan Repayment to County [4]	\$0	\$754,864	\$732,877	\$711,531	\$690,807	\$670,687	\$0	\$0	\$0	
Total General Fund Expenditures	\$6,705,386	\$14,543,220	\$15,378,352	\$15,601,875	\$15,967,025	\$16,407,930	\$15,935,449	\$16,283,566	\$16,589,287	
General Fund Operating Surplus/(Deficit) [5]	\$4,978,085	(\$533,606)	(\$107,542)	\$890,518	\$1,466,965	\$1,572,057	\$2,553,229	\$2,887,949	\$3,238,020	
Less Mitigation Payment to County [6]	(\$309,000)	(\$308,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [7]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Net Annual Balance After Mitigation Payments	\$4,452,778	(\$1,058,913)	(\$632,849)	\$365,211	\$941,658	\$1,046,750	\$2,027,922	\$2,362,642	\$2,712,713	
Beginning of Year General Fund Balance [8]	\$1,247,106	\$5,699,884	\$4,640,971	\$4,008,122	\$4,373,333	\$5,314,990	\$6,361,740	\$8,389,663	\$10,752,305	
Additions (Subtractions) During Year	\$4,452,778	(\$1,058,913)	(\$632,849)	\$365,211	\$941,658	\$1,046,750	\$2,027,922	\$2,362,642	\$2,712,713	
General Fund Balance	\$5,699,884	\$4,640,971	\$4,008,122	\$4,373,333	\$5,314,990	\$6,361,740	\$8,389,663	\$10,752,305	\$13,465,018	

A-2

Table A-2
 Comprehensive Fiscal Analysis
 El Dorado Hills Incorporation
 Detailed Summary of Revenues and Expenses (20045)

LAFCO Approved Boundary
 Current VLF Methodology

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Road Maintenance Fund Revenues										
Gas Taxes	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$999,239	\$1,025,173	
Road Fund Property Tax	\$1,517,125	\$1,700,410	\$1,884,235	\$2,080,962	\$2,265,819	\$2,367,083	\$2,481,453	\$2,583,419	\$2,685,795	
TDA Funds for Road Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Road Maintenance Fund Revenues	\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968	
Road Maintenance Fund Expenditures	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,980,029	\$2,019,575	\$2,079,120	\$2,138,666	
Road Fund Operating Surplus/(Deficit)	\$1,209,273	\$1,290,225	\$1,347,947	\$1,442,342	\$1,567,653	\$1,585,601	\$1,640,426	\$1,503,538	\$1,572,303	
Less Mitigation Payments to County	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	
Net Annual Balance After Mitigation Payments	\$457,973	\$538,925	\$596,647	\$691,042	\$816,353	\$834,301	\$889,126	\$752,238	\$821,003	
Beginning of Year Road Fund Balance [9]	\$166,537	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,476	\$4,101,778	\$4,990,903	\$5,743,142	
Additions (Subtractions) During Year	\$457,973	\$538,925	\$596,647	\$691,042	\$816,353	\$834,301	\$889,126	\$752,238	\$821,003	
Road Fund Balance	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,476	\$4,101,778	\$4,990,903	\$5,743,142	\$6,564,145	
Other Restricted Revenues										
Building and Permit Fees	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700	
Public Works - Site Development Services [10]	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	
Landscaping and Lighting Districts	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152	
Drainage Maintenance Services	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	
Total Other Restricted Revenues	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restricted Expenditures										
Building Inspection	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700	
Public Works - Site Development Services [11]	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	
Landscaping and Lighting Districts	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152	
Drainage Maintenance Services	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	
Total Other Restricted Expenditures	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restr. Funds Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Restricted Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Fund Operating Surplus/(Deficit)	\$4,910,751	(\$519,986)	(\$36,202)	\$1,056,253	\$1,758,011	\$1,881,052	\$2,917,048	\$3,114,880	\$3,533,716	
All Funds Balance	\$6,324,393	\$5,804,405	\$5,768,203	\$6,824,456	\$8,582,466	\$10,463,518	\$13,380,566	\$16,495,446	\$20,029,162	

"final_sum"

Source: EPS.

- [1] The County continues to collect sales tax during the first three months following incorporation. The City will receive nine months of sales tax revenue in the first fiscal year.
- [2] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximately \$3,180,881 in FY 2006-07 if there are no changes to the current legislation.
- [3] Non-Departmental includes office rent, supplies, insurance, and general plan and code development.
- [4] Loan repayments relate to value of services provided by County in first year of City operation.
- [5] General fund operating surplus (deficit) prior to mitigation payments to County and other agencies.
- [6] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [7] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [8] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
- [9] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).
- [10] Revenues represent 100% recovery of site development services expenditures.
- [11] Equals total Site Development Services expenditures, which are fully funded by restricted revenues.

A-3

**Replacement Pages for Final Changes to Final Comprehensive Fiscal Analysis
Reflected Final Approved Fiscal Terms and Conditions**

The logo for Economic & Planning Systems (EPS) consists of the letters "EPS" in a bold, white, sans-serif font, centered within a solid black square.

**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

FINAL REPORT

COMPREHENSIVE FISCAL ANALYSIS FOR THE PROPOSED INCORPORATION OF EL DORADO HILLS

Prepared for:

El Dorado LAFCO

Prepared by:

Economic & Planning Systems, Inc.

June 9, 2005

EPS #14472

SACRAMENTO

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also shows a negative County Road Fund impact of approximately \$751,300 for the LAFCO-Approved Boundary.

According to the terms of fiscal mitigation imposed by the LAFCO Commission, the proposed City will pay the County an amount equal to the full fiscal mitigation amounts (for both the County General Fund and County Road Fund) over 25 years in dollars adjusted annually by the Consumer Price Index (All Urban Consumers—California).

The analysis shows a negative Fire Protection District impact of approximately \$216,000. According to the terms imposed by the LAFCO Commission on June 1, 2005, the new City is required to enter into a tax sharing agreement with the affected fire districts to cover the costs for providing wildland fire protection. Further, the LAFCO terms state that the tax sharing agreement will be reviewed and adjusted according to increases or decreases in the cost of providing wildland fire protection services.

The last section of this report, "Incorporation Impact to County and Districts and Calculation of "Revenue Neutrality," describes the fiscal mitigation terms and payment structure in detail.

2. OTHER AGENCIES SERVING THE EL DORADO HILLS AREA WILL NOT BE SIGNIFICANTLY AFFECTED BY THE INCORPORATION

Other public and private agencies serving the El Dorado Hills area, including the school districts, the water and sanitation districts, and utility providers will not be significantly affected by the proposed incorporation. Whether El Dorado Hills incorporates or not, the growth in El Dorado Hills will create demand for services from these districts. It is assumed that the new City would remain in the Fire Department and RFPD under the LAFCO-Approved Boundary. Furthermore, it is assumed that fire protection expenditures (excluding wildland fire protection) and revenues will remain the same whether or not the area incorporates.

ISSUES REGARDING INCORPORATION AND IMPACT ON FEASIBILITY

This CFA includes conservative assumptions based on the most current information available. The CFA developed a model of the proposed City's budget during its first 9 years of operation using the current VLF methodology. The data, assumptions, and projections included in this analysis emulate what would transpire should incorporation occur.

- The net impact on the County's General Fund after accounting for additional future revenues is a loss of approximately \$309,000 more in revenues than in service responsibility costs.

On June 1, 2005, the LAFCO Commission approved a final County General Fund revenue neutrality payment of \$309,000 to be paid by the City to the County beginning in the City's first fiscal year of incorporation (FY 2006–07). Further, the LAFCO Commission approved the revenue neutrality payment to be repaid over 25 years in dollars adjusted annually by the Consumer Price Index (All Urban Consumers—California).

EL DORADO COUNTY ROAD FUND

Table 12 summarizes the comparison of Road Fund revenues and services lost by the County upon incorporation of El Dorado Hills. Similar to the General Fund, the Road Fund experiences a fiscal deficit from incorporation. **Table D-3** in **Appendix D** contains a more detailed Road Fund mitigation calculation. Based on FY 2003–04 information, the base fiscal year revenue neutrality amount is approximately \$751,300 for the LAFCO-Approved Boundary.

Table 12
Base Fiscal Year (2003–04) Change in Road Fund Revenues and Expenses to El Dorado County [1]
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary
Total Revenues Transferred	\$1,421,993
Total Net Cost of Services Transferred	\$670,731
County Surplus/(Deficit)	(\$751,262)

"road_transfer"

Source: EPS.

[1] Calculations based on actual revenues and expenses for Fiscal Year 2003-04.

Interpreting this table for the base FY 2003–04, indicates the following consequences:

- The County would lose approximately \$1.42 million under the LAFCO-Approved Boundary. These revenues are transferred to the new City upon incorporation. The City would have other revenue sources in addition to these sources that are transferred from the County.
- The County would lose approximately \$671,000 in net Road Fund service responsibility costs as a result of the incorporation under the LAFCO-Approved Boundary. The provision of these services becomes the responsibility of the new City.
- The net impact on the County’s Road Fund is a loss of approximately \$751,300 under the LAFCO-Approved Boundary.

On June 1, 2005, the LAFCO Commission approved a final County Road Fund revenue neutrality payment of \$751,300 to be paid by the City to the County beginning in the City’s first fiscal year of incorporation (FY 2006–07). Further, the LAFCO Commission approved the revenue neutrality payment to be repaid over 25 years in dollars adjusted annually by the Consumer Price Index (All Urban Consumers—California).

OTHER AGENCY FUNDS

Table 13 summarizes the comparison of revenues transferred and expenditures incurred by other impacted agencies upon incorporation of El Dorado Hills. As discussed, other impacted agencies include the Fire Department and RFPD.

Table 13
Base Fiscal Year (2003–04) Change in Revenues and Expenses to Other Impacted Agencies [1]
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary
Total Revenues Transferred	\$0
Total Net Cost of Services Transferred	\$216,307
County Surplus/(Deficit)	\$216,307

"other_transfer"

Source: EPS.

[1] Calculations based on actual revenues and expenses for Fiscal Year 2003-04.



The County of El Dorado

Chief Administrative Office

330 Fair Lane
Placerville, CA 95667-4197

Laura S. Gill
Chief Administrative Officer

Phone (530) 621-5530
Fax (530) 626-5730

May 26, 2005

Roseanne Chamberlin
Executive Director
El Dorado County Local Agency Formation Commission
550 Main Street, Suite E
Placerville, CA 95667

Re: Apportionment of Regional Housing Needs Allocation to El Dorado Hills

Dear Ms. Chamberlin:

This correspondence outlines the County's position on the above subject and requests that LAFCO prescribe appropriate terms and conditions for the proposed incorporation to ensure that a future City of El Dorado Hills will provide for its fair share of regional housing needs.

The County identified the need to address this issue in its comments on the Draft Environmental Impact Report (DEIR) prepared by LAFCO that purports to evaluate and disclose the environmental effects of the proposed incorporation. Among the several deficiencies identified by the County in the EIR, one of the foremost matters of concern pertained to the issue of affordable housing. Neither the incorporators, the preparers of the DEIR, nor LAFCO has to date identified, disclosed and addressed the potentially significant impacts associated with this issue. The responses to the County's comments included in the Final EIR characterize the County's comments on the affordable housing issue as "opinion" and dismiss the need for analysis of the environmental impacts of providing adequate affordable housing as "speculative."

In our view it is neither a matter of opinion nor speculation that a future incorporated City of El Dorado Hills will be required to comply with Government Code requirements requiring that it accept its fair share of regional housing needs (see Government Code Section 65584 et. seq.). It is also neither a matter of opinion nor speculation as to how this fair share allocation will be determined (see SACOG Publication 01-017 "Final Regional Housing Needs Plan for the SACOG Region). In fact the Government Code Section 65583.2 et. seq. clearly specifies that an incorporated City in a non-metropolitan county must demonstrate that either its adopted land use densities will accommodate its share of the regional housing need for lower income households or (if adopted land use densities do not accommodate this need) it must adopt a minimum density

of at least 15 units per acre in sufficient areas to ensure that its share of the regional housing need for lower income households can be accommodated during the planning period.

Given the distinct and identifiable areas within the proposed incorporation boundaries that are not currently encumbered with existing development agreements specifying land uses and densities, it is also clear where future increases in residential densities will need to be provided to satisfy the proposed City's future fair share requirement. Thus, it should not have been considered a matter of opinion and speculation that physical impacts on the environment will occur as a direct result of a newly incorporated city's requirement to accommodate its fair share of regional housing needs and the Final EIR is deficient because it fails to recognize this.

It is readily apparent when evaluating the projected household and employment growth in El Dorado County, a majority of that growth is expected to occur in the El Dorado Hills area (see table below). When considering factors that are commonly used by regional agencies in determining housing allocations (again reference Government Code Section 65584 et. seq. as well as SACOG's own reports and guidelines), the inescapable conclusion is that El Dorado Hills is most suited to receive the majority of the County's regional housing allocation. These factors include:

- 1) Projected household/population growth relative to the County;
- 2) Projected employment growth relative to the County;
- 3) Availability of suitable public utilities and infrastructure;
- 4) Proximity to adequate transportation;
- 5) Demonstrated lack of affordability (compare median housing prices in El Dorado Hills to elsewhere in the County and the Region);
- 6) Achievement of jobs/housing balance (El Dorado Hills is the major employment center in the County and is adjacent to major employment centers in Sacramento County);
- 7) Implementation of "smart growth" principles involving co-location of housing in retail and employment centers with access to public transportation facilities to fill-in existing urbanizing areas rather than encourage sprawl and related traffic congestion, air pollution and related conversion of open space and agricultural lands.

In addition, when the practical constraints prevalent in much of the rest of the County are considered, this further bolsters our contention that El Dorado Hills should receive the majority of the County's regional housing needs allocation. As you know a majority of the County is either off limits to residential development due to federal ownership and control or under strict development limitations within the Lake Tahoe basin. Large portions of the remaining areas of the County are subject to significant environmental constraints such as rare plant preserves, biological corridors, extreme slopes, and prime agricultural soils. Most of the areas appropriate for the type of higher densities that support affordable housing are located in the western end of the County along the Highway 50 corridor, including the area proposed for incorporation. If the proposed city is not required to provide its fair share of SACOG's affordable housing allocation, it would be difficult, if not impossible, for the County to find suitable replacement locations for all of the required affordable housing.

Projected Housing Increase 2005-2015					
	Single Family	Multi Family	Total	% Multi Family of Total	% EDH of County Total
County	9,248	1,651	10,899	15.1	
EDH	4,249	368	4,617	8.0	42.4
Projected Jobs Increase 2005-2015					
	New Jobs		% EDH of County Total		
County	14,442				
EDH	7662		53.1		

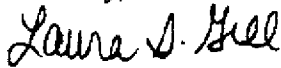
Source: Muni- Financial Report for Traffic Impact Mitigation Fee Update – 3/2/05

Consequently, the County continues to take the position that the Final Environmental Impact Report certified by LAFCO does not comply with the California Environmental Quality Act. However, since LAFCO certified the Final Environmental Impact Report without addressing the County’s concerns and providing for adequate and feasible mitigation, the County requests that the terms and conditions of incorporation provide for the following to ensure that the affordable housing issue is appropriately addressed:

- 1) A mandatory schedule/timetable for commencing, conducting and completing negotiations between the County and City to attempt to reach consensus on the allocation of a fair share of the County’s regional housing need to the City;
- 2) Reimbursement of County costs for conducting these negotiations;
- 3) Requirement for the new City to obtain and maintain State Housing and Community Development Department certification of its Housing Element as compliant with applicable State law.
- 4) Findings by LAFCO that concur that the factors noted in items 1 through 7 above, in conjunction with applicable provisions of the Government Code referenced above, shall be required to govern the City’s determinations regarding acceptance of its fair share of the regional housing need;
- 5) Not less than 50% of the County’s regional housing needs allocation for all income categories shall be provided by the City in its Housing Element.
- 6) Minimum residential densities of 15 dwelling units per acre shall be required in sufficient areas to ensure that the City’s regional housing needs allocation for lower income housing will be satisfied as required by State law;
- 7) Requirement that the City’s Housing Element include programs requiring: adoption of a density bonus ordinance within one year of incorporation; adoption of an inclusionary housing ordinance within one year of incorporation; and adoption of a second unit ordinance within one year of incorporation.

Thank you for considering the County's request. We look forward to your timely response prior to LAFCO's consideration and adoption of terms and conditions of incorporation. If you have any questions, please do not hesitate to contact Greg Fuz, Development Services Director.

Sincerely,



Laura S. Gill
County Administrative Officer

Cc: Board of Supervisors
Planning Commission
County Counsel



550 Main Street Suite C Placerville CA 95667 tel:530.642.5260 fax:530.642.5266 www.edctc.org

June 3, 2005

Roseanne Chamberlain
LAFCO Executive Officer
550 Main Street, Suite E
Placerville, CA 95667

RE: Potential Impacts to the El Dorado County Transportation Commission as a result of the Proposed El Dorado Hills Incorporation

Dear Ms Chamberlain:

The attached staff report serves as information provided to the El Dorado County Transportation Commission (EDCTC), at their June 2, 2005 meeting, regarding the potential impacts of the El Dorado Hills incorporation on the EDCTC. Item number 5 of the attached letter sent to you, dated August 27, 2004 states:

"The incorporation of El Dorado Hills would not result in changes to any other revenue sources related to Transportation Commission services. Funds programmed by EDCTC include Regional Transportation Improvement Program (RTIP) funds, Congestion Mitigation and Air Quality (CMAQ) funds, Rural Surface Transportation Program (RSTP) funds, and Transportation Enhancement Activities (TEA) funds. EDCTC allocates these revenue sources on a priority basis. EDCTC issues a call for projects and project nominations are evaluated, ranked and funded in accordance with fund source requirements and established priorities."

Please feel welcome to call on Commission staff if you have any questions about the information provided, or if further information would be helpful.

Sincerely,

Michael Higgins
Senior Transportation Planner

**AGENDA ITEM 8C
(Discussion Item)**

MEMORANDUM

DATE: JUNE 2, 2005
TO: EL DORADO COUNTY TRANSPORTATION COMMISSION
FROM: KATHRYN MATHEWS, EXECUTIVE DIRECTOR
SUBJECT: EL DORADO HILLS INCORPORATION

REQUESTED ACTION:

None. Information only.

BACKGROUND:

At your May 5th Commission meeting, Commissioner Sweeney requested that the potential impact of the El Dorado Hills incorporation on the EDCTC and Commission duties and responsibilities be agendized for discussion.

DISCUSSION:

In August of 2004, EDCTC responded to the Local Agency Formation Commission (LAFCO) request for fiscal information for the proposed El Dorado Hills incorporation. The request for information addressed five specific issues, all based on fiscal year 2003/04 data, as follows:

- 1) Please describe the services provided to the area by the Transportation Commission.
- 2) Would TDA funds be available to the new City, and in what amount? How much would be available for road construction purposes and how much for road maintenance purposes?
- 3) What is the basis for the allocation, and what restrictions apply to the use of the funds?
- 4) What is the potential impact of the proposed incorporation on the County and on the existing City's receipt of TDA funds?
- 5) Would the incorporation of El Dorado Hills result in changes to any other revenue sources related to Transportation Commission services?

EDCTC responded to these questions based on two scenarios: Scenario A - El Dorado Hills joins the El Dorado County Transit Authority (EDCTA) Joint Powers Authority (JPA) and Scenario B - El Dorado Hills does not join the EDCTC JPA. The EDCTC response to these issues is provided in the August 27th letter to Roseanne Chamberlain, LAFCO Executive Director (Attachment 1).

In addition to fiscal issues, the composition of the Commission may be impacted by the proposed El Dorado Hills incorporation. The Joint Powers Agreement establishing the EDCTC states:

3. Definitions.

"New Member Agency" means any public agency, other than an original signatory to this Agreement, which joins the Authority. However, any public entity created, which public entity was formerly a part of a "member agency" shall be, for the purposes of this Agreement, a "member agency".

AGENDA ITEM 8C

June 2, 2005

PAGE TWO

24. New Members.

New member(s) may join this Agreement provided that the governing boards of the existing Members each vote to accept the New Member(s), and that said New Members accept any additional Board-established conditions upon which the new membership is approved.

The Rules and Bylaws of the El Dorado County Transportation Commission, Article I – Name and Composition, states:

Section 1.2 Composition

The Commission shall be composed of eight members: three Supervisors appointed by the El Dorado County Board of Supervisors; three Council Members appointed by the City of Placerville City Council; one ex officio non-voting member from the City of South Lake Tahoe; and one ex officio non-voting member from the California Department of Transportation (Caltrans, District 3) designated by the District Director. The respective jurisdictions shall also appoint a Supervisor or Council Member to serve as an alternate.

For your additional information, the EDCTA response to the LAFCO request for fiscal information is provided as Attachment 2 and to the NOP for the proposed incorporation is provided as Attachment 3.

Mindy Jackson, Director of EDCTA and Roseanne Chamberlain, LAFCO Executive Officer will be present to answer your questions.

Approved for Agenda:



Kathryn F. Mathews, AICP
Executive Director

- Attachment: 1) EDCTC August 27, 2004 letter to Roseanne Chamberlain
2) El Dorado Transit August 27, 2004 letter to Roseanne Chamberlain
3) El Dorado Transit September 27, 2004 letter to Roseanne Chamberlain



550 Main Street Suite C Placerville CA 95667 tel:530.642.5260 fax:530.642.5266 www.edctc.org

August 27, 2004

Roseanne Chamberlain
LAFCO Executive Officer
550 Main Street, Suite E
Placerville, CA 95667

RE: Request for Fiscal Information for the Proposed
El Dorado Hills Incorporation

Dear Ms Chamberlain:

This letter provides written response to your request for fiscal information for the proposed El Dorado Hills incorporation. The information provided is based on the most recently completed fiscal year (2003-04).

1. Please describe the services provided to the area by the Transportation Commission.

The El Dorado County Transportation Commission (EDCTC) is responsible for the planning, programming and implementation of coordinated, multi-modal, regional transportation systems on the Western Slope of El Dorado County (excludes the Tahoe Basin). The Fiscal Year 2004/05 Overall Work Program and Budget specifies the following duties and responsibilities:

- a) Establishment of rules and regulations to provide for administering transportation planning and allocating the Transportation Development Act (TDA) Funds.
- b) Receipt and approval of claims for TDA Funds.
- c) Conduct public meetings and hearings as required by law.
- d) Administer the regional transportation planning process.
- e) Every four years update and adopt a Regional Transportation Plan (RTP).
- f) Biennially (every two years) adopt a Regional Transportation Improvement Program (RTIP).
- g) Work with the Sacramento Area Council of Governments (SACOG), as the federally-designated transportation planning agency for El Dorado County, to determine air quality conformity of transportation plans, programs, and projects.
- h) Oversee the delivery of State Transportation Improvement Program projects, pursuant to the requirements of Senate Bill 45 (Statutes of 1997) and the April, 1998 Memorandum of Understanding with Caltrans.

2. *Would TDA funds be available to the new City, and in what amount? How much would be available for road construction purposes and how much for road maintenance purposes?*

Please refer to Attachment A, based on the new City joining the El Dorado County Transit Authority Joint Powers Authority for the provision of existing transit services and Attachment B, based on the new City providing existing transit services independent of the El Dorado County Transit Authority Joint Powers Authority. Note that the El Dorado County Transportation Commission must find that there are "no unmet transit needs" or that there are "no unmet transit needs that are reasonable to meet" before TDA funds are made available for road construction and maintenance purposes.

The El Dorado County Transportation Commission would encourage the new City to join the El Dorado County Transit Authority Joint Powers Authority for the provision of transit services.

3. *What is the basis for the allocation, and what restrictions apply to the use of the funds?*

Percent of total population of the Western Slope of El Dorado County forms the basis for the allocation of TDA funds. Transportation Development Act Statutes address the priorities for TDA allocations. The priorities are as follows:

- a) TDA Administration
- b) Planning and Programming
- c) Pedestrian and Bicycle Facilities
- d) Community Transit Service (services provided to those, such as the disabled, who cannot use conventional transit services to link intracommunity origins and destinations)
- e) Public Transportation and Grade Separations
- f) Local Streets and Roads

4. *What is the potential impact of the proposed incorporation on the County and on the existing City's receipt of TDA funds?*

There is no potential impact of the proposed incorporation on the City of Placerville's receipt of TDA funds, as Placerville's population as a percentage of the Western Slope of El Dorado County would not change. The County's TDA funds would be reduced based on the shift of the percentage of population in unincorporated El Dorado County (Western Slope) to the new City. Refer to Attachment A and Attachment B for calculations based on FY 2003/04 TDA apportionment and allocation instructions

Roseanne Chamberlain
August 27, 2004
Page Three

5. *Would the incorporation of El Dorado Hills result in changes to any other revenue sources related to Transportation Commission services?*

The incorporation of El Dorado Hills would not result in changes to any other revenue sources related to Transportation Commission services. Funds programmed by EDCTC include Regional Transportation Improvement Program (RTIP) funds, Congestion Mitigation and Air Quality (CMAQ) funds, Rural Surface Transportation Program (RSTP) funds, and Transportation Enhancement Activities (TEA) funds. EDCTC allocates these revenue sources on a priority basis. EDCTC issues a call for projects and project nominations are evaluated, ranked and funded in accordance with fund source requirements and established priorities.

6. *In the event we have additional questions, please provide the name and telephone number of the person in your department or agency we should contact.*

Kathryn F. Mathews, AICP
Executive Director
El Dorado County Transportation Commission
550 Main Street, Suite C
Placerville, CA 95667
(530)642-5260

Please feel welcome to call on me if you have any questions about the information I have provided, or if further information would be helpful.

Sincerely,



Kathryn F. Mathews, AICP
Executive Director

Attachments

CC: Laura Gill, Chief Administrative Officer, County of El Dorado
John Driscoll, City Manager, City of Placerville
Mindy Jackson, Director, El Dorado County Transit Authority

SCENARIO A - El Dorado Hills joins EDCTA JPA
 TRANSPORTATION DEVELOPMENT ACT (TDA)
 LOCAL TRANSPORTATION FUND (LTF)
 FINAL FY 2003/04 APPORTIONMENT & ALLOCATION

Estimated 2003/04 TDA Receipts	\$ 3,816,193.00	
Less: El Dorado County Auditor for TDA Administration	\$ (4,000.00)	
2003/04 TDA Revenues to be apportioned	\$ 3,812,193.00	
Less: TRPA Area share (21.063% pop.)	\$ (802,964.00)	
EDCTC 2003/04 amount to be apportioned (78.937% pop.)		\$ 3,009,229.00
Plus: FY 2002/03 unapportioned carryover		\$ 45,345.00
Total FY 2003/04 available for apportionment		<u>\$ 3,054,574.00</u>
TDA Administration (PUC Section 99233.1)		
(A) EDCTC TDA Administration		\$ 264,289.68
Planning / Programming (PUC Section 99233.2)		
EDCTC Planning and Programming (up to 3% of Revenue)		
(B) EDCTC Planning	\$ 35,710.32	
EDCTC Contribution to SACOG Federal Planning and Programming per 4/1/94 MOU equal to 2% of LTF Apportionment after Administration, Planning & Programming, Pedestrian & Bicycle Facilities, and Community Transit Services apportionment (if any)	<u>\$ 55,563.27</u>	
Planning / Programming subtotal		\$ 91,273.59
Pedestrian and Bicycle Facilities (PUC Sections 99233.3 and 99234)		
Non-motorized, eligible to city and county (up to 2% of remaining money after Administration and Planning/Programming)		
		<u>\$ 53,737.79</u>
	Subtotal	\$ 409,301.06
Balance of apportionment		\$ 2,645,272.94
<i>Note to distributions:</i>		
<i>(A) + (B) = \$300,000 for EDCTC for TDA Administration and Planning</i>		
Public Transportation - Transit (Article 4) (PUC Sections 99233.2, 99260(a) and 99262)		
EDCTA - Continuation of Existing Service	\$ 2,272,892.00	
EDCTA - Unmet Transit Needs (none for FY 03/04)	\$ -	
EDCTA - Service Enhancements (none for FY 03/04)	<u>\$ -</u>	
Public Transportation - Transit subtotal		\$ 2,272,892.00
1) Other Transportation (Article 8) (PUC 99233.9, 99400(a), 99402 and 99407)		
City of Placerville: 10,239 = 7.929% of total County population	\$ 29,526.08	
City of El Dorado Hills: 31,305 = 24.243% of total County population	\$ 90,276.31	
El Dorado County Unincorporated: 87,585 = 67.827% of total County population	\$ 252,574.82	
2) Other Transportation (Article 8) (PUC 99233.9, 99400(a), 99402 and 99407)		
City of Placerville: 10,239 = 7.929% of total County population	\$ 29,526.08	
City of El Dorado Hills: 31,255 = 24.204% of total County population	\$ 90,131.08	
El Dorado County Unincorporated: 87,635 = 67.868% of total County population	\$ 252,720.05	
Other Transportation subtotal		<u>\$ 372,380.94</u>
Total FY 2003/04 allocated to claimants		<u>\$ 2,645,272.94</u>

New city would owe big to county

If El Dorado Hills should incorporate, it must pay \$1 million yearly for 40 years, LAFCO decides.

By Cathy Locke
BEE STAFF WRITER

The proposed city of El Dorado Hills could have to pay El Dorado County approximately \$1 million annually for 40 years if voters approve incorporation, under terms approved by the Local Agency Formation Commission Wednesday night.

The revenue-sharing plan was greeted with anger by incorporation proponents, who maintained that the long payment period - cityhood proponents had hoped for a 25-year term - could threaten the proposed city's viability.

The panel, which rules on government reorganizations, stepped in to resolve the issue after negotiations between cityhood proponents and county officials could not yield an agreement.

Incorporation proponents stormed out of the meeting, terming the decision "ludicrous" and threatening lawsuits.

After the meeting, Rusty Dupray, a county supervisor and member of LAFCO who made the motion to approve the 40-year period, said he will write a letter to the commission asking that it revisit the issue.

He said his initial motion was based on a misunderstanding of the proponents' last position in negotiations. When that was clarified to him after the vote, he decided it was only fair that the commission reconsider a 25-year period for payments.

Incorporation proponents had argued that the county's request for long-term subsidies amounted to stealing.

Resident Harry Norris, who described himself as a late convert to the incorporation effort, said, "El Dorado Hills has subsidized the county for years. One of the reasons for cityhood is we don't want to subsidize the county for 40 more years."

Cityhood advocates had proposed payments of \$309,000 annually to the county general fund for 25 years and \$750,000 to the road fund for 10 years. They also proposed annual adjustments reflecting increases in the consumer price index.

County officials wanted the payments to continue for 40 years, with annual adjustments based on increases in the assessed value of property in El Dorado Hills.

LAFCO agreed to annual adjustments based on the consumer price index, as sought by cityhood proponents, but supported the county's request for the 40-year payment period.

LAFCO assumed an unusual role in deciding how revenue would be divided between the city and county if incorporation occurs. An agreement typically is reached through negotiations between the affected parties.

But the 90-day negotiating period allowed under El Dorado County LAFCO policy was shortened in an effort to meet the deadline for a November election on incorporation.

Under state law, a new city can take no more in revenue from the county than the county spent on services to the community before incorporation.

In seeking compensation for a 40-year period, county officials had argued that the financial losses to the county resulting from formation of a new city would be permanent.

Cityhood proponents noted that El Dorado County LAFCO policy placed a 10-year limit on revenue-neutrality payments. They further cited the comprehensive fiscal analysis for the incorporation, which concluded that the county would not be harmed financially by a 10-year

agreement.

In proposing the 10-year compensation period for the road fund, cityhood proponents said they were concerned about the condition of roads and streets in El Dorado Hills. Major roads are rapidly deteriorating from heavy traffic and lack of maintenance, they said.

Commission members departed from policy in approving a 40-year compensation period.

LAFCO Executive Officer Rosanne Chamberlain said in her staff report that the policy's 10-year time limitation ignored the reality that the loss of revenue to the county would be ongoing and would grow as assessed valuation and property tax revenue increased in El Dorado Hills.

Further, the report says, because of the county's recent general plan update, the county may be unable to implement amendments or other measures necessary to compensate for the loss of revenue from incorporation of a new city.

■ ■ ■
The Bee's Cathy Locke can be reached at (916) 608-7451 or clocke@sacbee.com.

**EL DORADO COUNTY
OFFICE OF
THE COUNTY COUNSEL**



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DEPUTY COUNTY COUNSEL
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June 8, 2005

Chairman Al Manard and Commissioners
El Dorado County Local Agency Formation Commission
550 Main Street, Suite E
Placerville, CA 95667

Re: El Dorado Hills Incorporation Project - Proposed Determinations

Honorable Chairman and Commissioners:

This letter is submitted to comment upon and support certain of the determinations proposed by your staff in connection with your anticipated action on the incorporation proposal this evening.

In determination No. 2 under Fiscal Determinations, the determination references California Government Code Section 56886(a). The fiscal mitigation requirements are found in Government Code Section 56815(c)(2). We would ask that the determination be amended to include a reference to Government Code Section 56815(c)(2), either in addition to or in place of the reference to Section 56886(a), as deemed appropriate by your counsel.

The County strongly supports staff's recommendation that the Commission make Determination No. 6 under Fiscal Determinations justifying imposition of fiscal mitigation payments over a period longer than 10 years. The factual basis for this determination is overwhelming. First, it should be noted that neither state law nor state policies or guidelines imposes such a limitation. It is found exclusively in the local LAFCo Policy 6.7.23 which suggests a limitation of 10 years "based on the county's ability to implement general plan amendments and take other measures necessary to adjust to or compensate for the loss of revenue due to the incorporation of a new city." In addition to comments previously submitted on this matter, it is clear that, with respect to the incorporation of El Dorado Hills, it is not feasible to anticipate that the County can "implement

general plan amendments and take other measures” to offset the fiscal loss. As your Executive Officer stated in her report dated June 1, 2005, “. . . the County has little likelihood of being able ‘to implement general plan amendments and take other measures necessary to adjust to or compensate for the loss of revenue due to the incorporation of a new city.’” This is especially true of an incorporation of El Dorado Hills.

I know the Commission and its staff have reviewed and taken into consideration the County’s General Plan and much of the background information. However, it is the process the County went through as well as the substance of the documents that indicates how difficult it would be for the County to take actions such as amending its General Plan, presumably to generate revenue producing growth, to offset the negative fiscal impact of incorporation. It is that process that I want to highlight.

The County formally began its update of the General Plan in 1989. The plan was to replace the then existing area plans. In the early 1990s, it was determined that the area plans lacked certain mandatory elements to make them a viable and legal general plan, most importantly a circulation element correlated to the proposed land uses. From that time until the adoption of a General Plan, the County exercised its land use jurisdiction under an extension granted by the state Office of Planning and Research and, ultimately, by the state Legislature itself. A General Plan was finally adopted in January, 1996, after 6 years of public input, debate and conflict. Within a month of its adoption, a lawsuit was filed challenging the 1996 General Plan on several grounds. In February, 1999, the court issued its ruling rejecting the substantive claims made against the General Plan, but holding that the County had failed to fully comply with the California Environmental Quality Act in adopting the General Plan. On July 19, 1999, the court entered judgment and issued a writ directing that the adoption of the 1996 General Plan be set aside. Since then, the County has exercised limited land use jurisdiction under the terms of the court writ.

On July 19, 2004, the Board of Supervisors adopted a new General Plan. Within 30 days, a referendum petition was filed seeking a public vote on the new General Plan. That election took place on March 8, 2005, and the 2004 General Plan was confirmed by a narrow margin. Also within 30 days of the adoption of the new General Plan, the petitioners in the original litigation, which remains pending, filed objections to the new General Plan pursuant to procedures set out in the writ. The County is now attempting to have the Court confirm its adoption of the General Plan. A hearing is scheduled on June 24, 2005.

Concurrently, other events occurred that also impact the County’s ability to address the fiscal impacts of incorporation through the planning process.¹ Between the adoption of the 1996 General

¹The “other measures” mentioned in Policy 6.7.23 are undefined but likely to be just as fruitless. Clearly, reducing services and costs is not a mitigation measure. It is a reflection of the negative fiscal effect of incorporation. In the current economic environment and with the posture

Plan in January, 1996, and the court ruling in February, 1999, the Board of Supervisors approved a number of large residential development projects in and adjacent to the proposed city of El Dorado Hills, and approved development agreements that vested rights to develop thousands of units. These developments, along with the previously approved Serrano project, consume substantial portions, if not all, of available capacity on Highway 50, as well as other roads. This vastly complicates the task of trying to offset the impacts of incorporation through planning for revenue generating development in other parts of the County.

In November, 1998, the voters adopted an initiative measure referred to as Measure Y that amended the 1996 General Plan to add policies aimed at relieving traffic congestion. Among those policies are restrictions on development based upon maintaining certain designated traffic levels of service. Even though the 1996 General Plan was set aside pursuant to court order, the Measure Y policies were incorporated in the 2004 General Plan as a reflection of public support for those policies. These policies also restrict the County's ability to address the fiscal impacts of incorporation.

As the history of the general plan shows, the County faces extreme difficulty in reconciling a variety of physical, legal, and fiscal constraints in developing any general plan. It should be noted that the fact that rapid growth has occurred, and is likely to occur, in El Dorado Hills is not a matter of happenstance. It is the result of location and various circumstances that make El Dorado Hills a logical place for such development to occur. El Dorado Hills is a relatively flat or rolling area easily susceptible to development. It is close to the employment and housing centers of the Sacramento region and is located near the major transportation corridors. It has comparatively good access to existing infrastructure. That is why El Dorado Hills has been planned to develop, and has developed, as the growth center of the County in terms of both physical development and revenue generation.

Unfortunately, the same circumstances do not work in favor of the remainder of the unincorporated area of the County being able to offset the negative fiscal impact of incorporation through planning and growth. Much of the remainder of the County is more difficult to develop as a result of the more rugged topography. Another factor not mentioned in this context is that much of the remainder of the County is under federal or state ownership and is not available for economic development that will benefit the County. Additional development is constrained by traffic capacity issues on Highway 50 and other major thoroughfares, issues created in large part by the growth in El Dorado Hills from which the proposed city will benefit and the County will try to recover. The County faces a struggle to balance often conflicting demands for economic development, environmental protection, quality of life, reduction in traffic congestion, preservation of agricultural

of the state repeatedly taking money from the counties, relief along those lines is unlikely. The potential of successful tax measures to make up for lost revenues are so speculative that they cannot be relied upon for a current finding that their availability mitigates the current impacts of incorporation.

lands and other concerns just to adopt a general plan in the context of legal and political conflict. Suggesting that the County can offset the negative fiscal effect of incorporation through the planning process is unrealistic.

We would request that recommended Determination No. 6 under Fiscal determinations be modified to increase certain additional factors as follows:

6. Constraints related to topography, road access and capacity, capacity of Highway U.S. 50, system-wide limits on water resources and wastewater treatment services, federal and state government ownership of large stretches of land in the unincorporated areas of the County, the vested status of proposed development in El Dorado Hills and other factors present significant impediments to the County's ability to implement General Plan amendments or to take other measures that could potentially adjust or compensate for the loss of revenues over an extended period of time due to the incorporation of El Dorado Hills, and make a mitigation period of longer than ten (10) years necessary.

This presents just a brief overview of the issues faced by the County in trying to overcome the negative fiscal effect of incorporation. Along with the other materials reviewed and considered by the Commission and staff, this history more than supports Determination No. 6. However, the additional information that could support the determination is almost limitless. The best additional documentary reference that could be used to demonstrate the physical, legal and political constraints on the County is the Record of Proceedings recently certified by the County and lodged with the court in the General Plan litigation in connection with the return to the writ made by the County and the objections raised by the petitioners to the 2004 General Plan. The name of the case is *El Dorado County Taxpayers for Quality Growth, et al. v. El Dorado County Board of Supervisors, et al.*, Sacramento County Superior Court Civ. No. 96 CS 01290. We request that this most recent record of proceedings be submitted and incorporated in the record of these proceedings to further establish the basis for Determination No. 6. Those documents are public records lodged with the court with copies available for review in the Office of the County Counsel, 330 Fair Lane, Placerville, California. If the Commission or your legal counsel feel that physical retention of a copy of those documents at the LAFCo office is required, despite the fact that portions of those records clearly have been reviewed and considered by the Commission and your staff, we would be happy to deliver a copy to your offices.

Finally, we wish to call the Commission's attention to the fact that the County has requested a clarification with respect to the Consumer Price Index to be used in connection with the fiscal mitigation payments to be made. We understand that the suggestion is that the California Consumer Price Index will be used for both the general fund and road fund payments. The County concurs that the California Consumer Price Index should be used for the general fund payments. However, we

El Dorado County Local Agency Formation Commission
June 8, 2005
Page 5

believe that the Construction Cost Index, published in the Engineering News-Record, is a more appropriate index to use for the road fund. Costs associated with the road fund typically mirror more closely construction industry costs than typical household costs. This index may be above or below the California Consumer Price Index, but it is a more accurate reflection of our true costs which is the basis implicitly adopted by the Commission when it adopted CPI as the standard for annual adjustments.

We appreciate your consideration and efforts on this matter.

Respectfully submitted,


LOUIS B. GREEN
County Counsel

LBG/stl

Enc.

cc: LAFCo Executive Officer
Board of Supervisors
Chief Administrative Officer
County Auditor

s:\Bd of Supervisors\Correspondence\LAFCo ltr re determinations 6-8-05



550 Main Street Suite C Placerville CA 95667 tel:530.642.5260 fax:530.642.5266 www.edctc.org

June 3, 2005

Roseanne Chamberlain
LAFCO Executive Officer
550 Main Street, Suite E
Placerville, CA 95667

RE: Potential Impacts to the El Dorado County Transportation Commission as a result of the Proposed El Dorado Hills Incorporation

Dear Ms Chamberlain:

The attached staff report serves as information provided to the El Dorado County Transportation Commission (EDCTC), at their June 2, 2005 meeting, regarding the potential impacts of the El Dorado Hills incorporation on the EDCTC. Item number 5 of the attached letter sent to you, dated August 27, 2004 states:

"The incorporation of El Dorado Hills would not result in changes to any other revenue sources related to Transportation Commission services. Funds programmed by EDCTC include Regional Transportation Improvement Program (RTIP) funds, Congestion Mitigation and Air Quality (CMAQ) funds, Rural Surface Transportation Program (RSTP) funds, and Transportation Enhancement Activities (TEA) funds. EDCTC allocates these revenue sources on a priority basis. EDCTC issues a call for projects and project nominations are evaluated, ranked and funded in accordance with fund source requirements and established priorities."

Please feel welcome to call on Commission staff if you have any questions about the information provided, or if further information would be helpful.

Sincerely,

Michael Higgins
Senior Transportation Planner



EL DORADO LOCAL AGENCY FORMATION COMMISSION

550 MAIN STREET SUITE E
PLACERVILLE, CA 95667

TELEPHONE:(530)295-2707
FAX:(530)295-1208

NOTICE OF PUBLIC HEARING

Notice is hereby given that the Local Agency Formation Commission will hold a public hearing at 5:30 p.m. or as soon thereafter as possible, on June 8, 2005, in the El Dorado County Board of Supervisors Chambers, 330 Fairlane, Placerville, CA, to consider the following items:

Incorporation of the Proposed City of El Dorado Hills, LAFCO Project No. 03-10 including the following actions: Resolution Certifying the Final Environmental Impact Report, Resolution Adopting Findings of Fact and Statement of Overriding Considerations, Resolution Adopting a Mitigation Monitoring and Reporting Program (Continued from May 18, 2005): Adoption of related changes of organization (Continued from May 25, 2005)

Any person may submit oral or written comments. Staff will distribute written comments to the Commission if submitted 24 hours before the meeting. Roseanne Chamberlain, Executive Officer, LAFCO, 550 Main Street Suite E, Placerville, CA 95667. If you have any questions, you may contact the LAFCO office during normal business hours at (530) 295-2707.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

ROSEANNE CHAMBERLAIN, EXECUTIVE OFFICER

MOUNTAIN DEMOCRAT

TO BE PUBLISHED ONE TIME ONLY: May 18, 2005

c:\shared\susan\metings\05MayLegal

*COMMISSIONERS: TOM DAVIS, ROBERT SALAZAR, GARY COSTAMAGNA, RUSTY DUPRAY, ALDON MANARD, CHARLIE PAINE, NANCY ALLEN
ALTERNATES: KATHI LISHMAN, GEORGE WHEELDON, FRANCESCA LOFTIS, JAMES R. SWEENEY
STAFF: ROSEANNE CHAMBERLAIN-EXECUTIVE OFFICER, CORINNE FRATINI-POLICY ANALYST,
SUSAN STAHMANN-CLERK TO THE COMMISSION, TOM GIBSON-LAFCO COUNSEL*

LAFCO MEETING OF JUNE 8, 2005
EL DORADO HILLS CSD
5:30 PM

- Copies of the staff report, and Resolution 05-09 are available. Please share if attendance exceeds the number of copies available.
- If you will be speaking, please fill out the form and give to the clerk.
- Note the 3 minute time limit. The Commission may ask questions of some speakers in excess of the 3-minute time

Agenda Item #4 -- Order of Business

- Note: The Commission may alter the order of business
1. CEQA items will be heard first. Public comment on both CEQA resolutions will be taken at the same time, then the comment period closed. There will be motions on each resolution.
 2. Duration of mitigation payments
The Commission discuss Rusty Dupray's request to change the 40 year period to 25 years. They will receive public comment on the time period, then close the public comment period. A motion will likely be made.
 3. Consultants will briefly present the Final CFA. Staff will review remaining items in the staff report. The Commission will receive all remaining testimony on the project and then close the final public hearing on the incorporation proposal.
 4. Commission Discussion. Motion to Approve LAFCO Resolution 05-09

I, Susan Stahmann, Clerk to LAFCO, do declare that I notified the following persons/entities of the Meetings/Closed Sessions noted below. Further, I Susan Stahmann, do declare that I either posted or caused to be posted the "Agendas/Meetings/Closed Session of LAFCO at the Board of Supervisors and Bldg "C" Main Bulletin Boards on or before 12:00 p.m. on 6-1

Susan Stahmann, Clerk to LAFCO

	AGENDA - (Double Sided - 7)	Meeting Date: 6/8/05	Mailed: 6-1	
√	Agenda File - LAFCO			
√	Chamberlain, Roseanne	LAFCO		
√	John Driscoll, City Mgr.	City of Placerville	487 Main Street	Placerville, CA 95667
√	Fratini, Corinne	LAFCO		
√	Sacramento Bee	Folsom Bureau	1835 Prairie City Rd., Suite 500	Folsom, CA 95630
√	Stahmann, Susan	LAFCO		
√	Tahoe Tribune	Editor	3079 Harrison Ave.	So. Lake Tahoe, CA 96150
	AGENDA - (e-mailed) 6-1			
e-m	Allen, Nancy	LAFCO Commission	wyomom@webtv.net	
e-m	Arietta, Butch	Springfield Meadows CSD	Barietta57@aol.com	
e-m	Baumann, Helen	BOS	bostwo@co.el-dorado.ca.us	
e-m	Brillissour, Jo Ann	El Dorado County - Planning	jbrillissour@co.el-dorado.ca.us	
e-m	Browne, Scott	Attorney At Law	scottbrowne@jps.net	
e-m	Burney, Naomi	League of Women Voters	nburney@plv4.innercite.com	
e-m	Chamberlain, Roseanne	LAFCO	roseanne@co.el-dorado.ca.us	
e-m	Colvin, Robby	LAFCO Commission	robbycolvin@hotmail.com	
e-m	Cooper, Brian	El Dorado Irrigation District	bcooper@eid.org	
e-m	Corcoran, Daniel	EID	dcorcoran@eid.org	
e-m	Costamagna, Gary	LAFCO Commission	pnjcosta@jps.net	
e-m	Davis, Don		ddavis67@pacbell.net	
e-m	Deister, Ane	EID	adeister@eid.org	
e-m	Dupray, Rusty	LAFCO Commission	bosone@co.el-dorado.ca.us	
e-m	Ford, Frank	Citizens for Good Government	fordcgg@pacbell.net	

e-m	Fraser, John	EID	jfraser@innercite.com
e-m	Fratini, Corinne	LAFCO	cfratini@co.el-dorado.ca.us
e-m	Frye, Larry R., Chief	EDH County Water	Larry@edhfire.com
e-m	Georgetown Gazette-Ctrl Disp	Newspaper	gazette@d-web.com
e-m	Gill, Laura	CAO's office	lgill@co.el-dorado.ca.us
e-m	Gibson, Thomas	LAFCO Counsel	Thomas.Gibson@bbklaw.com
e-m	Grace, Lori	EID	lgrace@eid.org
e-m	Hagen, Carl	LAFCO Commission	chagen@d-webb.com
e-m	Hidahl, John		john.hidahl@aerojet.com
e-m	Hillyer, Dianna	EDH CSD	dhillyer@edhcsd.org
e-m	Hollis, Bob	Request	rhollis@CarnegiePartners.com
e-m	Jackson, Mindy	El Dorado Transit	mjackson@innercite.com
e-m	Lacher, Bruce	El Dorado County Fire District	c7700@directcon.net
e-m	Life Newspapers	Newspaper	editor@villagelife.com
e-m	Loftis, Francesca	LAFCO Commission	floftis@CWnet.com
e-m	Long, Ted	LAFCO Commission	tedtahoe@hotmail.com
e-m	Lowery, Wayne	El Dorado Hills CSD-Gen. Mgr	wlowery@edhcsd.org
e-m	Margaret Moody	BOS	mmoody@co.el-dorado.ca.us
e-m	McDonald, Linda	EID	lmcdonald@eid.org
e-m	Morgan, Jon	Environmental Management	jmorgan@co.el-dorado.ca.us
e-m	Neasham, Sam		Neasham@neashamlaw.com
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e-m	Rescue Fire Protection District	Fire Protection District	rescuefd@directcon.net
e-m	Russell, Dan	El Dorado County Surveyor	drussell@co.el-dorado.ca.us
e-m	Sanders, Vicki	CAO's Office	vsanders@co.el-dorado.ca.us
e-m	Segel, Harriett	Public	tuffi@innercite.com
e-m	Smith & Gabbert, Inc.	El Dorado Land & Development	Kim@waveshift.com
e-m	Solaro, Dave	Board of Supervisors	dsolaro@co.el-dorado.ca.us
e-m	Stack, Noel	Mt. Democrat	nstack@mtdemocrat.net

e-m	Sweeney, Jack	LAFCO Commission	bosthree@co.el-dorado.ca.us	
e-m	Weimer, Michele	EID	mweimer@eid.org	
e-m	Wheeldon, George	LAFCO Commission	wheeldon@sbcglobal.net	
e-m	Witt, Norb		nwitt@sbcglobal.net	
e-m	Word, Chris	EID	cword@eid.org	
e-m	Wright, William	Attorney at Law	billofwrights@sbcglobal.net	
	INCORPORATION ONLY			
e-m	Taylor, Nat	Project Manager	ntaylor@lamphier-gregory.com	
	<i>AGENDA (Single-Sided)</i>			
√	Post- B, C & LAFCO (3)			
√	Agenda Item File	Districts for Budget		
√	Agenda Item Person			
	<i>PACKET (20) - Mailed</i>			
√	Allen, Nancy	Commission	P. O. Box 803	Georgetown, CA 95634
√	Chamberlain, Roseanne	LAFCO		
√	Colvin, Roberta	LAFCO Commission	2854 Bennett Dr.	Placerville, CA 95667
√	Costamagna, Gary	Commission	4100 Marble Ridge Road	El Dorado Hills, CA 95762
√	Dupray, Rusty	Commission	Board of Supervisors	
√	Fratini, Corinne	LAFCO		
√	Gibson, Thomas	LAFCO Counsel	BBK 400 Capitol Mall, Ste 1650	Sacramento, CA 95814
√	Hagen, Carl	LAFCO Commission	183 Placerville Dr.	Placerville, CA 95667
√	Loftis, Francesca	Commission	7085 Nutmeg Lane	Placerville, CA 95667
√	Long, Ted	LAFCO Commission	2498 Kubel Ave.	So. Lake Tahoe, CA 96150
√	Manard, Aldon	Commission	3591 Coloma Canyon Rd.	Greenwood, CA 95635
√	Paine, Richard C.	Commission	Board of Supervisors	
√	Public Review Binder			
√	Stahmann, Susan	LAFCO		
√	Sweeney, Jack	Commission	Board of Supervisors	
√	Wheeldon, George	Commission	EID-2890 Mosquito Road	Placerville, CA 95667
√	Extra Copy for Meeting			
√	Stack, Noel	Mt. Democrat	1360 Broadway	Placerville, CA 95667

√	Segel, Harriett	Mail	2067 Wood Mar Drive	El Dorado Hills, CA 95762
√	Chief Larry Fry	EDH County Water Dist. (Mail)	990Lassen Lane	El Dorado Hills, CA 95762
	*Ask RC if Scott & Barbara	packet		
	<i>TOPICS - Mailed -</i>			
√	Conference Table (2 copies)			2737 Carnelian Cir. EDH
√	Project Files	All EID- Linda MacDonald-EID	Bell Ranch-Ken Wilkinson	P. O. Box 1983 Pcvl 95667
√	Misc. Topics to People	All Smith Flat-Jenna Lollis	2903 Jacquier Road	Placerville, CA 95667

AGENDA ITEM NO. 4

A. Resolution Adopting Findings of Fact and Statement of Overriding Considerations

**EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION**

DRAFT

**RESOLUTION NUMBER L - 05-07
ADOPTING FINDINGS OF FACT AND STATEMENT
OF OVERRIDING CONSIDERATIONS FOR THE
PROPOSED INCORPORATION OF THE
CITY OF EL DORADO HILLS (LAFCO PROJECT NO. 03-10)**

WHEREAS, the Local Agency Formation Commission of the County of El Dorado is the entity authorized to approve incorporations pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "Act"); and,

WHEREAS, the Board of Supervisors of the County of El Dorado passed a Resolution of Application, Resolution 322-2003, in accordance with Section 56654 of the Act, thereby initiating the Proposed Incorporation of El Dorado Hills as LAFCO Project No. 03-10; and,

WHEREAS, fiscal, environmental and other appropriate analyses were initiated; and,

WHEREAS, local jurisdictions, community residents, business and other interested parties have provided input into the evaluation process; and,

WHEREAS, public agencies have reviewed and commented upon the project; and,

WHEREAS, sufficient public notice has been provided in accordance with the Act for all hearings on the matter of the Proposed Incorporation of El Dorado Hills; and,

WHEREAS, the El Dorado Local Agency Formation Commission has all the necessary background materials upon which it may judge the merits of the Project; and,

WHEREAS, a Final Environmental Impact Report has been considered and certified as adequate and complete (LAFCO L-05-06) at the meeting of the El Dorado Local Agency Formation Commission on May 25, 2005.

COMMISSIONERS: GARY COSTAMAGNA, TED LONG, ROBERTA COLVIN, RUSTY DUPRAY, ALDON MAMARO, CHARLIE PAINE, NANCY ALLEN
ALTERNATES: CARL HABEN, GEORGE WHEELDON, FRANCESCA LOFTIS, JAMES R. SWEENEY
STAFF: ROSEANNE CHAMBERLAIN-EXECUTIVE OFFICER, CORINNE FRATINI-POLICY ANALYST,
SUSAN STAHMANN-CLERK TO THE COMMISSION, TOM GIBSON-LAFCO COUNSEL

NOW, THEREFORE BE IT RESOLVED that the attached document entitled "FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS" (Attachment A) is hereby approved, adopted and incorporated by reference as though wholly set forth herein.

PASSED AND ADOPTED by the El Dorado County Local Agency Formation Commission at a regular meeting of said Commission, held June 8, 2005 by the following vote of said Commission.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

Clerk to the Commission

Chairperson

ATTACHMENT A TO RESOLUTION L – 05-07
FINDINGS OF FACT AND STATEMENT OF OVERRIDING
CONSIDERATIONS FOR THE INCORPORATION OF EL DORADO HILLS,
CALIFORNIA
LAFCO PROJECT NO 03-10

I. PROJECT DESCRIPTION AND GENERAL INFORMATION

Project Description.

The Project consists of the incorporation of the City of El Dorado Hills, California, subject to all the terms and conditions to be placed on the ballot. The new city, if approved by the voters, would be administered by an elected five member city council, city manager, city attorney, and other administrative personnel to be determined by the city council..

The Project is located in the western portion of El Dorado County. The Project area is bounded on the west by the El Dorado County/Sacramento County line, by Folsom Lake and Green Valley Road on the north, the community of Cameron Park on the east, and to a boundary in the south that is approximately three miles from U.S. Highway 50 and follows the southerly property line of properties immediately south of the El Dorado Hills Business Park.

The new city would be formed in accordance with state law and as described on the election ballot. The question of incorporation, including all terms and conditions, will be one question on the ballot. The terms and conditions that are part of the Project have been listed in the El Dorado LAFCO Resolution No. L-05-09, which was adopted ____, 2005.

General Information.

An Initial Study and Notice of Preparation of the Draft Environmental Impact Report (“Draft EIR”) was prepared and issued to the State Clearinghouse, to potentially affected agencies and organizations and to other interested parties on August 25, 2004. The Notice of Preparation review period ended on September 24, 2004. Comments received were addressed and incorporated into the CEQA review.

On February 14, 2005, the Draft EIR for the proposed incorporation of El Dorado Hills, California was distributed to interested and potentially affected local, state and federal agencies, posted on the website of the El Dorado LAFCO, and provided to the State Clearinghouse. A notice of the availability of the Draft EIR was published in accordance with the law. The public review period ended on April 15, 2005.

Public hearings on the Draft EIR were held on February 23 and March 23, 2005 by the El Dorado LAFCO. Testimony was received at both hearings, and fifteen (15) written comment letters were received prior to the end of the public comment period. A Final EIR was prepared which provides written responses to each of the comment letters and the testimony summarized from the public hearings, in accordance with CEQA.

The Final EIR was distributed on Friday, May 6, 2005. The Final EIR was distributed to all interested parties who had requested copies and to all agencies that had provided comments on the Draft EIR. It was posted on the website of the El Dorado LAFCO. The Final EIR was considered at noticed public hearings on May 18, 2005 and May 25, 2005. The Final EIR was certified at a noticed public hearing held on May 25, 2005. The public notices of the public hearings to consider and certify the Final EIR were published in accordance with law.

II. FINDINGS REQUIRED UNDER CEQA

Under Public Resources Code Section 21002, public agencies “should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects[.]” CEQA is intended to assist public agencies in identifying feasible mitigation measures and alternatives that will “avoid or substantially lessen” significant environmental effects.

Under Public Resources Code Section 21061.1, “feasible” is defined to mean “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technological factors.” However, a public agency may determine that mitigation measures or environmentally superior alternatives are infeasible if they fail to meet the objectives of the project.

Under CEQA Guidelines Section 15091, before a public agency can approve a project for which an EIR has identified significant environmental effects, the agency must first adopt “one or more findings for each [such] ... significant effect.” In its findings, the public agency may reach one or more of three permissible conclusions:

1. Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the Final EIR.
2. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
3. Specific economic, legal, social, technological, or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the EIR.

III. MITIGATION MEASURES /MITIGATION MONITORING

As noted above, CEQA requires that where a project would cause significant environmental effects, a lead agency is required to adopt feasible mitigation measures that can substantially lessen or avoid those effects. The Commission finds that a Mitigation Monitoring Program has been prepared in accordance with Section 15097 of CEQA Guidelines, and outlines procedures for implementing all mitigation measures identified in the Final EIR.

IV. POTENTIALLY SIGNIFICANT DIRECT ENVIRONMENTAL EFFECTS AND MITIGATION MEASURES

This section presents the Commission's specific findings with respect to the direct significant and potentially significant environmental effects that would occur, absent mitigation, with incorporation. As indicated in the EIR, incorporation would result in several conflicts with LAFCO policies that are considered significant impacts and that would require mitigation. These are identified as direct impacts associated with incorporation, all of which can be reduced to a level of less than significant through the implementation of the mitigation measures identified in the EIR. Incorporation, in and of itself, would not result in any future development within the incorporation area. However, there would be physical changes in the environment resulting from future development within the incorporation area, either with or without incorporation. The Board of Supervisors of El Dorado County has given its approval to several large-scale developments in the El Dorado Hills area. Since the land use entitlements granted with these projects are protected under long-term Development Agreements, they will not be affected by whether the area incorporates as a new city or not. In the EIR, the potential environmental effects associated with future development within the area proposed for incorporation were identified as indirect effects, and are addressed in Section V.

The Final EIR identified a number of direct significant impacts and potentially significant impacts from project implementation that could be reduced to a less than significant level with the implementation of feasible mitigation measures. These mitigation measures have been included in the terms and conditions to be placed before the voters, as identified in LAFCO Resolution L-05-09, which was adopted simultaneously with this Resolution on June 8, 2005. These Mitigation Measures set forth below are found to be feasible and will reduce these impacts to a less than significant level and are hereby adopted by the Commission. A Mitigation Monitoring and Reporting Program will also be adopted as required under CEQA.

DIRECT IMPACT 2-1: Potential Loss of County Funding for Acquisition of Permanent Rare Plant Habitat. If any part of the incorporation area is determined to be within the County Ecological Preserve, the new City would be expected to administer and enforce the provisions of Chapter 17.71 of the County Ordinance Code. Arrangements between the new City and the County would need to be made to assure the continued flow of in-lieu fee revenue to the County in order to maintain the established mitigation program. Any loss or disruption of such fee revenue would adversely affect the County's ability to maintain the required level of habitat acquisition which is necessary to assure permanent preservation of the habitat. This would be a potentially significant direct impact of incorporation.

MITIGATION: Require continued collection by the new City of the Habitat Conservation Mitigation Fee and Require the New City to Transfer to the County an Amount Equal to the Proceeds Thereof, Following Incorporation, in Accordance with Chapter 17.71.

Explanation: These steps will assure the continued applicability of impact fees on development projects that are deemed to adversely impact the habitat of rare plant species. This measure would be consistent with Policy 3.2.16 of the LAFCO Policies and guidelines.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with a possible loss of County funding for acquisition of permanent rare plant habitat to a level of less than significant.

DIRECT IMPACT 2-2: Creation of Islands of Unincorporated Territory. The Proposal boundary excludes areas that should be included, and includes areas that should be excluded. Each of these aspects of the Proposal boundary is inconsistent with policies of the El Dorado LAFCO and Cortese-Knox-Hertzberg:

- It should include two large development projects located at the western edge of the area, adjacent to the Sacramento County line (The Promontory and Carson Creek). These properties have received land use entitlements for residential development. These development sites will need urban services, and excluding them would be inconsistent with LAFCO Policies 3.9.4 and 4.5.5.
- Whereas the EIR found that bifurcating Marble Valley would be inconsistent with LAFCO Policy 3.9.2 and recommended the inclusion of the entire Marble Valley property within the boundary, the LAFCO Commission determined that because the density of development of Marble Valley and the Marble Mountain Homeowners CSD area is considerably lower than the prevailing character of the incorporation area as a whole, it would not be inconsistent with LAFCO policies to exclude both areas from the boundary. Further, it determined there would be no loss of service for either area because neither area is currently receiving service from the EDH CSD. Finally, the residents of Marble Mountain, and the developer of Marble Valley have shown no desire for inclusion within or services from the new City.
- The boundary should include the former Williamson Act parcels and thereby eliminate islands of unincorporated territory. Leaving these as unincorporated islands would be in conflict with LAFCO Policy 3.9.4;
- The Proposal boundary includes several unentitled vacant parcels at the southern end of the area that have agricultural land use designations and are designated Rural Region in the 2004 El Dorado County General Plan. Inclusion of these parcels would be in conflict with LAFCO Policy 3.2.16 (potential adverse impacts on agricultural and open space resources) and would be inconsistent with LAFCO Policy 3.4.1 (requiring a finding of consistency with the 2004 General Plan).

The foregoing policy conflicts are considered Significant Impacts under the applicable significance criteria stated in the EIR.

MITIGATION: *The mitigation measure for these significant impacts is a boundary modification by LAFCO.*

- *Modify the Boundary to Include the Entitled Urban Development Projects Within the Incorporation Area (e.g., The Promontory, Carson Creek, Marble Valley);*

- *Modify the boundary to eliminate “islands” from the incorporation area (this would apply to the former Williamson Act parcels located in the central portion of the incorporation area);*
- *Modify the boundary to exclude the 536-acre property (the “Dunlap Property,” A.P.N. 108-050-15) located at the southern end of the proposed incorporation area that is currently used for cattle grazing*

Explanation: The foregoing boundary modifications would eliminate the direct impacts caused by policy conflicts with adopted LAFCO boundary policies and, therefore, reduce the potential impact to a level of less than significant.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with a possible creation of islands of unincorporated territory to a level of less than significant.

DIRECT IMPACT 2-3: Disruption of Established Rural Residential Communities and the Hickok Road Community Services District. The conflicts with LAFCO policies and the 2004 GP are considered Significant Impacts under the applicable significance criteria stated above.

MITIGATION: The mitigation measure for these conflicts would be to modify the boundary to exclude the HRCSD and conform the boundary more closely to the policies of El Dorado LAFCO and Cortese-Know-Hertzberg

- *Modify the Boundary to Exclude all of the Hickok Road CSD.*
- *Modify the Boundary to Exclude Arroyo Vista CSD and Surrounding Rural Parcels.*

Explanation: This boundary modification would eliminate impacts and conflicts with the Hickok Road and Arroyo Vista CSDs and avoid potential incompatibility between El Dorado Hills and the large-lot rural character of that area. This exclusion would further strengthen this community of interest as a “Rural Region.”

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with a possible disruption of established rural residential communities and the Hickok Road Community Services District to a level of less than significant.

DIRECT IMPACT 2-4: Potential Inclusion of a Williamson Act Parcel. Adoption of the No Unincorporated Islands boundary alternative would include lands designated as Agricultural Preserve Number 135 (Mehrten), a 286-acre parcel located adjacent to the Sacramento County line on the west and the Carson Creek Specific Plan on the north. Inclusion of this parcel under either boundary alternative would be a direct conflict with LAFCO policies 6.7.8.2 and 6.7.8.3 and would therefore represent a potentially significant impact.

MITIGATION: This potentially significant impact can be lessened to a less than significant level by the following feasible mitigation measure:

- *Exclude Agricultural Preserve 135 (the Mehten Parcel, A.P.N. 108-050-01) from the incorporation boundary.*

Explanation: Exclusion of Agricultural Preserve 135 from all boundary alternatives would reduce this potential impact to less than significant.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with the potential inclusion of a Williamson Act Parcel to a level of less than significant.

DIRECT IMPACT 2-5: Potential Reduction in Funding For Transportation Improvements and Transit Operations. The Measure Y policies and all other transportation mitigation measures embodied in the 2004 El Dorado County General Plan and General Plan EIR are expected to become applicable in the new city when it adopts the 2004 General Plan as its “interim” General Plan. Thus, there would be no inconsistency in policy regarding transportation Levels of Service standards or other standards resulting from the fact of incorporation and no direct adverse impacts. However, any loss of (or reduction in) the revenue from the various traffic impact mitigation and roadway improvement fees currently charged and collected by the County for local and regional circulation improvements, improvements to U.S. 50, and to support EDCTA transit programs, could result in potentially significant direct impacts on LOS conditions, access and circulation, and availability of transit services. The potential disruption or reduction of this revenue stream is considered a significant impact.

MITIGATION: This potentially significant impact can be lessened to a less than significant level by the following feasible mitigation measure:

- *LAFCO shall require the new City to maintain seamless compliance with those County Transportation Impact Fee programs that include an El Dorado Hills area component through the collection of the appropriate fee at the time of building permit issuance. The County and City should enter into an equitable agreement to both assign project construction responsibility and the funding of those projects. It is anticipated that the current El Dorado Hills/Salmon Falls Area RIF program or any updated iteration of that fee program would be transferred to the new City for administration.*

Explanation: If applied as outlined above, this Mitigation Measure would reduce the potential impact to a level of less than significant.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with the potential reduction in funding for transportation improvements and transit operations to a level of less than significant.

DIRECT IMPACT 2- 6: Loss of Traffic Enforcement Services by the California Highway Patrol.

MITIGATION: This potentially significant impact can be lessened to a less than significant level by the following feasible mitigation measure:

- *LAFCO should require the new City to provide traffic control services within the incorporation area at levels no lower than those currently provided by the CHP.*

Explanation: Implementation of this mitigation measure would reduce the potential impact resulting from the loss of traffic enforcement services to a level of less than significant.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with the potential loss of traffic enforcement services by the California Highway patrol to a level of less than significant.

DIRECT IMPACT 2-7: Potential Service Reduction From Loss of Revenues from the Fire District Improvement Fee. It is expected that upon incorporation, and in accordance with state law, the new City will adopt all existing County ordinances, including Chapter 13.20 that establishes the Fire District Improvement Fee. In the event the new City were to opt out of this fee program, it would result in a loss of funding to the local fire protection agency and a likely reduction in service level. This possibility is considered a potentially significant impact.

MITIGATION: This potentially significant impact can be lessened to a less than significant level by the following feasible mitigation measure:

- *LAFCO should require the new City to adopt and continue indefinitely the Fire District Improvement Fee, as set forth in Chapter 13.20 of the County Ordinance Code*
- *LAFCO should require the new City to transfer to EDHCWD an amount equal to the Fire District Improvement Fee.*

Explanation: This potentially significant impact would be reduced to a level of less than significant if it is adopted by the new City and administered indefinitely in a manner consistent with current County practice.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with the potential service reduction from loss of revenues from the Fire District Improvement Fee to a level of less than significant.

DIRECT IMPACT 2-8: Loss of Wildland Fire Protection Services by the CDF. The loss of CDF services for wildland fire protection would be considered a significant impact under the LAFCO significance criteria. Without mitigating the effect of this shift in responsibility through the payment of the applicable fees to the CDF, fire protection services for wildland fires would be reduced significantly.

MITIGATION: *This potentially significant impact can be lessened to a less than significant level by the following feasible mitigation measure:*

- *LAFCO shall require the new City to provide funding to insure that wild land fire protection services are provided within the area of the City for the portions of the new City that, by state law, are reclassified from State Responsibility Area to Local Responsibility Area, as a result of incorporation. This obligation shall be satisfied by the new City as follows:*
 - a) *Pursuant to its authority under Government Code Section 56815 and in accordance with Revenue and Taxation Code Section 99 et seq., LAFCO shall require the City to enter into a tax sharing agreement with the affected Fire Districts providing for the transfer of property tax sufficient to cover the costs to be incurred by the respective districts in providing wild land fire protection. Said tax sharing agreement shall provide for an initial transfer of property tax sufficient to fund each District's projected annual cost of providing such protection as detailed in the Comprehensive Fiscal Analysis. The Tax Sharing Agreement shall further provide that every three years thereafter, the County Auditor, in consultation with the City and the three Fire Districts, shall adjust the tax sharing arrangement to an amount sufficient to cover the then projected annual cost of providing such protection, taking into account increases or decreases in the total acreage subject to such wildland fire protection due to annexation, detachment or reclassification and the Districts' projected costs.*

The Fire Districts shall perform a wild land reclassification assessment every three years, prior to the start of the subsequent three year "agreement period." This reclassification shall result in a direct adjustment (upwards or downwards) to the wild land coverage cost to be borne by the City. The Tax Sharing Agreement shall further provide that the annual amount of property taxes transferred pursuant to this Tax Sharing Agreement shall not exceed the projected cost of providing such service through a Cooperative Contract with the California Department of Forestry, so long as such Cooperative Contracts are an option available to the Districts.
 - b) *In all cases, the level of wild land fire protection services shall be not less than the same level as provided by the CDF prior to incorporation.*
 - c) *Nothing herein is intended as a grant of authority to the City to provide fire and emergency services. The City's sole authority is to fund the continuation of such service by the fire agencies or CDF.*
 - d) *Should the City or an Affected Fire Agency fail to perform any of its obligations as set forth herein, any citizen may obtain a court order to compel the City or Fire Agency to perform their obligations hereunder, or to enforce the terms of any agreement between the City and the Fire Agencies then or most recently in effect.*

Explanation: These agreements would assure a continuity of wildland fire protection service in the area and would prevent the cost of such services from adversely affecting the level of service provided by the local fire protection agencies. This potentially significant impact would be reduced to a level of less than significant if the new City pays the annual cost for retaining CDF services for wildland fire protection at a level equal to the condition prior to incorporation.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified

in the Final EIR that would reduce the potentially significant impact associated with the potential loss of wildland fire protection services by CDF to a level of less than significant.

DIRECT IMPACT 2-9: Potential Loss of Parks and Recreation Services. At full buildout, The Promontory is expected to generate approximately 1,100 new households, some percentage of which could be adversely affected by not having the same access to park and recreation services that would have been available through the EDHCSD. This situation could result in an increase in traffic and air quality impacts resulting from these residents having to make trips at greater distance to recreation facilities beyond the boundaries of the new city that are operated by the County. The loss of service would be considered a potentially significant environmental effect.

MITIGATION: This potentially significant impact can be lessened to a less than significant level by the following feasible mitigation measure:

- *Include all lands currently inside the EDHCSD boundary into the boundary of the new City.*
- *Include all lands currently inside the Springfield Meadows CSD within the new City.*
- *The new City should consider adoption of the El Dorado Hills CSD Park and Recreation Master Plan, which includes all areas within the El Dorado Hills CSD and its SOI.*
- *Encourage the new City to adopt the Park Development Standards of the El Dorado Hills CSD and its development fee impact program for use in mitigating the impacts of new development on the new City's parks and recreation resources.*

Explanation: Implementation of these mitigation measures would reduce this potential impact of incorporation on parks and recreation services to a less than significant level.

FINDING: Changes or alterations have been required in, or incorporated into, the Incorporation Proposal, including conditions of approval and mitigation measures specified in the Final EIR that would reduce the potentially significant impact associated with the potential loss of parks and recreation services to a level of less than significant.

Affordable Housing Impact. The County of El Dorado has expressed in several communications a concern with regard to the affect of incorporation on the provision of affordable housing within the community of El Dorado Hills. As explained in the Final EIR and found specifically by the Commission, the lack of provision for affordable housing in the El Dorado Hills community is an existing issue created by prior land use decisions. The incorporation of El Dorado Hills will not make the problem worse. If anything, the formation of a local government with local responsibility to meet regional housing objectives is likely to encourage greater effort towards a solution of the problem. The provision of such affordable housing will generate indirect environmental effects, though a specific and quantitative analysis at this level is impossible. The indirect impacts of the development of affordable housing are similar to those of residential growth generally, and have been adequately considered in the general analysis of the impacts of likely residential growth within the El Dorado Hills community as set forth in the EIR. The mitigation measures generally recommended to mitigate the impacts of growth apply as well to any affordable housing that the new city will be obligated to provide.

V. SIGNIFICANT ADVERSE INDIRECT IMPACTS THAT CANNOT BE AVOIDED.

As indicated above, incorporation, in and of itself, would not result in any future development within the incorporation area. However, there would be physical changes in the environment resulting from future development within the incorporation area, either with or without incorporation. The Board of Supervisors of El Dorado County has given its approval to several large-scale developments in the El Dorado Hills area. Since the land use entitlements granted with these projects are protected under long-term Development Agreements, they will not be affected by whether the area incorporates as a new city or not for at least eight years. The following indirect impacts that may be associated with future development within the incorporation area have been identified as significant and unavoidable, since project-specific environmental review for each future development project will be necessary to determine the extent to which the mitigation measures identified in the EIR may effectively reduce the potential impacts identified to a level of less than significant. The impacts that are associated with this potential future development are the same impacts that were identified in the El Dorado County 2004 General Plan EIR. The following significant and unavoidable indirect environmental impacts were identified in the EIR:

INDIRECT IMPACT 3-1: Substantial Alteration or Degradation of Land Use Character.

INDIRECT IMPACT 3-2: Creation of Substantial Land Use Incompatibility.

INDIRECT IMPACT 3-3: Increased Potential for Conversion of Important Farmland, Grazing Land, Land Currently in Agricultural Production.

INDIRECT IMPACT 3-4: Degradation of the Quality of Scenic Vistas and Scenic Resources.

INDIRECT IMPACT 3-5: Degradation of Existing Visual Character or Quality of the Area.

INDIRECT IMPACT 3-6: Creation of New Sources of Substantial Light or Glare that Could Adversely Affect Daytime or Nighttime Views.

INDIRECT IMPACT 3-7: Potential to Opt Out of Measure Y Land Use Policies.

INDIRECT IMPACT 3-8: Increase in Daily and Peak Hour Traffic on Roadways Already Congested.

INDIRECT IMPACT 3-9: Unacceptable LOS Conditions Related to Generation of New Traffic in Advance of Transportation Improvements.

INDIRECT IMPACT 3-10: Insufficient Transit Capacity.

INDIRECT IMPACT 3-11: Increase in Surface Water Pollutants from Additional Wastewater Treatment Plant Discharges.

INDIRECT IMPACT 3-12: Increase in Groundwater Pollutants from Onsite Wastewater Treatment Systems (OWTS) (Septic Systems).

INDIRECT IMPACT 3-14: Potential for Land Use Incompatibility and Other Impacts of New and Expanded Energy Supply Infrastructure.

INDIRECT IMPACT 3-15: Potential Land Use Incompatibility Associated with Development and Expansion of Law Enforcement Facilities.

INDIRECT IMPACT 3-16: Potential School Incompatibility with Adjacent Land Uses.

INDIRECT IMPACT 3-17: Potential Library Incompatibility with Adjacent Land Uses.

INDIRECT IMPACT 3-18: Deterioration of Existing Parks and Recreation Facilities and Need for New Facilities.

INDIRECT IMPACT 3-19: Increased Incidents of Illegal Disposal of Household Hazardous Wastes.

INDIRECT IMPACT 3-20: Increased Risk of Accidental Release of Hazardous Materials.

INDIRECT IMPACT 3-21: Increased Risk of Exposure to Hazardous Waste Resulting from New Development on Known, Suspected and Unknown Contaminated Sites.

INDIRECT IMPACT 3-22: Exposure to Electromagnetic Fields Generated by New Electric Energy Facilities at School Locations.

INDIRECT IMPACT 3-23: Public Exposure to Asbestos.

INDIRECT IMPACT 3-24: Increased Potential for Fire Incidents and Fire Hazards.

INDIRECT IMPACT 3-25: Increased Development in Areas Susceptible to Landslide Hazards.

INDIRECT IMPACT 3-26: Additional Development Could Affect the Rate or Extent of Erosion.

INDIRECT IMPACT 3-27: Exposure of Noise-Sensitive Land Uses to Short-Term (Construction) Noise.

INDIRECT IMPACT 3-28: Exposure to Ground Transportation Noise Sources.

INDIRECT IMPACT 3-29: Exposure of Noise-Sensitive Land Uses to Fixed or Nontransportation Noise Sources.

INDIRECT IMPACT 3-30: Exposure to Aircraft Noise.

INDIRECT IMPACT 3-31: Construction Emissions of ROG, NO_x, and PM₁₀.

INDIRECT IMPACT 3-32: Long-Term Operational (Regional) Emissions of ROG, NO_x, CO and PM₁₀.

INDIRECT IMPACT 3-33: Toxic Air Emissions.

INDIRECT IMPACT 3-34: Local Mobile-Source Emissions of Carbon Monoxide (CO).

INDIRECT IMPACT 3-35: Odorous Emissions.

INDIRECT IMPACT 3-36: Loss and Fragmentation of Wildlife Habitat, Impacts on Special Status Species, and Impacts on Wildlife Movement.

INDIRECT IMPACT 3-37: Destruction or Alteration of Known and Unknown Prehistoric and Historic Sites, Features, Artifacts and Human Remains.

INDIRECT CUMULATIVE IMPACTS identified in the EIR are addressed by category as follows:

Land Use. Loss of community identity, as development within the U.S. 50 corridor in western El Dorado County merges with development in the City of Folsom. An example of this is the Promontory, located adjacent to the Sacramento County line and adjacent to the Russell Ranch development in the City of Folsom. Both projects include a mix of housing product type, and it is likely that once developed, the separation between Folsom and El Dorado County, or El Dorado Hills, will be difficult to distinguish. Both projects are fully entitled and therefore, this impact is considered potentially significant and unavoidable.

Agriculture and Open Space. The 2004 General Plan EIR notes the loss of agricultural lands as being a statewide issue and cites a net loss of 2,273 acres of important farmland between 1998 and 2000 in the four-county region of El Dorado, Placer, Amador and Sacramento Counties. Future development of the remaining grazing lands that would be within the incorporation area, particularly at the southern end of the area, would contribute to the cumulative loss of agricultural lands. This is considered a significant cumulative impact for the County as a whole and a portion of this cumulative loss will occur within the incorporation area, but would occur whether incorporation is approved or not.

Visual Resources. Conversion of the rural landscape in western El Dorado County to a suburban appearance would result in the reduction of the natural aesthetic qualities of the U.S. 50 corridor. This is considered a significant and unavoidable cumulative impact.

Traffic and Circulation. Residential and employment growth in the new City are expected to result in significant local and regional traffic impacts, representing a considerable contribution to significant regional traffic impacts, particularly along the U.S. 50 corridor. Mitigation measures presented in the General Plan EIR, and incorporated in this EIR, would minimize the incorporation area's contribution to cumulative traffic impacts, but would not reduce them to less-than-significant levels. Consequently, cumulative regional traffic impacts are considered significant and unavoidable.

Water Resources. The analysis of water resources in the EIR indicates that EID is expected to meet long-term water supply needs for the incorporation area. However, EID's ability to fully meet water demands from other parts of its service area, as noted in the 2004 General Plan EIR, is less certain. It notes that long-term water demand of the 2004 General Plan (which selected the 1996 General Plan Alternative as the basis for calculating environmental impacts) is likely to exceed available surface water supplies, even if EID succeeds in obtaining rights to additional water. In this context, therefore, the increase in demand for surface water, resulting from projected future development in the incorporation area, would contribute to significant regional and statewide pressures on limited water resources. This is considered a cumulatively significant and unavoidable impact.

Other Utilities. Projected growth in the incorporation area, and in El Dorado County as a whole, are expected to result in a considerable contribution to regional cumulative demands for electricity and natural gas. Therefore, the potential for significant cumulative environmental effects of providing additional supplies would result. Because approval of new electricity and natural gas supplies are the responsibility of agencies outside of El Dorado County, LAFCO can only conclude that the resulting impacts are potentially significant and unavoidable cumulative impacts.

Public Services. Public services are a local and not generally a cumulative concern. Indirect impacts of growth within the incorporation area would not result in cumulative impacts on services. While incorporation would result in a financial impact on the new City (in order to *retain the services of the CDF for wildland fire protection*), this financial burden will diminish over time as the land within the new City becomes increasingly urbanized, thereby reducing the number of acres of wildland fire zone on which the costs are calculated. In light of the mitigation measures included in this EIR that would avoid the loss of wildland fire protection services by the CDF, and avoid financial impacts on the local fire districts, the contribution of the incorporation project to cumulative impacts on public services, would be less than significant.

Noise. Anticipated growth within the incorporation area would result in cumulatively considerable increases in noise levels, primarily from increased local and regional traffic. Measures in the 2004 El Dorado County General Plan intended to mitigate noise increases associated with new transportation projects (e.g., sound walls) are expected to reduce the level of cumulative noise impacts, but not to a level of less than significant. Thus, transportation-related noise impacts generated by future growth and development within the incorporation area would be a significant and unavoidable indirect cumulative impact that would occur with or without incorporation. Cumulative noise impacts are also anticipated from an increase in local resident population (e.g., in the Carson Creek development, south of U.S. 50) who would be exposed to aircraft noise because this development is within the overflight range of air traffic using Mather Field. Similar impacts would be expected from development of other properties in the southern end of the incorporation area.

Air Quality. Air quality is a regional environmental issue, with the majority of air pollutant emissions being created by motor vehicle use within the regional air basins. The Mountain Counties Air Basin, in which the incorporation area is located, is designated as nonattainment for the state and national ozone standards and the state particulate (PM10) standard. Ozone pollution is the primary air quality impact of cumulative concern, because

precursor emissions of ozone occur throughout the region and combine to exacerbate attainment of air quality standards in the County. Significant air quality impacts resulting from increases in motor vehicle travel, use of wood stoves and fireplaces, and from other sources would contribute to cumulatively significant and unavoidable air quality impacts in the region. Although all feasible policies and mitigation measures are included, this cumulative impact is considered significant and unavoidable. The cumulative degradation in air quality—particularly the increase in ozone and particulates is likely to cause significant increases in pulmonary and heart disease, asthma and other diseases within the community.

Biological Resources. Projected future development would contribute to the cumulatively significant loss and fragmentation of woodland and chaparral habitats, riparian corridors, and other important biological resources and impacts on special-status species. The impact of habitat loss and fragmentation is considered significant and unavoidable. Some portion of the considerably cumulative impacts identified above would originate from growth and development located within the area proposed for incorporation. These impacts would occur whether incorporation is approved for El Dorado Hills or not.

MITIGATION: The EIR contains multiple mitigation measures that could mitigate the the potential indirect impacts identified in the EIR. These mitigation measures are summarized in the EIR at pp.ES-7 to ES-16, with certain modifications in language as contained in the Final EIR at pp. R-12 to R-17. The text of those mitigations is incorporated in these findings by reference. Many of these mitigation measures are derived from the El Dorado County 2004 General Plan EIR wherever the impacts would be relevant within the incorporation area. However, most of the mitigation measures involve the enforcement and/or implementation of land use policies or regulations – both of which require the exercise of legal authority which LAFCO does not have. Therefore, the actual mitigation for these indirect impacts would fall to the new City to carry out. Most of the mitigation measures identified in the EIR for these indirect impact are recommendations for the new City to incorporate into its policies and ordinances when it prepares its own general plan and land use ordinances. Since LAFCO cannot be certain that the new City will actually do all of these things (nor can it force the new City to do them), the resulting level of impact significance is significant and unavoidable in all cases where LAFCO cannot ensure or enforce implementation of the recommended mitigation measure.

Explanation: As indicated above, LAFCO does not have the legal authority to require implementation of the mitigation measures identified in the EIR that have the potential to reduce significant indirect impacts that may be associated with future development within the area proposed for incorporation, whether incorporation takes place or not. For this reason, all indirect environmental effects identified in the EIR have been characterized as significant and unavoidable, although following incorporation, the new City may choose to implement the mitigation measures identified in the EIR (as well as additional mitigation measures) to reduce significant environmental impacts identified during the necessary site-specific environmental review which must take place as individual development projects are brought forward for consideration in the future under the jurisdiction of the new City.

FINDING: For the indirect environmental effects associated with future development within the incorporation area, specific legal considerations - LAFCo's lack of authority to impose enforceable conditions - make it infeasible for LAFCO to implement the mitigation measures in the EIR.

VI. ALTERNATIVES

The California Environmental Quality Act requires that public agencies consider alternatives to a proposed project in order to seek ways to minimize or eliminate project related environmental impacts. The two principal alternatives addressed in the EIR were the No Project Alternative, and the No Unincorporated Islands Boundary Alternative. A third alternative, the No Business Park Alternative, was also considered.

No Project Alternative. Under the No Project alternative, there would be no change to the existing structure of local government agencies and service providers. Everything within the area proposed for incorporation would remain exactly as it is today. El Dorado Hills would remain an unincorporated part of the larger El Dorado County administrative structure and would continue to be subject to County jurisdiction.

No Unincorporated Islands Alternative. Under the “No Unincorporated Islands” alternative, LAFCO would modify the incorporation boundary to eliminate the “islands” in the original proposal boundary and make other changes, thereby adjusting the boundary to conform more closely to the applicable LAFCO policies and Cortese-Knox-Hertzberg. The boundary modifications in the No Unincorporated Islands Alternative would add certain properties that should be included, and would delete certain other properties that the EIR determined should be excluded. The No Unincorporated Islands Alternative would include all territory located within the current boundary of the El Dorado Hills CSD and its Sphere of Influence, as it exists following the SOI amendments made by LAFCO in 1998 and September 2004. It would also include the El Dorado Hills Business Park, and the Mehrten Parcel.

No Business Park Alternative. Under this alternative, El Dorado Hills Business Park would remain outside the city and remain unincorporated County territory. This alternative was evaluated in response to suggestions made during the process that relate primarily to fiscal and economic concerns rather than environmental. The EIR pointed out that decision to include or exclude the Business Park would not affect the environmental consequences of either the original Proposal boundary or the No Unincorporated Islands Alternative boundary.

Finding With Respect to Alternatives: As discussed in the EIR, the No Unincorporated Islands Alternative is the environmentally superior alternative. All of the indirect significant impacts identified in the EIR would occur under any of the alternative and in almost any event. The No Unincorporated Islands Alternative at least minimizes conflicts with , LAFCO policies and Cortese-Knox-Hertzberg by avoiding islands, including all of the major approved development projects, and avoiding disruption to adjacent, incompatible rural areas. This alternative has fewer significant effects and it would result in the formation of a new city government that would be expected to provide improved and more responsive public services to its residents, consistent with the objectives as articulated by the incorporation proponents.. The impacts of this alternative were further reduced in the Final EIR by adding a further provision that the Mehrten Parcel which is still in an active Williamson Act contract be excluded from the boundaries of this Alternative.

VII. STATEMENT OF OVERRIDING CONSIDERATIONS

As noted above, indirect impacts that may be associated with future development within the incorporation area have been identified as significant and unavoidable, since project-specific environmental review for each future development project will be necessary to determine the extent to which the mitigation measures identified in the EIR may effectively reduce the potential impacts identified to a level of less than significant. Where significant and unavoidable environmental impacts have been identified in an EIR, a written statement of overriding considerations must be made identifying the specific reasons to support approval of the proposed incorporation based on the Final EIR and/or other information in the record.

The following statement identifies the reasons why, in LAFCO's judgment, the benefits of the proposed incorporation outweigh its significant and unavoidable indirect effects:

LAFCO finds that the proposed incorporation would have the following important social, environmental and economic benefits:

- Incorporation may enhance the character and identity of the El Dorado Hills community;
- Incorporation will increase local control over and accountability for decisions affecting El Dorado Hills by having them made by a locally elected city council
- Incorporation will ensure that the comprehensive planning, zoning and other regulatory land use decisions affecting El Dorado Hills and its quality of life are made in El Dorado Hills by the citizens of El Dorado Hills;
- Incorporation of El Dorado Hills will increase local authority and responsibility for determining what services shall be provided, the level of service and the level and location of capital improvements in El Dorado Hills;
- Incorporation is likely to improve and enhance, the level of services available to El Dorado Hills;
- All of the above benefits are likely to encourage further economic development within the community;
- Incorporation may promote more citizen participation in local civic affairs of El Dorado Hills

Finally, the Commission rests its decision both on this EIR and approval of the incorporation itself on the following overriding consideration:

The right to self-government is a fundamental value upon which our nation was built. The Commission has discharged its duty to determine that the new city can be fiscally viable and that the adverse impacts on other agencies and the environment are mitigated to the extent feasible. It therefore must allow the citizens of El Dorado Hills to exercise this fundamental right to determine for themselves whether they wish to form their own local government.

For the foregoing reasons, LAFCO finds that the benefits of incorporation outweigh, and therefore, override, the significant and unavoidable indirect environmental effects identified in the EIR, as these effects are associated with future development within the incorporation area, either with or without incorporation, and are not associated directly with the act of incorporation itself.

RESOLUTION L - 05-07, ADOPTING FINDINGS OF FACT AND STATEMENT OF
OVERRIDING CONSIDERATIONS, LAFCO PROJECT 03-10
SUPPLEMENT TO ATTACHMENT A

Affordable Housing Impact. The County of El Dorado has expressed in several communications a concern with regard to the affect of incorporation on the provision of affordable housing within the community of El Dorado Hills.

As explained in the Final EIR and found specifically by the Commission, the lack of provision for affordable housing in the El Dorado Hills community is an existing issue created by prior land use decisions. The incorporation of El Dorado Hills will not make the problem worse. If anything, the formation of a local government with local responsibility to meet regional housing objectives is likely to encourage greater effort towards a solution of the problem.

The County has suggested a number of proposed mitigation measures with respect to the provision of affordable housing. Unfortunately, these measures require imposition of terms and conditions by LAFCo that involve the exercise of land use authority, which LAFCo does not have. Therefore these mitigation measures are infeasible.

The provision of such affordable housing will generate indirect environmental effects, though a specific and quantative analysis at this level is impossible. The indirect impacts of the development of affordable housing are similar to those of residential growth generally, and have been adequately considered in the general analysis of the impacts of likely residential growth within the El Dorado Hills community as set forth in the EIR. Those impacts will be significant in many cases and are considered unavoidable in the context of this proceeding. The mitigation measures generally recommended to mitigate the impacts of growth apply as well to any affordable housing that the new city will be obligated to provide.

AGENDA ITEM NO. 4

**B. Resolution Adopting Mitigation
Monitoring and Reporting Program**

DRAFT

**EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION**

**RESOLUTION NUMBER L 05-08
ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE PROPOSED INCORPORATION OF THE CITY OF EL DORADO HILLS
(LAFCO Project Number 03-10)**

WHEREAS, the El Dorado Local Agency Formation Commission is the entity authorized to approve incorporations pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "Act"); and,

WHEREAS, the Board of Supervisors of the County of El Dorado passed a Resolution of Application, Resolution 322-2003, in accordance with Section 56654 of the Act, thereby initiating the Proposed Incorporation of El Dorado Hills as LAFCO Project No. 03-10; and,

WHEREAS, the El Dorado Local Agency Formation Commission considered the proposal to create a new city of El Dorado Hills, California; and,

WHEREAS, a Draft Environmental Impact Report for the El Dorado Hills Incorporation Project was prepared to evaluate the potential environmental impacts of the proposed incorporation; and,

WHEREAS, a Final Environmental Impact Report ("Final EIR") was certified as adequate and complete for the Proposed Incorporation of the City of El Dorado Hills prepared by Resolution L-05-06; and,

WHEREAS, the Final EIR identified mitigation measures for impacts identified therein; and,

WHEREAS, certain of those mitigation measures are made conditions of approval of the proposed incorporation, under Resolution L-05-09; and,

WHEREAS, pursuant to Section 21081.6 of the Public Resources Code, a Mitigation Monitoring and Reporting Program is required.

NOW, THEREFORE BE IT RESOLVED by the Local Agency Formation Commission of the County of El Dorado that the attached document entitled EL DORADO HILLS INCORPORATION – MITIGATION MONITORING PROGRAM (Attachment A) is hereby adopted and incorporated by reference as though wholly set forth herein.

PASSED AND ADOPTED by the El Dorado County Local Agency Formation Commission at a regular meeting of said Commission, held June 8, 2005 by the following vote of said Commission.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

Clerk to the Commission

Chair

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ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
DIRECT IMPACTS				
Potential loss of County funding for acquisition of permanent rare plant habitat.	Require continued collection by the new City of the habitat conservation mitigation fee and require the transfer to the County of an amount equal to the proceeds thereof, following Incorporation, in accordance with Chapter 17.71 of the County ordinance Code.	LAFCO/New City	Procedures to ensure collection of fees and transfer of fees to the County established as a Condition of Incorporation. City to adopt County ordinance at first meeting of new City Council.	Adoption of County ordinance to occur at first meeting of the new City Council. Implementation and administration of the fee program would be on-going thereafter.
Creation of Islands of Unincorporated Territory.	Include the Large Adjacent Development Projects (Promontory, Carson Creek and the eastern half of Marble Valley Include the former Williamson Act Parcels to Eliminate "Islands"; Exclude from the Boundary Agricultural Lands Located at the Southern End of the Proposal Area. This would reduce the impact to a level of less than significant.	LAFCO	Boundary changes embodied in LAFCO Resolution approving incorporation.	Boundary changes formalized prior to Incorporation Approval by LAFCO.
Disruption of established Rural Residential communities and the Hickok Road Community Services District.	Modify the boundary to exclude all of Hickok Road CSD. Modify the boundary to exclude the Arroyo Vista CSD and surrounding Rural parcels. These measures would reduce the impact to a level of less than significant.	LAFCO	Boundary changes embodied in LAFCO Resolution approving incorporation.	Boundary changes formalized prior to Incorporation Approval by LAFCO.
Potential inclusion of a Williamson Act parcel.	Exclude Agricultural Preserve 135 (the Mehrten Parcel) from the Incorporation boundary. This would reduce the impact to a level of less than significant.	LAFCO	Boundary changes embodied in LAFCO Resolution approving incorporation.	Boundary changes formalized prior to Incorporation Approval by LAFCO.
Potential reduction in funding for transportation improvements and transit operations.	LAFCO shall require the new City to maintain seamless compliance with existing County Transportation Impact Fee programs that include the El Dorado Hills area component through the collection of the appropriate funds at building permit issuance. The County and city should enter into an equitable agreement to both assign project construction responsibility and the funding of those projects. It is anticipated that the current El	LAFCO/New City	Procedures to ensure collection of fees and transfer of fees to the County, including fees that support EDCTA operations, to be established as a Condition of Incorporation. City to adopt County ordinance at first meeting of new City Council.	Adoption of County ordinance to occur at first meeting of the new City Council. Implementation and administration of the fee program would be on-going thereafter.

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>Dorado Hills/Salmon Falls Area RIF program or any updated iteration of that fee program would be transferred to the new city for administration.</p> <p>Maintain the current level of financial support to the EDCTA transit programs, so as to maintain a consistent level of funding from development fees, sales tax revenues, and all other applicable sources, as exists prior to incorporation.</p> <p>This measure would reduce the impact to a level of less than significant.</p>			
<p>Loss of traffic enforcement services by the California Highway Patrol.</p>	<p>Require the new City to provide traffic control services within the Incorporation Area at levels no lower than those currently provided by the CHP.</p> <p>This would reduce the impact to a level of less than significant.</p>	<p>LAFCO/New City</p>	<p>Specific details related to traffic enforcement within the new City to be required as a Condition of Incorporation and to be incorporated in contractual agreement with County Sheriff or other law enforcement agency selected by the new City to provide law enforcement service to the new City.</p>	<p>As of the Effective Date of Incorporation, all issues related to traffic enforcement within the Incorporation area will be formally resolved.</p>
<p>Potential service reduction from loss of revenues from the Fire District Improvement Fee.</p>	<p>Require the new City to adopt and continue indefinitely the Fire District Improvement Fee, as set forth in Chapter 13.20 of the County Ordinance Code.</p> <p>Require the new City to transfer to EDHCWD an amount equal to the Fire District Improvement Fee.</p> <p>These measures would reduce the impact to a level of less than significant.</p>	<p>LAFCO/New City</p>	<p>Formalized requirements related to the new City's payment and transfer of Fire District Improvement Fees will be established as a Condition of Incorporation.</p>	<p>Adoption of County ordinance to occur at first meeting of the new City Council. Implementation and administration of the program would be on-going thereafter.</p>
<p>Loss of wildland protection service by the CDF.</p>	<p>The new City shall provide funding to insure that wildland fire protection services are provided within the area of the City for the portions of the new City that, by state law, are reclassified from State Responsibility Area to Local Responsibility Area, as a result of incorporation. This obligation shall be satisfied by the new City as follows:</p>	<p>LAFCO/New City</p>	<p>LAFCO to include these requirements as Conditions of Incorporation.</p>	<p>Not later than the Effective Date of Incorporation, the new City shall have entered into tax sharing agreement arrangements with the affected fire districts assure wildland fire protection services.</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>a) Pursuant to its authority under Government Code Section 56815 and in accordance with Revenue and Taxation Code Section 99 et seq., LAFCO shall require the City to enter into a tax sharing agreement with the three affected Fire Districts providing for the transfer of property tax sufficient to cover the costs to be incurred by the respective districts in providing wildland fire protection. Said tax sharing agreement shall provide for an initial transfer of property tax sufficient to fund each District's projected annual cost of providing such protection as detailed in the Comprehensive Fiscal Analysis. The Tax Sharing Agreement shall further provide that every three years thereafter, the County Auditor, in consultation with the City and the three Fire Districts, shall adjust the tax sharing arrangement to an amount sufficient to cover the then projected annual cost of providing such protection, taking into account increases or decreases in the total acreage subject to such wildland fire protection due to annexation, detachment or reclassification and the Districts' projected costs.</p> <p>The Fire Districts shall perform a wildland reclassification assessment every three years, prior to the start of the subsequent three year "agreement period." This reclassification shall result in a direct adjustment (upwards or downwards) to the wildland coverage cost to be borne by the City. The Tax Sharing Agreement shall further provide that the annual amount of property taxes transferred pursuant to this Tax Sharing Agreement shall not exceed the projected cost of providing such service through a Cooperative Contract with the California Department of Forestry, so long as such Cooperative Contracts are an option available to the Districts.</p>			

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>b) In all cases, the level of wildland fire protection services shall be not less than the same level as provided by the CDF prior to incorporation.</p> <p>c) Nothing herein is intended as a grant of authority to the City to provide fire and emergency services. The City's sole authority is to fund the continuation of such service by the fire agencies or CDF.</p> <p>d) Should the City or an Affected Fire Agency fail to perform any of its obligations as set forth herein, any citizen may obtain a court order to compel the City or Fire Agency to perform their obligations hereunder, or to enforce the terms of any agreement between the City and the Fire Agencies then or most recently in effect.</p> <p>These measures would reduce the impact to a level of less than significant.</p>			
<p>Potential loss of parks and recreation services.</p>	<p>Include all lands currently inside the EDHCS D boundary into the boundary of the new City.</p> <p>Include all lands currently inside the Springfield Meadows CSD within the new City.</p> <p>These measures would reduce the impact to a level of less than significant.</p>	<p>LAFCO</p>	<p>Boundary changes embodied in LAFCO Resolution approving incorporation.</p>	<p>Boundary changes formalized prior to Incorporation Approval by LAFCO.</p>
INDIRECT IMPACTS				
<p>Substantial alteration or degradation of land use character.</p>	<p>Create distinct community separators.</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of</p>	<p>The establishment of new policies to address and mitigate project-specific effects related to the protection of land use character may be completed with the new City's adoption of its</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
			its own land use plans and policies. These have not yet been developed.	General Plan within 30 months of the Effective Date of Incorporation.
Creation of substantial land use incompatibility.	<p>The City should establish a General Plan conformity review process for all development projects.</p> <p>The City should require development projects to be located and designed in a manner that avoids adjacent incompatible land uses.</p> <p>The City and County should coordinate on land use policy for areas within the new City's Sphere of Influence.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.	The establishment of new policies to address and mitigate project-specific effects related to land use incompatibility may be completed with the new City's adoption of its General Plan within 30 months of the Effective Date of Incorporation.
Potential for conversion of important farmland, grazing land, and land currently in agricultural production.	<p>The City should establish a General Plan conformity review process for all development projects.</p> <p>The City should require development projects to be located and designed in a manner that avoids adjacent incompatible land uses.</p> <p>Identify acceptable mitigation for loss of agricultural lands.</p> <p>Provide additional protection for agricultural use.</p> <p>Provide adequate agricultural setbacks.</p> <p>Require agricultural fencing on adjacent residential property.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded</p>	New City	Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.	The establishment of new policies to address and mitigate project-specific effects related to farmland conversion may be completed with the new City's adoption of its General Plan within 30 months of the Effective Date of Incorporation.

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
<p>Degradation of the quality of scenic vistas and scenic resources.</p>	<p>as potentially significant and unavoidable.</p> <p>The City should establish a General Plan conformity review process for all development projects.</p> <p>Protect views from scenic corridors.</p> <p>The City should extend limitations on ridgeline development within scenic corridors or identified viewing locations to include all development.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects related to scenic vistas may be completed with the new City's adoption of its General Plan within 30 months of the Effective Date of Incorporation.</p>
<p>Degradation of existing visual character or quality of the area.</p>	<p>The new City should consider the adoption of policies in its future general plan that would reduce impacts on visual resources of the area. Issues to consider include guidelines for ridgeline development, hillside development, preservation of Heritage Oaks, and retention of natural landform contours (i.e. criteria for mass grading designs).</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects related to visual character may be completed with the new City's adoption of its General Plan within 30 months of the Effective Date of Incorporation.</p>
<p>Creation of new sources of substantial light or glare that could adversely affect daytime or nighttime views.</p>	<p>Establish a General Plan conformity review process for all development projects.</p> <p>Consider lighting design features to reduce effects of nighttime lighting.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects related to light and glare may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Potential to opt out of Measure Y land use policies.</p>	<p>The City should adopt the Measure Y policies regarding land use restrictions in its own</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to</p>	<p>Completed with the new City's adoption of its General Plan</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>General Plan and encourage the new City to enforce these policies on new developments as a means to mitigate traffic impacts in excess of acceptable LOS standards.</p> <p>Until the new City has developed its General Plan adopting Measure Y policies on land use restrictions and identified policies intended to mitigate traffic impacts related to new development, this impact could be regarded as potentially significant and unavoidable.</p>		<p>develop a General Plan, with policies intended to address traffic impacts associated with new development within its jurisdiction. This has not yet been developed.</p>	<p>within 30 months following the Effective Date of Incorporation.</p>
<p>Increase in daily and peak hour traffic on roadways already congested.</p>	<p>Implement new growth control measure.</p> <p>Adopt new traffic impact mitigation fee.</p> <p>Establish Level of Service (LOS) policies.</p> <p>Implement a frequent transit service on exclusive right-of-way to El Dorado Hills Business Park.</p> <p>Until the new City has developed its General Plan adopting a new growth control measure, a new traffic impact mitigation fee, and LOS policies intended to mitigate traffic impacts related to new development, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City EDCTA</p>	<p>Following Incorporation, the new City will be required to develop a General Plan, with policies intended to address traffic impacts associated with new development within its jurisdiction. This has not yet been developed.</p> <p>EDCTA may consider implementation of frequent transit service to the El Dorado Hills Business Park as demand for such a service warrants.</p>	<p>The establishment of a new growth control measure, new traffic impact fee, and LOS policies may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p> <p>EDCTA may consider implementation of frequent transit service to the El Dorado Hills Business Park when the demand for such a service justifies such consideration.</p>
<p>Unacceptable LOS conditions related to generation of new traffic in advance of transportation improvements.</p>	<p>Establish concurrency standards.</p> <p>The City should establish a General Plan conformity review process for all development projects.</p> <p>Until the new City has developed its General Plan policies on concurrency standards land use restrictions and identified policies intended to mitigate traffic impacts related to new development, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects on traffic may be completed with the new City's adoption of its General Plan which is to be completed within 30 months following the Effective Date of Incorporation.</p>
<p>Insufficient transit capacity.</p>	<p>Develop funding mechanism for park-and-ride lots.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to</p>	<p>The establishment of a funding mechanism for park-and-ride</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>Develop a program for expanded commuter bus service.</p> <p>Until the new City has developed its General Plan policies on developing funding mechanisms for transit improvements such as park-and-ride lots, this impact could be regarded as potentially significant and unavoidable.</p>		<p>evaluate the environmental effects associated with proposed development within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>lots may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Increase in surface water pollutants from additional wastewater treatment plant discharges.</p>	<p>Encourage mitigation of the environmental impacts related to future expansions in wastewater treatment capacity.</p> <p>Encourage use of recycled water in new development served by public wastewater systems.</p> <p>Require a will-serve letter from wastewater treatment service provider.</p> <p>Until the new City has developed its General Plan policies on encouraging mitigation of impacts associated with wastewater treatment system improvements and the use of recycled water, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed wastewater treatment system improvements within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of policies encouraging the mitigation of environmental effects associated with wastewater treatment system improvements and the use of recycled water may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Increase in groundwater pollutants from onsite wastewater treatment systems (OWTS) (Septic Systems).</p>	<p>Monitor performance of septic systems annually.</p> <p>Until the new City has developed its General Plan policies to require the monitoring of septic systems, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with OWTS and septic systems within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of policies requiring the monitoring of septic systems may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Increase in demand for non-renewable resources for electricity and natural gas.</p>	<p>No feasible mitigation.</p> <p>This impact would remain significant and unavoidable.</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Potential for land use incompatibility and other impacts of new and expanded</p>	<p>Require projects involving new electrical or natural gas supply or distribution facilities to</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to</p>	<p>The establishment of new policies to address and mitigate</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
energy supply infrastructure.	<p>be located and designed in a manner that avoids adjacent incompatible land uses.</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>		<p>evaluate the environmental effects associated with proposed energy supply projects within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>project-specific effects related to energy infrastructure may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
Potential land use incompatibility associated with development and expansion of law enforcement facilities.	<p>Require new law enforcement facilities to be located and designed in a manner that avoids adjacent incompatible land uses.</p> <p>Incorporate compatibility requirements in City zoning ordinance.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed law enforcement facilities within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects related new law enforcement facilities may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
Potential school incompatibility with adjacent land uses.	<p>The City should require development projects to be located and designed in a manner to avoid adjacent incompatible land uses.</p> <p>Incorporate compatibility requirements in City zoning ordinance.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed school facilities within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects on school facilities may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
Potential library incompatibility with adjacent land uses.	<p>The City should require development projects to be located and designed in a manner to avoid adjacent incompatible land uses.</p> <p>Incorporate compatibility requirements in City zoning ordinance.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	<p>Following Incorporation, the new City will be required to evaluate the environmental effects associated with proposed library facilities within its jurisdiction within the context of its own land use plans and policies. These have not yet been developed.</p>	<p>The establishment of new policies to address and mitigate project-specific effects on library facilities may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
Deterioration of existing parks and	Implement Parks Master Plan and Parks and	New City	Following Incorporation, the	The establishment of new

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
recreation facilities and need for new facilities.	<p>Recreation Capital Improvement Program.</p> <p>Provide parks and recreation funding mechanisms.</p> <p>Establish development fee program to fund park and recreation improvements.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>		new City will be required to develop a General Plan, with policies intended to address the effects of new development on park and recreation facilities within its jurisdiction. This has not yet been developed.	policies to address and mitigate project-specific effects on park and recreation facilities may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Increase incidents of illegal disposal of household hazardous wastes.	<p>None available.</p> <p>This impact would remain significant and unavoidable.</p>	N/A	N/A	N/A
Increased risk of accidental release of hazardous materials.	<p>Establish truck routes.</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include truck routes within its jurisdiction. This has not yet been developed.	The establishment of truck routes may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Increased risk of exposure to hazardous waste resulting from new development on known, suspected and unknown contaminated sites.	<p>Remediate contamination before construction of new development on contaminated sites.</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to be used in the evaluation of environmental effects for development projects within its jurisdiction. This has not yet been developed.	The establishment of policies to be used in evaluating and mitigating project-specific environmental effects associated with hazardous materials may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Exposure to electromagnetic fields generated by new electric energy facilities at school locations.	<p>Encourage coordination between utilities and school districts.</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to encourage coordination between utilities and school districts within its jurisdiction. This has not yet been developed.	The establishment of policies to encourage coordination between utilities and school districts may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Public exposure to asbestos.	<p>The City should establish a General Plan conformity review process for all development projects.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which	The establishment of policies to be used in evaluating and mitigating asbestos exposure

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>Strengthen naturally occurring asbestos dust protection standards.</p> <p>Provide disclosure of naturally occurring asbestos on properties.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>		<p>may include policies to be used in evaluating possible exposure to asbestos within its jurisdiction. This has not yet been developed.</p>	<p>may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Increased potential for fire incidents and fire hazards.</p>	<p>The City should establish a General Plan conformity review process for all development projects.</p> <p>Preclude development in areas of high wildland fire hazard.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to develop a General Plan, which may include policies to control development that may increase fire hazards within its jurisdiction. This has not yet been developed.</p>	<p>The establishment of policies to control and mitigate project-specific fire hazards may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Increased development in areas susceptible to landslide hazards.</p>	<p>The City should establish a General Plan conformity review process for all development projects.</p> <p>Require geologic analysis in areas prone to geologic or seismic hazards.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of geologic hazards within its jurisdiction. This has not yet been developed.</p>	<p>The establishment of policies to assist in the evaluation and mitigation of project-specific geologic hazards may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Additional development could affect the rate or extent of erosion.</p>	<p>The City should establish a general Plan conformity review process for all development projects.</p> <p>The City should restrict development or disturbance on steep slopes.</p> <p>Until the project-specific details related to implementation of these mitigation measures</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of erosion effects within its jurisdiction. This has not yet been developed.</p>	<p>The establishment of policies to assist in the evaluation and mitigation of project-specific erosion effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	can be clarified, this impact could be regarded as potentially significant and unavoidable.			
Exposure of noise-sensitive land uses to short-term (construction) noise.	<p>Limit noise-generating construction activities.</p> <p>Establish truck routes to minimize truck noise at noise-sensitive land uses.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of noise effects within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific noise effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Exposure to ground transportation noise sources.	<p>Protect noise-sensitive land uses from unacceptable noise levels caused by new transportation noise sources.</p> <p>Establish truck routes to minimize truck noise at noise-sensitive land uses.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of noise effects within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific noise effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Exposure of noise-sensitive land uses to fixed or non-transportation noise sources.	<p>Protect noise-sensitive land uses from unacceptable noise levels caused by stationary noise sources.</p> <p>Adopt a noise ordinance.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of noise effects within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific noise effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Exposure to aircraft noise.	<p>Enforce standards for interior noise levels in new development affected by aircraft noise.</p> <p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of noise effects within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific noise effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Construction emissions of ROG, NO _x , and PM ₁₀ .	Use updated recommendations to analyze and mitigate potential air quality impacts.	New City	Following Incorporation, the new City will be required to	The establishment of policies to assist in the evaluation and

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>		<p>develop a General Plan, which may include policies to assist in the evaluation of air quality effects within its jurisdiction. This has not yet been developed.</p>	<p>mitigation of project-specific air quality effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Long-term operational (regional) emissions of ROG, NO_x and PM₁₀.</p>	<p>Use updated recommendations to analyze and mitigate potential air quality impacts.</p> <p>Encourage use of alternative-fuel vehicles.</p> <p>Investigate use of fuel-efficient or alternative-fuel fleet vehicles.</p> <p>Prohibit wood-burning open-masonry fireplaces in new development.</p> <p>Develop incentive program to encourage use of newer cleaner burning EPA-certified wood stoves.</p> <p>Synchronize signalized intersections.</p> <p>Include pedestrian/bike paths connecting to adjacent development.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of air quality effects within its jurisdiction. This has not yet been developed.</p>	<p>The establishment of policies to assist in the evaluation and mitigation of project-specific air quality effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>
<p>Toxic air emissions.</p>	<p>The City should establish a General Plan conformity review process for all development projects</p> <p>The City should require development projects to be located and designed in a manner that avoids adjacent incompatible land uses.</p> <p>Use updated recommendations to analyze and mitigate potential air quality impacts.</p> <p>Adopt a policy for facilities housing sensitive</p>	<p>New City</p>	<p>Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of air quality effects within its jurisdiction. This has not yet been developed.</p>	<p>The establishment of policies to assist in the evaluation and mitigation of project-specific air quality effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	receptors. Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.			
Local mobile-source emissions of carbon monoxide (CO).	Investigate use of fuel-efficient alternative-fuel fleet vehicles. Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of air quality effects within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific air quality effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Odorous emissions.	Require development projects to be located and designed in a manner that avoids adjacent incompatible land uses. Until the project-specific details related to implementation of this mitigation measure can be clarified, this impact could be regarded as potentially significant and unavoidable.	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of air quality effects within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific air quality effects may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Loss and fragmentation of wildlife habitat, impacts on special status species, and impacts on wildlife movement.	Develop and implement an integrated natural resources management plan. Adopt a no-net-loss policy and mitigation program for important habitat. Require mitigation for loss of woodland habitat. Develop and implement an oak tree preservation ordinance. Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in the evaluation of effects on biological resources within its jurisdiction. This has not yet been developed.	The establishment of policies to assist in the evaluation and mitigation of project-specific effects on biological resources may be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.
Destruction or alteration of known and unknown, prehistoric and historic sites, features, artifacts and human remains.	The City should establish a General Plan conformity review process for all development projects.	New City	Following Incorporation, the new City will be required to develop a General Plan, which may include policies to assist in	The establishment of policies to assist in the evaluation and mitigation of project-specific effects on cultural resources may

ATTACHMENT "A" TO LAFCO RESOLUTION L- 05-08
 EL DORADO HILLS INCORPORATION - MITIGATION MONITORING PROGRAM

Impact	Mitigation Measures	Responsibility	Implementation	Schedule
	<p>Treat significant resources in ministerial development in accordance with CEQA standards.</p> <p>Adopt a cultural resources ordinance.</p> <p>Define historic design control districts.</p> <p>Prohibit significant alteration or destruction of NRHP/CRHR listed properties.</p> <p>Compile and provide access to cultural resources data not documented in NCIC files.</p> <p>Ensure that proposed projects do not disturb human interments.</p> <p>Until the project-specific details related to implementation of these mitigation measures can be clarified, this impact could be regarded as potentially significant and unavoidable.</p>		<p>the evaluation of effects on cultural resources within its jurisdiction. This has not yet been developed.</p>	<p>be completed with the new City's adoption of its General Plan within 30 months following the Effective Date of Incorporation.</p>

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**CONSIDERATION OF COMMISSIONER DUPRAY'S REQUEST
TO RE-OPEN DISCUSSION OF THE DURATION OF
MITIGATION PAYMENTS**

Subject: Reconsideration of Incorporation term length

From: rdupray@co.el-dorado.ca.us

Date: Wed, 1 Jun 2005 23:43:29 -0700

To: lafco@co.el-dorado.ca.us

CC: arowett@pacbell.net, john.hidahl@aerojet.com, joejchinn@aol.com

1 June 2005

Roseanne,

Please consider this my official request, as a LAFCO commissioner, to rehear the term length of the EDH Incorporation Revenue Neutrality Agreement. I wish to make an amendment to my original motion and request that the term of the revenue neutrality agreement be for a length of 25 years on the General Fund and Road Funds. Thank you.
Rusty Dupray

Rusty Dupray
Supervisor, District 1
330 Fair Lane
Placerville, CA 95667
Phone: 530.621.5650
E-mail: bosone@co.el-dorado.ca.us

Table 1
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Comparison of Revenue Neutrality Payments - June 3, 2005

Fiscal Mitigation Term	Period Start [1]	Period End	Period Length	Annual Amount	Estimated Total Value	Annual Adjustment
				(2004 \$)	(2004 \$)	
GENERAL FUND						
1 El Dorado LAFCO	FY 2006-07	FY 2030-31	25 years	\$309,000	\$7,725,000	Annual CPI adjustment (e.g., CPI All Urban Consumers - CA) [2]
2 El Dorado LAFCO	FY 2006-07	FY 2045-46	40 years	\$309,000	\$12,360,000	Annual CPI adjustment (e.g., CPI All Urban Consumers - CA) [2]
ROAD FUND						
1 El Dorado LAFCO	FY 2006-07	FY 2030-31	25 years	\$751,300	\$18,782,500	Annual CPI adjustment (e.g., CPI All Urban Consumers - CA) [2]
2 El Dorado LAFCO	FY 2006-07	FY 2045-46	40 years	\$751,300	\$30,052,000	Annual CPI adjustment (e.g., CPI All Urban Consumers - CA) [2]

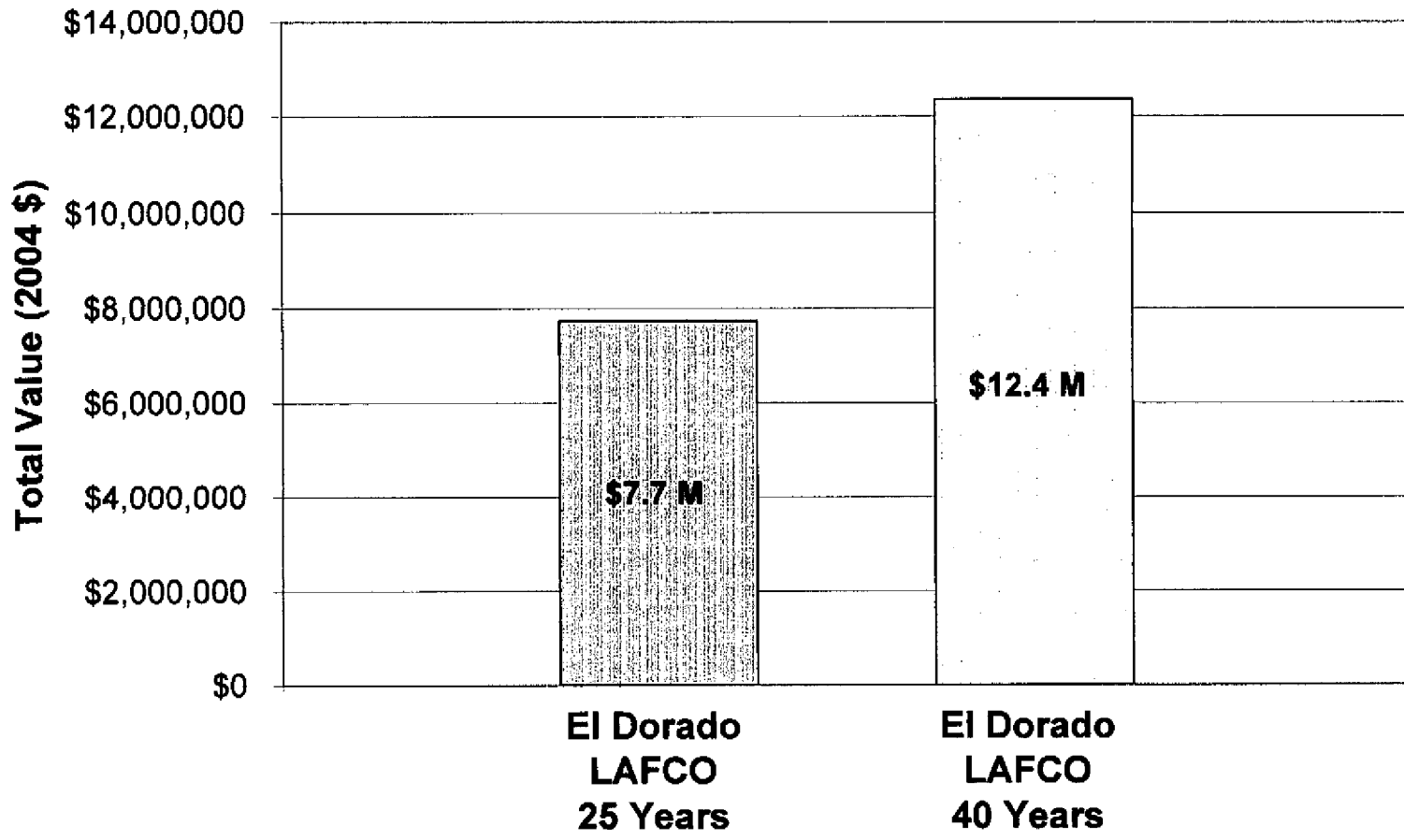
"compare2"

Source: El Dorado LAFCO; and EPS.

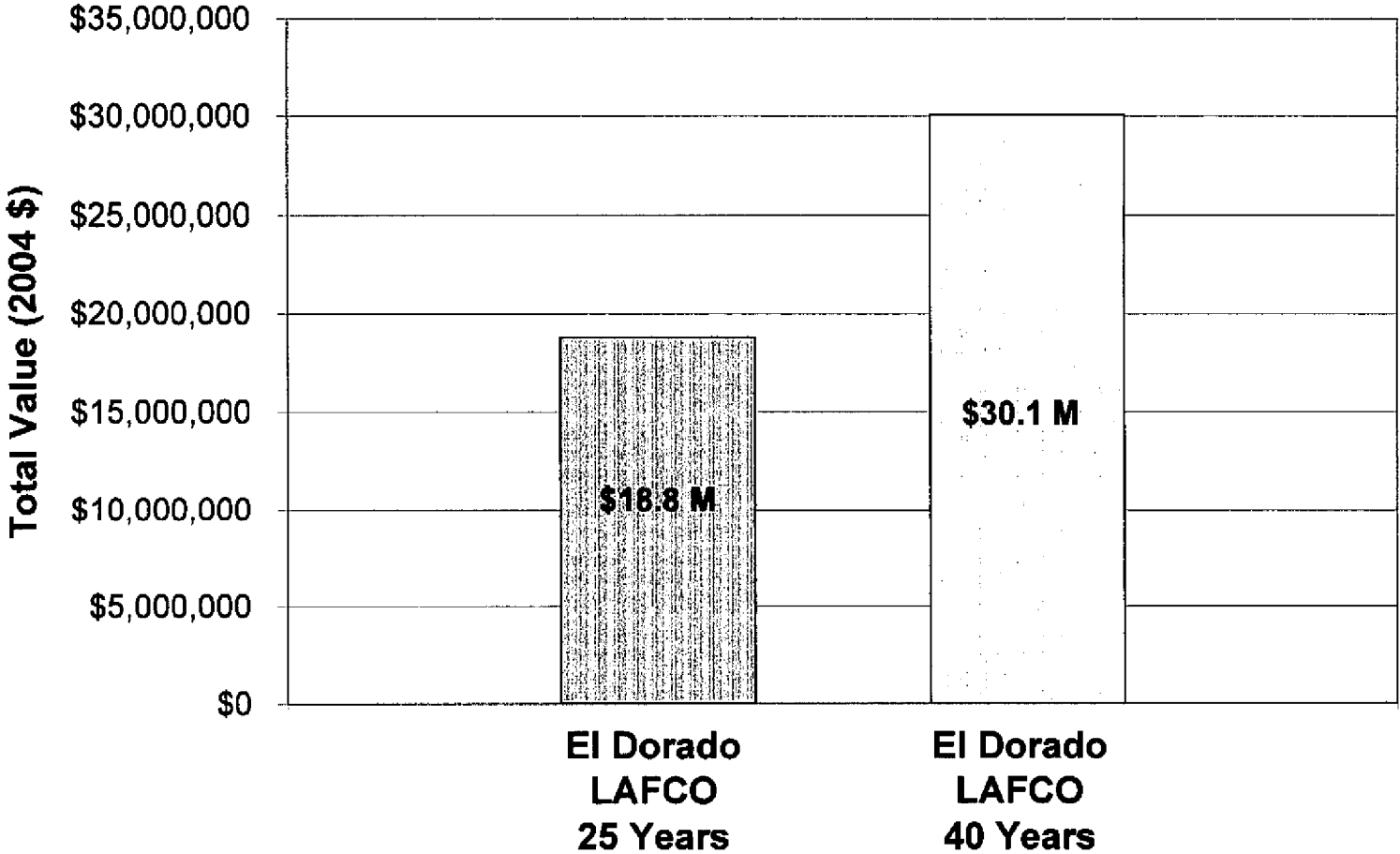
[1] FY 2006-07 would be the City's first fiscal year.

[2] Annual increase in payments is indexed to a published annual Consumer Price Index inflation factor (CPI - All Urban Consumers - California). CPI is assumed to be 3% for this analysis. Amount discounted to 2004 \$ using 3% for inflation.

Comparison of Total General Fund Mitigation Payments (2004 \$)



**Comparison of Total Road Fund
Mitigation Payments (2004 \$)**



AGENDA ITEM NO. 4

**C. Resolution Making Determinations,
Setting Terms & Conditions & Approving
the Incorporation & Related Changes of
Organization**

**EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION NUMBER L-05-09

Proposed Incorporation of the City of El Dorado Hills
LAFCO PROJECT NO.03-10

WHEREAS, a resolution for the proposed incorporation of certain territory in the County of El Dorado was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act, commencing with Section 56000, et seq. of the Government Code; and

WHEREAS, the Executive Officer has examined the resolution and supporting materials and has accepted the proposal for filing on May 27, 2005; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report including her recommendations, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, at the times and in the form and manner required by law, the Executive Officer has given notice of the hearings by this Commission upon the proposal; and

WHEREAS, upon the date, time and place specified in said notice of hearing and in any order or orders continuing such hearing, the Commission has received, heard, discussed and considered all oral and written testimony related to the proposal, including but not limited to protests and objections, the Executive Officer's report and recommendation, the environmental documents and determinations, plans for providing service, spheres of influence and applicable General and Specific Plans and the Comprehensive Fiscal Analysis; and

WHEREAS, the Commission as lead agency has certified a Final Environmental Impact Report (SCH # 2004082113) and has adopted findings of fact and overriding considerations and has adopted a Mitigation Monitoring Program, all in compliance with the California Environmental Quality Act; and

WHEREAS, the Commission believes that the right to self-government is a fundamental value upon which our nation was built and having discharged its duty to determine that the new city will be fiscally viable and that the adverse impacts on other agencies and the environment are mitigated to the extent feasible, the Commission has determined that it must allow the citizens of El Dorado Hills to exercise this fundamental right to determine for themselves whether they wish to form their own local government.

COMMISSIONERS: GARY COSTAMAGNA, TED LONG, ROBERTA COLVIN, RUSTY DUPRAY, ALDON MANARD, CHARLIE PAINE, NANCY ALLEN
ALTERNATES: CARL HAGEN, GEORGE WHEELDON, FRANCESGA LOFTIS, JAMES R. SWEENEY
STAFF: ROSEANNE CHAMBERLAIN-EXECUTIVE OFFICER, CORINNE FRATINI-POLICY ANALYST,
SUSAN STAHMANN-CLERK TO THE COMMISSION, TOM GIBSON-LAFCO COUNSEL

DRAFT

WHEREAS, In approving this proposal the Commission has considered the policies set forth in Government Code Section 56377. The incorporation of the City of El Dorado Hills does promote the planned, orderly, efficient development of the Incorporation Area. Pursuant to Section 56720 of the Act, and based upon the entire record, the Commission finds that:

- a. Incorporation of the City of El Dorado Hills is consistent with the intent of the Cortese-Knox Local Government Reorganization Act; the policies of former Sections 56001, 56300, 56301, and 56377 of the Government Code; and the policies of this Commission.
- b. The spheres of influence of the local agencies affected by the Proposal have been reviewed by this Commission. This incorporation is consistent with those spheres of influence.
- c. The Commission has reviewed the Comprehensive Fiscal Analysis and all supplements prepared pursuant to Section 56800 of the Government Code.
- d. The Commission has reviewed the Executive Officer's Report provided by the Executive Officer, and Recommendations prepared pursuant to Section 56665 of the Government Code, and the testimony presented at its public hearings.
- e. The proposed City is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.

NOW, THEREFORE BE IT DETERMINED AND ORDERED as follows:

- Section 1. Said incorporation is approved, subject to the conditions set forth in *herein as follows*:
- a) The Incorporation Area is incorporated into a new general law city.
 - b) The name of the proposed new city shall be "The City of El Dorado Hills."
 - c) The new City will have a City Manager form of government;

DRAFT

- d. The governing body of the new City shall be a five-person City Council, elected at-large from throughout the area to be incorporated.
- e) Future City Council members shall be elected at large or as determined by the City Council, consistent with state law.
- e. The City Council will appoint a City Manager and a City Attorney who shall serve at the pleasure of the City Council.

Section 2. The Commission does hereby make determinations regarding the proposal as shown in Attachment A, attached hereto and made a part hereof by this reference.

Section 3. The boundary of the City of El Dorado Hills is generally described as including all territory within the El Dorado Hills Community Services District and the following additions:

- a) The Green Springs Ranch subdivision;
- b) Parcels adjacent to Salmon Falls road (A.P.N. _____)
- c) The Sierra Pacific parcels (A.P.N. 108-050-05, 108-050-06, 108-050-07, 108-050-08, 108-050-14, and 108-050-17)
- d) The El Dorado Union High School District parcel (A.P.N. (108-050-42)
- e) The Carson Creek Specific Plan area
- f) The El Dorado Hills Business Park.

Section 4. Said territory includes 17,839 acres and is found to be inhabited, as defined in Government Code Section 56046.

Section 5. The boundary of said incorporation is approved as modified by the Commission and is shown on the attached map, marked **Attachment C**, and described in the attached legal description, marked **Attachment D** and by this reference incorporated herein. If there is any discrepancy between the boundary shown in Attachment C and described in Attachment D, the legal description shall control.

Section 6. The incorporation shall be subject to the terms and conditions specified in Attachment B, attached hereto and by this reference incorporated herein.

DRAFT

- Section 7. The applicant shall defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- Section 8. All subsequent proceedings in connection with this proposal shall be conducted only in compliance with the approved boundary and conditions set forth in the attachments and any terms and conditions specified in this resolution.
- Section 9. The Executive Officer is hereby directed to file a Notice of Determination in compliance with the California Environmental Quality Act.
- Section 10. Subject to the limitations of Government Code Section 57202, the Effective Date of incorporation is to be July 1, 2006.
- Section 11. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882.

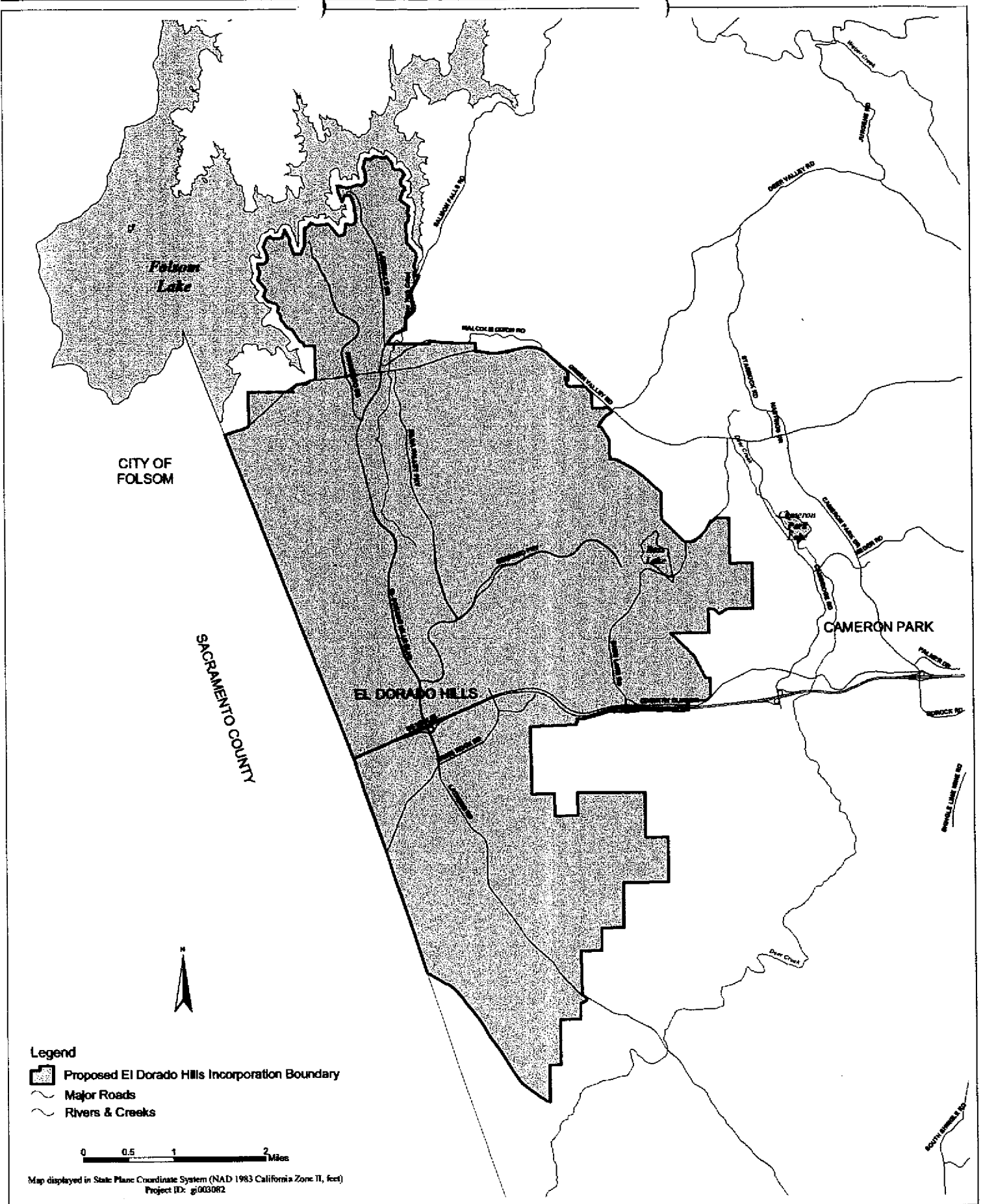
PASSED AND ADOPTED by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held June 8, 2005 by the following vote of said Commission.

AYES:
NOES:
ABSTENTIONS:
ABSENT:

ATTEST:

Clerk to the Commission

Chairperson



Legend

- Proposed El Dorado Hills Incorporation Boundary
- Major Roads
- Rivers & Creeks

0 0.5 1 2 Miles

Map displayed in State Plane Coordinate System (NAD 1983 California Zone II, feet)
Project ID: g0030R2

***LEGAL DESCRIPTION TO BE COMPLETED PURSUANT TO
POLICY 6.7.11 FOLLOWING APPROVAL OF FINAL
INCORPORATION BOUNDARIES***

Attachment A to
Resolution L- 05-09

DETERMINATIONS

Boundary Related and General.

The boundary is definite and certain. The boundary is consistent with state law and local policies and will not produce areas that are difficult to serve and does not create islands or irregular boundaries and conforms to lines of assessment and ownership.

The boundary as modified by LAFCO have eliminated islands and have created an logical service area for the new city, The boundaries further eliminate areas that would be difficult for the County to continue to serve.

The boundary as modified by LAFCO includes a single contiguous area and is definite and certain and conforms to existing lines of assessment and ownership

The boundaries of existing agencies are more logical and appropriate for the boundaries of the City than natural or topographic boundaries in this area.

The boundaries as modified by LAFCO are consistent with the spheres of influence of affected and adjacent local agencies.

The boundaries as modified by LAFCO are consistent with these agricultural policies in that lands that are designated for continued agricultural use and subject to Williamson Act policies have been excluded from the City while lands that may presently be in agricultural use but which are designated for urban development have been included where appropriate for logical boundaries.

The incorporation will not adversely affect adjacent areas, mutual social and economic interests, or the local governmental structure of the county.

Agriculture.

The incorporation will not have an adverse effect on the physical and economic integrity of agricultural lands.

The proposed incorporation and its anticipated effects are consistent with adopted Commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

Marble Valley.

Marble Valley is currently unimproved and there are no inhabitants and no need for public services at this time. Comments of the property owner support removal of the property from the incorporation boundary and there is currently no need for municipal services.

Marble Mountain Homeowners CSD.

Comments from the property owners support the removal of the Marble Mountain Homeowners CSD and services to be provided by the new City are not needed in this area.

Hickok Road and Arroyo Vista CSD Areas.

Inclusion of lands contained in the Hickok Road area will divide a community. Lands in the Arroyo Vista area have low population density and do not need organized community services, currently or in the probably future, such as those services planned to be provided by the City.

Agricultural Parcels.

The agriculturally designated parcels south of the El Dorado Hills (108-050-01 and 108-050-15) are not appropriate to include within the incorporation area. This determination is based on the following reasons:

- a) These parcels are in current agricultural land use.
- b) One parcel is under an active Williamson Act contract.
- c) There are no indications of need for urban services to these parcels.

Industrially Zoned Parcels.

The industrial zoned parcels south of the El Dorado Hills Business Park are appropriate to include within the incorporation area. This determination is based on the following reasons:

- a) The parcels that are industrially zoned indicate an anticipation of future development and need for urban services.
- b) The parcels that are within the EID and currently receive municipal water service from EID for existing industrial operations and uses demonstrate a need for urban services.
- c) Parcels that are owned by one owner should not be divided by the city boundary.
- d) The “flag” situation that would result from excluding the High School parcel from the city boundary would create an undesirable boundary configuration.

Bass Lake Area.

Boundaries for the City of El Dorado Hills in the Bass Lake and Green Valley Road areas which follow the boundary and sphere of influence lines of the El Dorado Hills CSD are more logical and best reflect the community of El Dorado Hills in this area. Lands in the sphere of influence of Cameron Park CSD are not logically included in City boundaries. Road parcels along the perimeter boundaries of the City shall be entirely included within the City boundaries.

EDH Business Park.

It is in the best interests of the citizens of the proposed city and the County as a whole to include the EDH Business Park in the proposed city boundary. The reasons for inclusion are:

- a) To exclude the Business Park would not promote logical and functional boundaries.
- b) Exclusion of the Business Park would complicate service delivery in the area; inclusion would promote efficiency of service delivery.
- c) Inclusion of the Business Park would promote a more balanced city with a better jobs-to-housing balance.
- d) The Business Park is developed at a level that demands urban level of services more appropriately provided by a city.
- e) Future development of vacant land within the Business Park will have impacts on the city that can best be coordinated and mitigated by the inclusion of the Business Park in the city boundary.

Green Springs Ranch.

Boundaries for the City of El Dorado Hills in Green Springs Ranch area which follow the boundary and sphere of influence lines of the El Dorado Hills CSD are logical and best reflect the community of El Dorado Hills in this area. Inclusion in the city will not necessarily result in any change in the character of the area and as city voters, the residents of Green Springs Ranch shall have a strong voice in any planning for the area.

Lakehills – Equestrian Village.

Salmon Falls Road is a logical boundary for the City in the Lakehills -Equestrian Village area. It is in the best interests of the citizens of the affected area, and it is consistent with LAFCO policies, to include the Lakehills -Equestrian Village area within City. The reasons for inclusion are:

- a) To avoid the loss of services to those properties currently within the EDHCSD.

- b) To ensure a logical and definite City boundary.

The process for negotiation and reallocation of the Regional Housing Needs Plan as specified in statute will assist the City and the County in achieving their respective fair shares of the regional housing needs as determined by SACOG.

Determinations Regarding Services and Governmental Reorganizations

The application for incorporation demonstrates the need for the incorporation of a new city for the purpose of providing governmental services to the community of El Dorado Hills, and the formation of a new multi-service city government is the best alternative to provide services.

The new city will be capable of providing adequate services which are the subject of the proposed incorporation.

Water supply, and anticipated water supplies, in the El Dorado Hills area are adequate for current and projected needs and uses in the new city.

The proposed incorporation and its plan of service provides the best alternative for the provision of public services and for meeting community needs as stated in the goals and purposes of the incorporation contained in the application documents.

Environmental mitigations, boundary modifications to the Proposal, and terms and conditions of approval will prevent significant negative impacts on the cost and adequacy of services currently provided by existing governmental agencies.

No additional services or changes of organization are needed in the incorporation area and in adjacent properties. The boundaries, as modified by LAFCO, include those areas appropriate for inclusion in the City.

Wild Land Fire Protection Service.

Continuation of wild land fire services at pre-incorporation levels is best accomplished through agreements between the new City and the affected local fire protection agencies to assure the reimbursement by the City of all net new costs resulting from the reclassification of portions of the new City from State Responsibility Area to Local Responsibility Area.

Enforcement of CC&Rs:

The decision on whether or not to accept the responsibility of enforcing existing CC&Rs should rest with the new City, and if the new City determines not to enforce the existing CC&Rs, that responsibility would rest with the property owners themselves.

Local Park Development Standards.

The local park development and maintenance standards of the EDH CSD are the most appropriate in terms of meeting the needs and service requirements of the citizens of El Dorado Hills.

Determination Regarding Transit Services

LAFCO finds that a failure of the new City to join the EDCTA and to allow transit services to be provided through the EDCTA will create a significant and adverse service impact on transit services in the County. While the service area of Transit may be reduced under such a scenario, the services provided by the EDCTA could still suffer a significant adverse impact as a result of creating a smaller, less efficient agency that will likely lose certain economies of scale. Failure to provide services through the EDCTA could result in a need to provide overlapping services in order to continue the same level of service within the remaining EDCTA service area. Service to commuters and regular countywide service routes could be adversely affected. The reduction in funding under such a scenario would likely be greater than the corresponding reduction of overhead costs to EDCTA. LAFCO further finds that failure to provide transit services to the new City through the EDCTA may result in illogical and duplicative transit services being provided in the County.

Fiscal Determinations.

1. Revenues currently received by the County for services that, but for the operation of former Section 56815 of the Government Code, would accrue to the proposed city are not substantially equal to the direct and indirect expenditures currently made by the County for those services that will be assumed by the proposed city.
2. The negative fiscal effect has been adequately mitigated by a series of annual lump-sum payments over a fixed period of time pursuant to Section 56886 (a).
3. In order to offset the effects of inflation and changes in the cost of service over time, the lump-sum payment should adjust annually.
4. The Consumer Price Index (CPI) is the best means for ensuring that the General Fund and Road Fund fiscal mitigation payments will maintain the revenue neutrality desired by the Commission.
5. Based on the findings of the CFA, the Commission finds that the City will be financially feasible and will be able to maintain pre-incorporation service levels.

6. Constraints related to topography, road access, capacity of Highway U.S. 50 and system-wide limits on water resources and wastewater treatment services present significant impediments to the County's ability to implement General Plan amendments or to take other measures that could potentially adjust or compensate for the loss of revenues over an extended period of time due to the incorporation of El Dorado Hills, and a mitigation period of longer than ten (10) years is necessary.
7. A Comprehensive Fiscal Analysis (CFA), required pursuant to Government Code 56800, has been prepared, circulated for public review, presented at public hearings, and is adequate and complete.
8. The City of El Dorado Hills will receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation and the City is found to be fiscally viable, pursuant to Government Code Section 56720.
9. Subject to the Terms and Conditions adopted by the Commission, the incorporation will result in a similar exchange of both revenue and responsibility for service delivery. The incorporation is not occurring primarily for financial reasons.
10. The negative fiscal effects of incorporation have been adequately mitigated by terms and conditions approved by LAFCO pursuant to Government Code Section 56886.
11. The Commission finds and determines that the proposed incorporation is consistent with the legislative direction set forth in Government Code Section 56301 and will discourage urban sprawl, preserve open space and prime agricultural lands, efficiently provide government services, and encourage the orderly formation and development of local agencies based upon local conditions and circumstances.

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**RESOLUTION L-05-09 ATTACHMENT A
SUPPLEMENTAL DETERMINATIONS**

Regional Housing.

The process for negotiation and reallocation of the Regional Housing Needs Plan as specified in statute will assist the City and the County in achieving their respective fair shares of the regional housing needs as determined by SACOG.

Revenue Neutrality Negotiation Period

While LAFCO policy 6.7.20 allows a period of up to 90-days for Revenue Neutrality negotiations, all parties to the negotiations agreed on May 18, 2005, to conclude such negotiations at 5:00 p.m. on May 27, 2005, with or without agreement prior to the end of that 90-day period. The Commission finds that the revenue neutrality negotiations, which began on March 14 and ended on May 27, provided a sufficient time period for this purpose.

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Attachment B to Resolution L- 05-09

TERMS AND CONDITIONS OF INCORPORATION

1. Services to be Provided. The City is authorized to provide and shall provide the following public services:
 - a) General Government, including City Manager, City Attorney, City Clerk.
 - b) Law Enforcement (including traffic control and accident investigation currently supplied by the California Highway Patrol);
 - c) Planning and Land Use Regulation;
 - d) Building Permits and Inspection;
 - e) Maintenance, Monitoring, Engineering and Construction of streets and highways currently maintained by the County of El Dorado, including associated drainage and other appurtenant facilities.
 - f) Animal Care and Regulation;
 - g) Park and Recreation;
 - h) Flood Control;
 - i) Solid Waste;
 - j) Landscape Maintenance;
 - k) Street lighting.
 - l) Refuse Collection, through franchise agreements with private waste collection providers;
 - m) Cable Television, through franchise agreements with Comcast and/or other private CATV service providers; and,
 - n) Administration of architectural review and enforcement of Covenants, Conditions and Restrictions (CC&Rs) to the same extent as previously provided by the El Dorado Hills CSD; see Section 15 (f), below;
 - o) Code Enforcement; and,
 - p) Public Works not otherwise specified.

2. Services Not Provided. The City is not authorized to provide the following services and these services shall not be provided by the City. These services shall continue after incorporation and shall be exclusively provided by the agency or agencies identified below, consistent with spheres of influence as determined by LAFCO until and unless service responsibilities are modified by LAFCO pursuant to Government Code §56425, et. seq.:
 - a) Domestic Water Supply and Irrigation: El Dorado Irrigation District;

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- b) Wastewater Collection, Treatment, and Disposal: El Dorado Irrigation District;
- c) Fire Protection and Emergency Services: El Dorado Hills County Water District and Rescue Fire Protection District (hereinafter, the "Fire Agencies");
- d) Resource Conservation: El Dorado County Resource Conservation District;
- e) Schools: Buckeye Union School District, Rescue Union School District, Latrobe Union School District, and El Dorado Union High School District;
- f) Library: El Dorado County Library (County Service Area 10);
- g) Transit: El Dorado County Transit Authority, subject to the provisions of 9, below;
- h) Cemetery: El Dorado County for Mormon Island Cemetery and other cemeteries within the City, if any, as required by law. Private cemeteries shall continue to be serviced by private providers.
- i) Air Pollution Control: El Dorado Air Quality Management District; the governing body of the Air Quality Management District will be reconfigured as required by law as a result of the incorporation.

3. Park Development Standards. The new City shall continue in effect the park development standards and related development impact fees for park and recreation services of the El Dorado Hills CSD in effect as of the Effective Date.

4. Wild Land Fire Protection. The new City shall provide funding to insure that wild land fire protection services are provided within the area of the City for the portions of the new City that, by state law, are reclassified from State Responsibility Area to Local Responsibility Area, as a result of incorporation. This obligation shall be satisfied by the new City as follows:

- a) Pursuant to its authority under Government Code Section 56815 and in accordance with Revenue and Taxation Code Section 99 et seq., LAFCO shall require the City to enter into a tax sharing agreement with the affected Fire Districts providing for the transfer of property tax sufficient to cover the costs to be incurred by the respective districts in providing wild land fire protection. Said tax sharing agreement shall provide for an initial transfer of property tax sufficient to fund each District's projected annual cost of providing such protection as detailed in the Comprehensive Fiscal Analysis. The Tax Sharing Agreement shall further provide that every three years thereafter, the County Auditor, in consultation with the City and the three Fire Districts, shall adjust the tax sharing arrangement to an amount sufficient to cover the then projected annual cost of providing such protection, taking into account increases or decreases in the total acreage subject to such wildland fire protection due to annexation, detachment or reclassification and the Districts' projected costs.

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The Fire Districts shall perform a wild land reclassification assessment every three years, prior to the start of the subsequent three year "agreement period." This reclassification shall result in a direct adjustment (upwards or downwards) to the wild land coverage cost to be borne by the City. The Tax Sharing Agreement shall further provide that the annual amount of property taxes transferred pursuant to this Tax Sharing Agreement shall not exceed the projected cost of providing such service through a Cooperative Contract with the California Department of Forestry, so long as such Cooperative Contracts are an option available to the Districts.

b) In all cases, the level of wild land fire protection services shall be not less than the same level as provided by the CDF prior to incorporation.

c) Nothing herein is intended as a grant of authority to the City to provide fire and emergency services. The City's sole authority is to fund the continuation of such service by the fire agencies or CDF.

d) Should the City or an Affected Fire Agency fail to perform any of its obligations as set forth herein, any citizen may obtain a court order to compel the City or Fire Agency to perform their obligations hereunder, or to enforce the terms of any agreement between the City and the Fire Agencies then or most recently in effect.

5. Adoption of County Ordinances. Pursuant to Government Code Section 57376, the new City shall, immediately following its organization and prior to performing any other official act, adopt an ordinance providing that all county ordinances previously applicable shall remain in full force and effect as city ordinances for a period of 120 days after incorporation or until the city council has enacted ordinances superseding the county ordinances, whichever occurs first.

Specifically included among the County ordinances to be adopted by the new City, and not by way of limitation, are the following:

a) The Fire District Improvement Fee, as set forth in Chapter 13.20 of the County Ordinance Code. In accordance with the provisions of Chapter 13.20, the new City shall transfer to any affected Fire Agency an amount equal to the present Fire District Improvement Fee in effect as of the Effective Date on new development projects to which is applies.

b) The El Dorado Hills –Salmon Falls Roadway Improvement Fee (RIF), The El Dorado County Transportation Impact Mitigation (TIM) Fee, and all other impact fee programs currently levied by the County;

c) County Buildings and Construction Code (Chapter 15)

d) County Subdivision Ordinance (Chapter 16)

e) County Grading, Erosion and Sediment Control Ordinance

- f) County Zoning Ordinance (Chapter 17), including specifically, and not by way of limitation,
 - i) The County's Right-to-Farm ordinance (Chapter 17.13)
 - ii) The Ecological Preserve and Fee In-Lieu of Mitigation (Chapter 17.71)
- 6. County General Plan. The City shall adopt the El Dorado County General Plan as the interim City General Plan for the incorporated area. The El Dorado County General Plan shall remain in effect for 30 months or until the new City has adopted a new City General Plan pursuant to Government Code Section 65360.
- 7. Erosion Control and Grading Plan Review. To continue the present level of service related to the review of grading plans, and to assure that grading activities proposed for sites within the incorporation area conform with the requirements of the County's Grading and Erosion Control Ordinances, the City shall enter into an agreement with the El Dorado County Resource Conservation District (RCD) for such services. The agreement shall provide for planning and technical assistance to the City and to property owners within the incorporation area in return for the payment of fees for such services which shall be at the same level as fees charged for comparable services within the City of Placerville.
- 8. Transit Services. The City shall maintain at least the same level of transit service provided by the El Dorado County Transit Authority in the incorporation area and the incorporation shall not cause a reduction in service within the existing service area of the El Dorado County Transit Authority. Transit services in the new City shall be provided by the EDCTA for a minimum of ten (10) fiscal years, after which time the new City may elect to withdraw from the JPA upon providing a notice of intent to withdraw as provided below.

The new City shall either (a) join the El Dorado County Transit Authority as a new member and in that capacity, transfer to the Authority all funding to which the City may be eligible to receive under applicable federal and state transit funding sources so as to provide transit services within City boundaries at a level at least equal to services provided prior to incorporation and to prevent a reduction of service within the EDCTA service area; or (b) in the event the new City fails to join the EDCTA, or withdraws from the JPA prior to the ten (10) year obligation, the new City shall annually provide to EDCTA funds or revenue equal to the loss in revenue by the EDCTA as a result of either the new City failing to join the EDCTA or withdrawing from the EDCTA for a period of twelve (12) years and the EDCTA shall continue to serve the area within the new City for such twelve (12) year period. The funds or revenue shall be provided either through development fees, sales tax revenues, Transportation Development Act funds, property taxes, or other revenue sources or funds, to insure no loss of funding to the EDCTA. If at any time after the expiration of the ten (10) year obligation or of the twelve (12) year obligation transit services within the new City are not provided by the EDCTA, the EDCTA shall retain the right (but not the obligation) to use the commuter bus stops in the new City and to provide commuter bus service within the City boundaries at no cost to City. This condition may be modified upon mutual agreement of the EDCTA and the new City.

In joining the EDCTA as specified in (a) above, the new City shall agree to the provisions set forth in the Joint Exercise of Powers Agreement, including the amendment dated May 22, 2001. The EDCTA shall be designated as the transit operator for El Dorado Hills and shall be authorized to file the claim for apportionment under Public Utilities Code Section 99260 on behalf of the new City as provided in Section 15 of the JPA Agreement.

The new City may provide a notice of its intent to withdraw as a member to the EDCTA, provided it has maintained EDCTA services for eight (8) full fiscal years after establishment of the City. The written notice of intent to withdraw from the Joint Powers Authority shall be provided, if at all, during the month of May and shall be provided at least two (2) years prior to the effective date of the withdrawal, thus providing for minimum of ten (10) years of service by the EDCTA to the new City. The notice shall specify the effective date of the withdrawal, which shall be at least two years from the date of the notice. In addition, the City shall also provide the EDCTA with a ninety-day final notice of intent of withdrawal from EDCTA.

9. Roadway as Boundary. The boundary of the City shall include the full width of all roadway parcels that lie along the perimeter of the City with the exception of two segments of Green Valley Road which will remain outside the City boundary and the County shall continue road maintenance responsibility along Green Valley Road in those road segments described as follows: (1) Green Valley Road contiguous and running along APN 115 051 07 and (2) contiguous to parcels numbered 115 051 11 and 115 051 12. The City shall be responsible for roadway maintenance on the full width of roads that lie along its exterior boundary.

10. Road Maintenance Responsibility. Responsibility for all roads, as well as associated drainage and other appurtenant facilities, excluding private roads, within the jurisdiction of all districts that are being dissolved in connection with this incorporation, shall transfer to the new City upon the Effective Date.

11. Transfer of County Roads. All roads included within the El Dorado County Road System as of the Effective Date and all offers of dedication shall transfer to the City upon the Effective Date in accordance with Government Code Section 58385.

12. Sphere of Influence. The City shall initiate sphere of influence proceedings in a timely manner with LAFCO so as to allow LAFCO to adopt a sphere of influence for the new City no later than one (1) year following the Effective Date. If the City determines that it needs more time to develop a long-term sphere plan, in conjunction with the development of its general plan, the City may satisfy this requirement by proposing an initial Sphere of Influence that is co-terminus with the City boundary.

13. Detachment from CSA 9. The territory included within the new city boundary shall detach from County Service Area 9 (CSA 9). The City shall continue to provide the same level of services previously provided by CSA 9 through continuation of the service zones within the City. All funds held by the County for the service zones being detached shall be

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transferred to the new City. The parcel charges currently in effect in the affected service zones shall continue in effect within the City. The City shall utilize the funds transferred from the County and those generated in the service zones to continue the services within the zones.

14. Dissolutions and Reorganizations, General. With respect to all agency dissolutions and governmental reorganizations ordered in connection with this incorporation, no agency being dissolved shall take any actions described in Government Code Section 56885.5 except in compliance with the requirements thereof.

15. Dissolution and Reorganization of CSDs. The dissolution and reorganization of the El Dorado Hills Community Services District and the Springfield Meadows CSD is conditioned pursuant to the following provisions:

a) All real and personal property, including land, vehicles and structures, interests in property, rights of use, contracts, all monies, including cash on hand and moneys due, but uncollected, of any dissolving district shall transfer to the City as successor agency to the dissolving districts, in accordance with Government Code §57452 and 57457. A list of assets currently owned by the EDHCSD is set forth in **Exhibit A**, attached hereto and incorporated herein by reference.

b) All transfers of real property and property interests shall be transferred to the City subject to any and all liens or other financial obligations and encumbrances lawfully entered into by the dissolving District prior to the Effective Date.

c) Property held in trust by any dissolving district shall be conveyed to the new City and shall be used for the purposes for which it was collected, in accordance with Government Code Sections 57382 and 57462.

d) The services provided by the dissolving districts shall continue at a level not less than that provided by the districts prior to the Effective Date of dissolution.

e) The City shall continue the parks and recreation services, landscaping and lighting maintenance, solid waste collection and disposal, and Cable TV services at a level not less than that provided by the El Dorado Hills CSD prior to the Effective Date. Any contracts to provide these services shall continue in effect and transfer to the successor agency.

f) With respect to architectural review and enforcement of Conditions, Covenants and Restrictions (CC&Rs) for subdivisions within the EDHCSD, the City shall continue to provide such services at a level not less than that provided by the EDHCSD for not less than one (1) year following the Effective Date.

g) Pursuant to Government Code §56886(t), any authorized charges, fees, assessments or taxes being collected by the dissolving districts shall to be transferred to the City of El Dorado Hills as the successor agency, including the EDHCSD development impact fee and charges for administration and enforcement of CC&Rs.

i) Any employee of a dissolving district as of the date of dissolution and reorganization shall continue as an employee of the City of El Dorado Hills on an interim basis. If the City determines to continue any such employee as a permanent city employee, the City shall continue all employment rights, seniority, retirement, accrued leave and related benefits of such employee to the maximum extent feasible consistent with the City's employment rules.

j) The Effective Date of Dissolution and Reorganization of all dissolving districts shall be the Effective Date.

k) Each dissolving district shall transfer all records, archives and related materials to the City of El Dorado Hills, to be retained by the city for a minimum of five years following the Effective Date of Dissolution and Reorganization.

16. Payment of Costs. Any and all costs incurred by or on behalf of the El Dorado Local Agency Formation Commission in connection with LAFCO Project 03-10, Proposed Incorporation of El Dorado Hills, that remain unpaid and outstanding as of August 12, 2005 shall be paid by the Incorporation Committee no later than November 1, 2005. Recordation by the Executive Officer of the Certificate of Completion is subject to the full satisfaction of this requirement.

17. Election Materials. The Terms and Conditions as approved by the Commission shall be provided as part of the election materials. The question of incorporation, including all Terms and Conditions shall be one question on the ballot.

Fiscal and Revenue Neutrality Terms and Conditions.

The City shall be required to make annual fiscal mitigation payments to the County pursuant to California Government Code Section 56815(c)(2) as set forth in these Fiscal and Revenue Neutrality Terms and Conditions.

18. Base Year General Fund Amount. The Base Year amount of the fiscal mitigation payments made as unrestricted payments to the County's General Fund is \$309,000.00. The Base Year calculation represents the fiscal mitigation payment calculated as of fiscal year 2003-2004.

19. Base Year Road Fund Amount. The Base Year amount of the fiscal mitigation payments made to the County Road Fund as a result of loss of Road District Tax Revenues is \$751,000.00.

20. Term of Payments Fiscal mitigation payments to both the County's General Fund and Road Fund shall commence in the first fiscal year in which the City receives its property tax allocation (projected as the 2006-2007 FY) and shall continue annually thereafter for a period of __ years.

21. Collection of Payments.

a. In each fiscal year during the term of fiscal mitigation payments, the County shall be and is authorized and entitled to withhold the payment due to County that year from the secured and unsecured property tax revenues collected by the County on behalf of the City. The County Auditor shall be authorized to withhold said payments due from the tax revenues collected and to transfer the amounts due to the County's General Fund and Road Fund respectively at the same time that the balance of the City's tax revenue is transferred to the City. One-half of the annual amount due for each fund, respectively, shall be withheld from each of the two installments of property taxes collected within the City during the fiscal year.

b. The annual fiscal mitigation payments shall be an obligation of the City with the amount coming due thirty (30) days after the delinquency date of each semi-annual installment of property taxes; provided however that the City shall not be responsible for any delays in payment arising out of delays in collection and accounting by the County.

c. Nothing in this term and condition shall be deemed to prevent the County from exercising any legal remedy available for collection of such debt from the City if, for any reason, the County is unable to withhold the payments from the tax revenues collected.

d. The County will assume the responsibility for the administration and accounting of withholdings from the City's share of property taxes and road district taxes resulting from these Terms and Conditions at its own expense.

22. Initial Payment Amount. The first annual fiscal mitigation payment to the County's General Fund shall be in the amount of \$309,000, adjusted by the annual increase in the published annual Consumer Price Index - Urban, West - Size B/C from 2003-2004 to 2006-2007. The first annual fiscal mitigation payment to the County's Road Fund shall be in the amount of \$751,300 adjusted by the annual increase in the published annual Consumer Price Index - Urban, West - Size B/C from 2003-2004 to 2006-2007. Each year thereafter, the fiscal mitigation payments shall be indexed to the annual increase in the published annual Consumer Price Index - Urban, West - Size B/C.

23. Provision of Service in First Year. Pursuant to Government Code Section 57384, the County shall continue to furnish to the area incorporated all services furnished to the area prior to the incorporation, at the same level and in accordance with the budget for the County adopted prior to the effective date of incorporation, for the remainder of the fiscal year during which the incorporation becomes effective, or for a shorter period if the City of El Dorado Hills, acting through its City Council, requests discontinuation of a service or services.

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24. Reimbursement for Initial Year Service. The City shall reimburse the County for the net cost of services provided pursuant to paragraph 15, above, as defined in California Government Code Section 57384(b). Reimbursement shall be made in full not later than the end of the fifth fiscal year following the fiscal year in which the incorporation becomes effective. The County shall be and is authorized and entitled to withhold the amounts due from secured and unsecured property tax revenues collected on behalf of the City in the same manner as set forth in paragraph 5, above, with respect to fiscal mitigation payments. County shall be entitled to one fifth of the total payment due in each of the five (5) fiscal years following the fiscal year in which the incorporation becomes effective.

25. Contracting with the County. The City is encouraged to contract with the County for continuation of services after the first year of incorporation upon terms mutually agreeable to the City and County.

26. Property Tax Transfer. The base property tax transferred to the new City pursuant to Government Code Section 56810 and 56812 shall be \$2,122,822. This amount shall be adjusted in accordance with Government Code Section 56810 and any other applicable statutes referenced therein.

27. Gann Limit. In accordance with Section 7902.7 of the California Constitution, the OPR Incorporation Guidelines and the technical documentation provided in the CFA, and as calculated pursuant to Government Code Section 56812, the provisional appropriations limit is \$19.5 million. The permanent appropriations limit of the City shall be set at the first municipal election, which will be held following the first full fiscal year of operation of the new City, in accordance with Government Code Section 56812(c).

28. Transfers of Development Impact Mitigation Fees. Not later than __ days following the end of the fiscal year in which the incorporation becomes effective, the County shall account for and transfer to the City all development impact or mitigation fees collected on any development project within the incorporated territory of the City (except traffic mitigation fees collected pursuant to the County's RIF, TIM, Variable Highway 50 TIM, or State TIM programs which are dealt with separately in these conditions).

29. Accounting for Revenues Received During First Year. Within thirty days after the end of the fiscal year in which the incorporation becomes effective, County shall account for all monies paid to the County during that year by permit applicants or other members of the public as processing fees or otherwise, paid to reimburse the County for services within the incorporation area. The accounting shall indicate that amounts paid, the purpose of payment, the amounts applied to services actually rendered prior to the end of the year and any unexpended amounts remaining. After reimbursing itself for all services rendered prior to the end of the year, the County shall transfer any remaining balances to the City.

30. Community Facilities Districts. As soon as is feasible after the effective date of the incorporation, the city council and the Board of Supervisors shall enter into an agreement pursuant to California Government Code Section 53368.1 for the transfer of the authority for the governance of all active Community Facilities Districts located within the incorporated territory of the City from the jurisdiction of the County to the jurisdiction of

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the City. The City shall also satisfy all other conditions to the transfer of such authority pursuant to California Government Code Section 53368.2, or as may otherwise provided by law. City and County shall cooperate to take any other actions required for the transfer of responsibility for the administration of the Community Facilities Districts as may be required or reasonable. Provided however, that the City and County may determine not to transfer certain districts where the remaining obligations are fixed and limited to collection of existing assessments.

31. Land Use Entitlements. In accordance with California Government Code Section 65865.3, any and all development agreements entered into between El Dorado County and any development project applicant, owner or sponsor, and any conditions of approval imposed by the Board of Supervisors, the County Planning Commission, the County Zoning Administrator, or any other authorized representative of the County, on any and all discretionary projects adopted and approved prior to the effective date of the incorporation shall remain valid and enforceable between the applicant or property owner and the City. Development agreements shall remain in effect for the term set forth in Section 65865.3. Upon the effective date of the incorporation, the City shall administer such development agreements, including any and all conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) as the same were imposed by the Board of Supervisors at the time of project approval. After the effective date of the incorporation, such development agreements and project approvals and conditions of approval shall be interpreted to refer to the City of El Dorado Hills, its departments and agencies where reference is made to the County, its agencies and departments, except that where any such development agreement, condition of approval or other agreement refers to the provision of some benefit, property, money or other matter to support any service that will remain the responsibility of the County after the effective date of incorporation, the County shall be entitled to receive such benefit, property, money or other matter as a beneficiary of the agreement. After the effective date of the incorporation, City shall assume all obligations under said development agreements.

32. After the effective date of incorporation, the County shall account for and transfer to the City all moneys held in trust for specific purposes, such as impact mitigation fees, which are to be assumed by or become the responsibility of the City. This provision shall not apply to specific funds that are expressly dealt with elsewhere in these terms and conditions.

Miscellaneous Terms and Conditions.

33. City to Join SACOG. The City of El Dorado Hills shall petition the El Dorado Area Council of Governments ("SACOG") for inclusion in its Joint Powers Agreement as a member city and shall participate in SACOG's regional planning activities as a nonmember prior to membership.

34. NPDES. The City of El Dorado Hills shall become a co-permittee of the County under the terms of the existing Countywide National Pollution Discharge Elimination System Permit as soon as practicable after incorporation.

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35. Incorporation Election. The election on the incorporation of the City of El Dorado Hills shall be held on the regular election date of November 8, 2005.

36. Transfer of RIF and TIM Fees and Roadway Projects. [Language to be provided prior to 6/8/05]

AGREEMENT

This Agreement is made this 8th day of June, 2005, by and between the County of El Dorado ("County"), a political subdivision of the State of California, and the El Dorado Hills Incorporation Committee ("Committee"), an unincorporated group of individuals acting as proponent for a proposal for the incorporation of the area commonly known as El Dorado Hills as a city. The County and Committee agree as follows:

1. Recitals:

- a. The County and Committee (collectively, the "Parties") have negotiated extensively regarding a number of issues, terms and conditions pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Sections 56000, *et seq.*
- b. The Parties have reached agreement on certain terms and conditions relating to the administration of certain traffic mitigation fee programs currently maintained by the County upon incorporation of the City of El Dorado Hills and thereafter, even though the Parties failed to reach agreement on other issues, terms and conditions under consideration.
- c. The Parties desire to memorialize the agreements reached regarding the traffic mitigation fee programs and do so in this partial revenue neutrality agreement.
- d. The terms and conditions agreed upon by the Parties are set forth in Exhibit "A," attached hereto and incorporated herein by this reference.

2. Terms and Conditions:

The Parties concur in the terms and conditions set forth in Exhibit "A" and agree that those terms and conditions shall be binding on both the County and the City and shall serve as the basis for the transfer and/or administration of the various County traffic mitigation fee programs identified in Exhibit "A" upon and following the proposed incorporation of the City of El Dorado Hills.

3. Inclusion in LAFCo Terms and Conditions:

The parties authorize and request that the El Dorado County Local Agency Formation Commission ("LAFCo") include the terms and conditions set forth in Exhibit "A" in the terms

and conditions to be adopted by LAFCo as an element of its approval of the proposed incorporation and as part of the incorporation proposal to be submitted to the voters.

COUNTY OF EL DORADO

By: Laura S. Gill
LAURA S. GILL, Chief
Administrative Officer (pursuant to
authorization of the Board of
Supervisors given on June 7, 2005)

EL DORADO HILLS INCORPORATION
COMMITTEE

By: _____
JOHN HIDAHL, Chairman

By: Norm Rowett
NORM ROWETT, Vice Chairman

I. Terms and Conditions regarding the County Traffic Impact Fee Programs

A. Background.

The County has adopted the following traffic impact fee programs: The El Dorado Hills/Salmon Falls Road Impact Fee Program (hereinafter the "RIF"), the West Slope Traffic Impact Mitigation Fee Program (hereinafter the "TIM"), the Interim Highway 50 Corridor Traffic Impact Fee Program (hereinafter the "H50 Variable TIM"), and the State Traffic Impact Mitigation Fee Program (hereinafter the "State TIM"). Fees for these programs are collected at the time of building permit issuance except for permits in the Tahoe Basin. Properties in the west slope of the County are subject to either the RIF or TIM fee, and both the H50 Variable TIM and the State TIM fees.

The boundary established for the RIF lies primarily within the boundaries of the proposed incorporated City ("City"). The boundary of the City also includes a small portion of the TIM area.

The RIF program funds projects located primarily within the RIF boundary. The TIM fees fund projects primarily located outside the incorporation boundary. The H50 Variable TIM and State TIM programs include projects on State highways and regionally significant County roads that provide benefit on a regional level.

Within the RIF program, there is established a 30% set-aside account for the Silva Valley Interchange project. In addition, there are various development agreements, reimbursement agreements, and road improvement agreements that prioritize the set-asides and reimbursements for projects within the RIF area. There are also development agreements, reimbursement agreements, and road improvement agreements that prioritize and obligate the fees collected under the TIM, H50 Variable TIM, and the State TIM programs.

B. Terms and conditions.

1. Continued Collection of Fees: Upon the effective date of the incorporation, City shall continue to impose fees for the RIF, TIM, H50 Variable TIM, and State TIM from development projects within the City's incorporated boundaries at the current levels adopted by the County.

After the date of incorporation, City shall concurrently with County take all necessary steps to adjust the fees of the four aforementioned impact fee programs in order to adequately fund approved road construction projects, and ensure compliance with all applicable levels of service and other standards in the County's 2004 General Plan. The City shall however retain the exclusive right to impose a RIF fee structure that is different from the County approved fee structure; provided that complete documentation substantiating the need for said fee structure consistent with all legal and contractual requirements, and that the changes implemented by the

EXHIBIT 'A'

City do not adversely affect the ability to finance programmed projects or adversely affect the scheduling of those projects. It is the intent to fund projects within each program solely from funds collected in accordance with each program, and nothing herein shall be construed to obligate either the County or the City to fund the construction of projects from other sources of revenue including general fund revenues.

City shall continue to apply the set-asides and reimbursement priorities set forth in existing development agreements, road improvement agreements, reimbursement agreement, and other similar contracts as they pertain to the respective fee programs. City shall collect said fees and place them in segregated trust accounts for each program. City shall provide County with a quarterly accounting of those fees collected.

2. Transfer of RIF Fees: Within 60 days of the effective date of incorporation, all assets, funds, obligations and responsibilities associated with the RIF shall be transferred to and assumed by the City, with the exception of funds required per section b. below. County shall provide a complete accounting for all retained funds, including a quarterly balance sheet analysis showing expenditures, project % complete and an estimate of cost to complete on a project by project basis. Upon receipt of the initial accounting, and for every quarterly accounting rendered by the County thereafter, City shall have 60 days to review the accounting and request any additional information required. At the end of the sixty day period, if no objections have been submitted in writing, the accounting will be deemed to have been accepted. City shall administer the RIF in full compliance with all legal or contractual requirements related to the RIF including, but not limited to, making reimbursements and affording credits applicable to the RIF required in any development agreement, road improvement agreement, reimbursement agreement, or other similar contracts. After the effective date of incorporation, County and City shall take all necessary actions to revise the RIF program boundary to coincide with the incorporation boundary (hereinafter the "New RIF"). For projects undertaken within the New RIF that are not currently under construction, County shall transfer available funds currently set aside in the RIF account for said projects. Unless otherwise stated herein, all projects within the New RIF boundaries will thereafter become the full responsibility of the City.

a.. Projects of Regional Significance: County and City agree that the El Dorado Hills Boulevard Interchange Project, the Silva Valley Interchange Project, and the Green Valley Road Widening - Francisco Drive to Folsom City Limit Project are projects of regional significance to both the County and the City. The El Dorado Hills Boulevard Interchange Project and the Green Valley Road Widening Project are in various phases of construction. The Silva Valley Interchange Project is currently in the environmental and design phase. County and City agree that these projects are and will remain the highest priority projects of the RIF and will be advanced first before other projects under the program.

City shall segregate and retain funds out of impact fee accounts designated for funding these projects, including segregating the 30% Silva Valley Interchange set-aside. City shall retain funds currently earmarked in the Silva Valley set-aside account to be used solely for the costs associated with delivery of that project.

City shall be solely responsible for maintaining the RIF program at current or increased levels necessary to adequately fund these priority projects.

b. Projects under Construction: City shall enter into a cooperative agreement with the County whereby County will be authorized to continue to act as lead agency for the purpose of completing those phases of all projects located within the City boundary currently under construction at the time of the effective date of incorporation. County shall retain funds out of the RIF an amount equal to 125% of the remaining programmed project budget for each project being completed by County. The programmed project budget includes all anticipated costs of the project including, but not limited to, construction costs, right-of-way acquisition and project administration, and may not be included in its entirety in any single year of the County's annual budget. In the event of any shortfall between actual project costs and funds retained, the City shall fund the shortfall out of RIF program fees transferred to the City, and if necessary New RIF fees collected after incorporation. In the event that a project is phased, construction will be completed by the County on that phase of the project under construction. Subsequent phases of the project shall be the sole responsibility of the City. For purposes of this paragraph, a phase of a project shall be deemed "under construction" if a contract for the construction of any portion of the work has been awarded by the County. The City and County, by mutual written agreement, may provide for a different method of completing project phases under construction.

c. Green Valley Road: Green Valley Road County Line Project #72355 is programmed in part to be constructed with RIF, the H50 Variable TIM, and the TIM fee programs. County shall provide the TIM fees and H50 Variable TIM fees programmed and collected for said project, as referenced in the Project Category/Task and Funding Source information in the Department of Transportation Proposed Interim Capitol Improvement Program Fiscal Year 03/04 through 07/08, for the project costs listed as Direct Construction Costs, Construction/Engineering & Administration and Environmental Monitoring. County shall not be obligated to provide funds other than those actually programmed and collected for this project under the TIM and H50 Variable TIM fee programs.

3. Bass Lake Road: A portion of Bass Lake Road lies within the existing TIM and a portion within the existing RIF. The New RIF contains an expanded portion of Bass Lake Road. All of the programmed improvements within the New RIF are funded or advanced pursuant to the Bass Lake Hills Specific Plan Public Facilities Financing Plan, and those developer advanced improvements that are eligible for reimbursement will be reimbursed by the New RIF. That portion of Bass Lake Road that lies outside the Bass Lake Hills Specific Plan but inside the City will be reimbursed by the New RIF. That portion that lies outside the boundaries of the City will be TIM obligations in accordance with Section 4 herein.

4. Projects within the TIM area: Upon revision of the RIF boundary as set forth hereinabove, the TIM program will only contain projects located outside the incorporation boundary, and County will thereafter have the sole responsibility to administer the TIM program. The advancement and completion of any projects in the TIM program residing outside of the City boundaries shall be within the sole discretion of the County. County shall retain all TIM funds except for contributions required under paragraph 2c, above.

5. The H50 Variable TIM and State TIM: City shall collect the H50 Variable TIM and State TIM program fees within the City incorporation boundary and segregate and maintain said fees in separate trust accounts, and shall account for the fees to the County on a quarterly basis. Commencing with the first quarter after the effective date of incorporation, and continuing each quarter thereafter, City shall transfer to the County fees collected under said programs. County shall retain all accumulated funds for use in accordance with the H50 Variable TIM and State TIM programs.

Except as provided herein for Green Valley Road, County will be responsible for delivering projects identified for each of these programs as required by the program and subject to available funding solely from the respective fee program. City acknowledges that the highest priority project currently identified under the State TIM program is the Missouri Flat Interchange project. City further acknowledges that U.S. Highway 50 priority projects under the H50 Variable TIM program, listed in their rank order include: the Green Valley Road Westbound Lane project, the U.S. 50 HOV Lane Phase I project, the El Dorado Hills Boulevard to Bass Lake Road Project (U.S. 50 Lane Widening), Bass Lake Road U.S. Highway 50 Auxiliary Lane Project, and Bass Lake Road Interchange Project. County shall be solely responsible for prioritizing all additional projects that are not listed above, conditioned on available funds. City shall enter into any necessary cooperative agreements to allow County to act as lead and project manager for the delivery of the projects described herein. The rank ordering of these projects is intended to generally reflect the priorities assigned among these projects by the County and the City assuming available funding for all projects. The ranking shall not prevent the County from advancing any of the projects over another in order to take advantage of opportunities to advance projects more rapidly than might otherwise be the case due to availability of grants or other funding sources, the ability to phase projects, the ability to complete a smaller project more rapidly than if projects were commenced in the order stated. County shall advise City, and receive input from the City, regarding any proposed approval of projects other than in the order referenced.

After completion of construction of all of the aforementioned projects, the County and City will thereafter annually collaborate to identify and prioritize future projects within the program.

6. Development, Reimbursement, and Road Improvement Agreements: Pursuant to

Government Code section 65865.3, for development applications for projects located wholly or partially within the boundaries of the City, any and all development agreements, reimbursement agreements, road improvement agreements, and the like entered into between any development project applicant, and any conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) imposed by the County Planning Commission and/or County Board of Supervisors on any and all discretionary projects adopted and approved prior to the effective date of annexation shall remain valid and enforceable between the applicant and the City, and after the effective date of the incorporation, the above referenced agreements, and conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) shall be interpreted to refer to the City of El Dorado Hills, its departments and agencies where reference is made to the County, its agencies and departments. After the effective date of the incorporation, City shall assume all obligations under said agreements that relate to or pertain to the fee programs that are transferred to City's control.

7. Support Services from County: City may request staff support and assistance with administration of fee accounts, preliminary planning, survey, design, construction management, and construction inspection, and the like from County. County, subject to staffing availability and reimbursement for services provided, will provide said as-needed support services, to be billed at the weighted hourly rate attributable to each staff person performing the work.

8. Further Coordination: City and County will meet and work collaboratively to implement these aforementioned requirements during the first 90 days following the effective date of incorporation, and periodically as required thereafter.

9. Dispute Resolution: In the event of a dispute between the City and County regarding the interpretation or implementation of any of these terms and conditions related to the administration of the RIF, TIM, H50 Variable TIM and State TIM programs following incorporation, the following dispute resolution procedures shall be used:

A. The City and County shall attempt to resolve all disputes informally at the lowest administrative level possible. Any complaint shall be made known to the appropriate counterparts at the other agency as soon as possible in order to attempt resolution.

B. If initial attempts at resolving the dispute fail, the entity which believes a dispute exists shall give written notice of the nature of the perceived dispute to the Chief Administrative officer of the County or City Manager of the City, respectively. The Chief Administrative Officer and City Manager, and any other appropriate staff, shall meet within 30 days of the written notice and attempt to resolve the differences between the parties. If no resolution is reached additional meetings may be scheduled as deemed appropriate by the parties including, but not limited to, joint meetings of the governing bodies or subcommittees of the governing bodies.

C. If the dispute is not resolved, either party may request that the services of a facilitator or mediator, mutually agreed upon by the City and County, be employed. Such facilitation or mediation shall be non-binding and shall not affect, impair or restrict the legal rights of either

party. Each party shall pay one-half the cost of the mediator and bear its own costs. Mediation shall occur within 60 days of a written request by either party. If the dispute is not resolved, each party reserves its full rights as may exist in the absence of this provision.

Final Hearing Version Documents
Distributed at the Meeting of June 8, 2005

Local Agency Formation Commission
EXECUTIVE OFFICER'S REPORT
Agenda of June 8, 2005
(Continued from Meeting of June 1, 2005)

**AGENDA ITEM 5: Proposed incorporation of El Dorado Hills;
LAFCO PROJECT NO. Project #03-10**

**PROPONENT(S): El Dorado County Board of
Supervisors, on behalf of the El Dorado Incorporation
Committee, Norm Rowett and John Hidahl**

This portion of the Executive Officer's Report and Recommendation addresses the remaining aspects of the incorporation project approval process. The Commission's actions on these remaining matters will complete the proceedings. The Commission has already made determinations regarding the final boundary, the services and governmental reorganizations and fiscal and revenue neutrality matters. These decisions are included in the Resolutions and other attached documents.

Actions at this hearing consist of:

1. Adoption of the CEQA resolution relating to the Findings of Fact and Statement of Overriding Considerations.
2. Adoption of the CEQA resolution relating to the adoption of the Mitigation and Monitoring Program.
3. Consideration of the remaining factors and policies pertinent to the Project.
4. Consideration of Commissioner Dupray's request to re-open discussion of the duration of mitigation payments
5. Adoption of the final resolution approving the incorporation.

CEQA

As noted in the Staff Report for the May 18, 2005 hearing, these two remaining matters are required to complete the environmental review process. All changes and corrections resulting from discussions and decisions made at prior hearings have been incorporated into the documents.

Recommendation Adopt Resolution L-05-07 and Resolution L-05-08

CONSIDERATION OF OTHER FACTORS AND POLICIES

1. The population of the incorporation area was approximately 28,169 as of December 2003. The population is expected to increase to 65,294 at buildout of all entitled and currently vacant land within the city boundary, based on information provided in the EIR.
2. Based on the final boundary approved by the Commission, (including the removal from the No Islands boundary alternative Marble Valley, Marble Mountain, the Mehrten parcel and the addition of the 80-acre Sierra Pacific parcel), there will be approximately 17,839 acres inside the City boundary. Based on the 2003 population estimate, population density is approximately 1.6 persons per gross acre currently and, absent future annexations, would be expected to increase to 3.7 persons per gross acre at buildout.
3. The total land area included within the approved boundary is approximately 17,839 acres. As described in the EIR, land uses include single and multi-family housing, retail and service commercial uses, commercial offices, Research and Development uses, industrial uses, recreation uses including golf courses, public and semi-public uses including schools, churches, government operations buildings and supporting infrastructure facilities including water, wastewater, drainage facilities and public streets and private roads. The large expanse of open spaces evident within the incorporation area will mostly give way to development pursuant to already approved Specific Plans or other entitlements that are protected by existing development agreements.
4. The CFA estimated the total assessed value within the incorporation area at \$4,075,318,000 as of the end of the 2004-2005 Fiscal Year. The assessed value per capita, based on 2003 population estimate, would be \$144.67.
5. Information pertaining to topography, natural boundaries, drainage basins, proximity to other populated areas, likelihood of significant growth in the area, and in next 10 years, and need for *organized community services*, is all addressed in the EIR.
6. Housing

Government Code Section 56668(l) requires LAFCO to consider the extent to which the proposal will affect a city and the county in achieving their respective shares of the regional housing needs as determined by the appropriate council of governments (SACOG).

The Draft EIR prepared for the incorporation discussed and evaluated this issue. The County 2004 General Plan included the state-mandated Housing Element. Among other things, the County's Housing Element sets goals for the County based, in part, on how the County proposes to meet its allocation of regional housing needs as determined by the Sacramento Area Council of Governments (SACOG) in the Region Housing Needs Plan (RHNP).¹ The RHNP allocates to cities and counties their "fair share" of the region's projected housing needs by household income group over a five-year planning period. The housing allocations

¹ Sacramento Area Council of Governments (SACOG), Final Regional Housing Needs Plan for the SACOG Region, September 20, 2001

for El Dorado County as a whole, by differing levels of housing affordability level, are set forth in the 2001 SACOG RHNP, as follows:

Income Affordability Level	Number of Units
Very Low Income	2,511
Low Income	1,698
Moderate Income	1,990
Above Moderate Income	<u>3,075</u>
Total Allocation	9,274

Under state law and the policies set forth in the RHNP, the new City is to negotiate with the County to determine how much of the County's allocation would become the City's allocation.²

The County submitted comments during the CEQA process relating to housing. The response to these comments is contained in the Final EIR. While the County believes that the City will make certain land use changes to accommodate its fair share of affordable housing, and that those changes will create foreseeable significant impacts, staff has identified that there will be a number of options available to the city to achieve its housing goals.

As explained in the Final EIR and found specifically by the Commission, the lack of provision for affordable housing in the El Dorado Hills community is an existing issue created by prior land use decisions. The incorporation of El Dorado Hills will not make the problem worse. If anything, the formation of a local government with local responsibility to meet regional housing objectives is likely to encourage greater effort towards a solution of the problem. The provision of such affordable housing will generate indirect environmental effects, though a specific and quantitative analysis at this level is impossible. The indirect impacts of the development of affordable housing are similar to those of residential growth generally, and have been adequately considered in the general analysis of the impacts of likely residential growth within the El Dorado Hills community as set forth in the EIR. The mitigation measures generally recommended to mitigate the impacts of growth apply as well to any affordable housing that the new city will be obligated to provide.

The County has also submitted a letter (attached) recommending LAFCO take actions pertaining to affordable housing prior to project approval and proposes that LAFCO add conditions. While these ideas are certainly within the spirit of Government Code Section 56668(l), they appear to directly regulate land use, property development or subdivision requirements, which are prohibited actions under 56886.

There is clear legal process for the post-incorporation reallocation of housing units. It is unlikely that LAFCO has any authority to regulate the transfer of housing units prior to incorporation and it is unlikely that LAFCO conditions could be binding or enforceable on the future city council, the county or other parties which will be involved in the formal reallocation process as described below.

² California Government Code Section 65584.07. Also, see RNHP, Supra, at Section 5: Policy for RHNP Redistribution upon Annexation or Incorporation, p. 13.

Gov't. Code Sect. 65584.07. (c)

(c) In the event an incorporation of a new city occurs after the council of governments, or the department for areas with no council of governments, has made its final allocation under this section, the city and county may reach a mutually acceptable agreement on a revised determination and report the revision to the council of governments and the department, or to the department for areas with no council of governments. If the affected parties cannot reach a mutually acceptable agreement, then either party may request the council of governments, or the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and make the revised determination.

The revised determination shall be made within one year of the incorporation of the new city based upon the methodology described in subdivision (a) and shall reallocate a portion of the affected county's share of regional housing needs to the new city. The revised determination shall neither reduce the total regional housing needs nor change the previous allocation of the regional housing needs assigned by the council of governments or the department, where there is no council of governments, to other cities within the affected county.

Recommended Determination: The process for negotiation and reallocation of the Regional Housing Needs Plan as specified in statute will assist the City and the County in achieving their respective fair shares of the regional housing needs as determined by SACOG.

Recommendation: Approve the Staff Recommended Determination and take no action with regard to the transfer of housing units and defer to the post-incorporation process defined in law.

CONSIDERATION OF COMMISSIONER DUPRAY'S REQUEST TO RE-OPEN DISCUSSION OF THE DURATION OF MITIGATION PAYMENTS

Commissioner Dupray has requested the Commission reopen their action on his motion of June 1, 2005 to set a term of 40 years for the duration of mitigation payments. His intention is to amend his original motion he made, and reduce the term of mitigation to 25 years for both Road Fund and General Fund mitigation. Commissioner Dupray's request is attached.

Information and analysis of the proposed change, prepared by EPS is attached.

ADOPTION OF THE FINAL RESOLUTION ADOPTING THE INCORPORATION

- Recommendation:
1. Review the attached resolution and supporting documents; discuss and amend as needed.
 2. Approve Resolution L-05-09.

**EL DORADO LAFCO
LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION NUMBER L-05-09

Proposed Incorporation of the City of El Dorado Hills
LAFCO PROJECT NO.03-10

Final Hearing Version

WHEREAS, a resolution for the proposed incorporation of certain territory in the County of El Dorado was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act, commencing with Section 56000, et seq. of the Government Code; and

WHEREAS, the Executive Officer has examined the resolution and supporting materials and has accepted the proposal for filing on May 27, 2005; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report including her recommendations, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, at the times and in the form and manner required by law, the Executive Officer has given notice of the hearings by this Commission upon the proposal; and

WHEREAS, upon the date, time and place specified in said notice of hearing and in any order or orders continuing such hearing, the Commission has received, heard, discussed and considered all oral and written testimony related to the proposal, including but not limited to protests and objections, the Executive Officer's report and recommendation, the environmental documents and determinations, plans for providing service, spheres of influence and applicable General and Specific Plans and the Comprehensive Fiscal Analysis; and

WHEREAS, the Commission as lead agency has certified a Final Environmental Impact Report (SCH # 2004082113) and has adopted findings of fact and overriding considerations and has adopted a Mitigation Monitoring Program, all in compliance with the California Environmental Quality Act; and

WHEREAS, the Commission believes that the right to self-government is a fundamental value upon which our nation was built and having discharged its duty to determine that the new city will be fiscally viable and that the adverse impacts on other agencies and the environment are mitigated to the extent feasible, the Commission has determined that it must allow the citizens of El Dorado Hills to exercise this fundamental right to determine for themselves whether they wish to form their own local government.

WHEREAS, In approving this proposal the Commission has considered the policies set forth in Government Code Section 56377. The incorporation of the City of El Dorado Hills does promote the planned, orderly, efficient development of the Incorporation Area. Pursuant to Section 56720 of the Act, and based upon the entire record, the Commission finds that:

- a. Incorporation of the City of El Dorado Hills is consistent with the intent of the Cortese-Knox Local Government Reorganization Act; the policies of former Sections 56001, 56300, 56301, and 56377 of the Government Code; and the policies of this Commission.
- b. The spheres of influence of the local agencies affected by the Proposal have been reviewed by this Commission. This incorporation is consistent with those spheres of influence.
- c. The Commission has reviewed the Comprehensive Fiscal Analysis and all supplements prepared pursuant to Section 56800 of the Government Code.
- d. The Commission has reviewed the Executive Officer's Report provided by the Executive Officer, and Recommendations prepared pursuant to Section 56665 of the Government Code, and the testimony presented at its public hearings.
- e. The proposed City is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.

NOW, THEREFORE BE IT DETERMINED AND ORDERED as follows:

- Section 1. Said incorporation is approved, subject to the conditions set forth in herein as follows:
- a) The Incorporation Area is incorporated into a new general law city.
 - b) The name of the proposed new city shall be "The City of El Dorado Hills."

- c) The new City will have a City Manager form of government;
- d. The governing body of the new City shall be a five-person City Council, elected at-large from throughout the area to be incorporated.
- e) Future City Council members shall be elected at large or as determined by the City Council, consistent with state law.
- e. The City Council will appoint a City Manager and a City Attorney who shall serve at the pleasure of the City Council.

Section 2. The Commission does hereby make determinations regarding the proposal as shown in Attachment A, attached hereto and made a part hereof by this reference.

Section 3. The boundary of the City of El Dorado Hills is generally described as including all territory within the exterior perimeter boundary of the El Dorado Hills Community Services District and the following additions:

- a) The Green Springs Ranch subdivision;
- b) Parcels west of Salmon Falls road Road and south of Folsom Lake (A.P.N. _____).
- c) The Sierra Pacific parcels (A.P.N. 108-050-05, 108-050-06, 108-050-07, 108-050-08, 108-050-14, and 108-050-17)
- d) The El Dorado Union High School District parcel (A.P.N. (108-050-42)
- e) The Carson Creek Specific Plan area
- f) The El Dorado Hills Business Park.

Section 4. Said territory includes approximately 17,839 acres and is found to be inhabited, as defined in Government Code Section 56046.

Section 5. The boundary of said incorporation is approved as modified by the Commission and is shown on the attached map, marked **Attachment C**, and described in the attached legal description, marked **Attachment D** and by this reference incorporated herein. If there is any discrepancy between the boundary shown in Attachment C and described in Attachment D, the legal description shall control.

Section 6. The incorporation shall be subject to the terms and conditions specified in **Attachment B**, attached hereto and by this reference incorporated herein.

- Section 7. ~~Reserved. The applicant shall defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.~~
- Section 8. All subsequent proceedings in connection with this proposal shall be conducted only in compliance with the approved boundary and conditions set forth in the attachments and any terms and conditions specified in this resolution.
- Section 9. The Executive Officer is hereby directed to file a Notice of Determination in compliance with the California Environmental Quality Act.
- Section 10. Subject to the limitations of Government Code Section 57202, the Effective Date of incorporation is to be July 1, 2006.
- Section 11. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882.

PASSED AND ADOPTED by the El Dorado Local Agency Formation Commission at a regular meeting of said Commission, held June 8, 2005 by the following vote of said Commission.

AYES:
NOES:
ABSTENTIONS:
ABSENT:

ATTEST:

Clerk to the Commission

Chairperson

**Attachment A to
Resolution L- 05-09**

DETERMINATIONS

Final Hearing Version

Boundary Related and General.

The boundary is definite and certain. The boundary is consistent with state law and local policies and will not produce areas that are difficult to serve and does not create islands or irregular boundaries and conforms to lines of assessment and ownership.

The boundary as modified by LAFCO ~~have~~ has eliminated islands and ~~have~~ has created an logical service area for the new city, The ~~boundaries~~ boundary further eliminates areas that would be difficult for the County to continue to serve.

The boundary as modified by LAFCO includes a single contiguous area and is definite and certain and conforms to existing lines of assessment and ownership

The boundaries of existing agencies are more logical and appropriate for the ~~boundaries~~ boundary of the City than natural or topographic boundaries in this area.

The ~~boundaries~~ boundary as modified by LAFCO ~~are~~ is consistent with the spheres of influence of affected and adjacent local agencies.

The ~~boundaries~~ boundary as modified by LAFCO ~~are~~ is consistent with these agricultural policies in that lands that are designated for continued agricultural use and subject to Williamson Act policies have been excluded from the City while lands that may presently be in agricultural use but which are designated for urban development have been included where appropriate for logical boundaries.

The incorporation will not adversely affect adjacent areas, mutual social and economic interests, or the local governmental structure of the county.

Local Agency Formation Commission finds the proposed incorporation to be in the best interests of the affected area and the total organization of local government agencies within El Dorado County.

Agriculture.

The incorporation will not have an adverse effect on the physical and economic integrity of agricultural lands.

The proposed incorporation and its anticipated effects are consistent with adopted Commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

Marble Valley.

Marble Valley is currently unimproved and there are no inhabitants ~~and no~~ or need for public services at this time. Comments of the property owner support removal of the property from the incorporation boundary. ~~and there is currently no need for municipal services.~~

Marble Mountain Homeowners CSD.

Comments from the property owners support the removal of the Marble Mountain Homeowners CSD and services to be provided by the new City are not needed in this area.

Hickok Road and Arroyo Vista CSD Areas.

Inclusion of lands contained in the Hickok Road area will divide a community. Lands in the Arroyo Vista area have low population density and do not need organized community services, currently or in the probably future, such as those services planned to be provided by the City.

Agricultural Parcels.

The agriculturally designated parcels south of the El Dorado Hills (108-050-01 and 108-050-15) are not appropriate to include within the incorporation area. This determination is based on the following reasons:

- a) These parcels are in current agricultural land use.
- b) One parcel is under an active Williamson Act contract.
- c) There are no indications of need for urban services to these parcels.

Industrially Zoned Parcels.

The industrial zoned parcels south of the El Dorado Hills Business Park are appropriate to include within the incorporation area. This determination is based on the following reasons:

- a) The parcels that are industrially zoned indicate an anticipation of future development and need for urban services.
- b) The parcels that are within the EID and currently receive municipal water service from EID for existing industrial operations and uses demonstrate a need for urban services.
- c) Parcels that are owned by one owner should not be divided by the city boundary.
- d) The “flag” situation that would result from excluding the High School parcel from the city boundary would create an undesirable boundary configuration.

Bass Lake Area.

Boundaries for the City of El Dorado Hills in the Bass Lake and Green Valley Road areas which follow the boundary and sphere of influence lines of the El Dorado Hills CSD are more logical and best reflect the community of El Dorado Hills in this area. Lands in the sphere of influence of Cameron Park CSD are not logically included in City boundaries. Road parcels along the perimeter boundaries of the City shall be entirely included within the City boundaries.

EDH Business Park.

It is in the best interests of the citizens of the proposed city and the County as a whole to include the EDH Business Park in the proposed city boundary. The reasons for inclusion are:

- a) To exclude the Business Park would not promote logical and functional boundaries.
- b) Exclusion of the Business Park would complicate service delivery in the area; inclusion would promote efficiency of service delivery.
- c) Inclusion of the Business Park would promote a more balanced city with a better jobs-to-housing balance.
- d) The Business Park is developed at a level that demands urban level of services more appropriately provided by a city.
- e) Future development of vacant land within the Business Park will have impacts on the city that can best be coordinated and mitigated by the inclusion of the Business Park in the city boundary.

Green Springs Ranch.

~~Boundaries~~ The boundary for the City of El Dorado Hills in the Green Springs Ranch area which follows the boundary and sphere of influence lines of the El Dorado Hills CSD is ~~are~~ logical and best reflects the community of El Dorado Hills in this area. Inclusion in the city will not necessarily result in any change in the character of the area and as city voters, the residents of Green Springs Ranch shall have a strong voice in any planning for the area.

Lakehills – Equestrian Village.

Salmon Falls Road is a logical boundary for the City in the Lakehills -Equestrian Village area. It is in the best interests of the citizens of the affected area, and it is consistent with LAFCO policies, to include the Lakehills -Equestrian Village area within City. The reasons for inclusion are:

- a) To avoid the loss of services to those properties currently within the EDHCSD.
- b) To ensure a logical and definite City boundary.

The process for negotiation and reallocation of the Regional Housing Needs Plan as specified in statute will assist the City and the County in achieving their respective fair shares of the regional housing needs as determined by SACOG.

Determinations Regarding Services and Governmental Reorganizations

The application for incorporation demonstrates the need for the incorporation of a new city for the purpose of providing governmental services to the community of El Dorado Hills, and the formation of a new multi-service city government is the best alternative to provide services.

The new city will be capable of providing adequate services which are the subject of the proposed incorporation.

Water supply, and anticipated water supplies, in the El Dorado Hills area are adequate for current and projected needs and uses in the new city.

The proposed incorporation and its plan of service provides the best alternative for the provision of public services and for meeting community needs as stated in the goals and purposes of the incorporation contained in the application documents.

Environmental mitigations, boundary modifications to the Proposal, and terms and conditions of approval will prevent significant negative impacts on the cost and adequacy of services currently provided by existing governmental agencies.

No additional services or changes of organization are needed in the incorporation area and in adjacent properties. The ~~boundaries~~ boundary, as modified by LAFCO, includes those areas appropriate for inclusion in the City.

Wild Land Fire Protection Service.

Continuation of wild land fire protection services at pre-incorporation levels is best accomplished through agreements between the new City and the affected local fire protection agencies to assure the reimbursement by the City of all net new costs resulting from the reclassification of portions of the new City from State Responsibility Area to Local Responsibility Area.

Enforcement of CC&Rs:

The decision on whether or not to accept the responsibility of enforcing existing CC&Rs should rest with the new City, and if the new City determines not to enforce the existing CC&Rs, that responsibility would rest with the property owners themselves.

Local Park Development Standards.

The local park development and maintenance standards of the EDH CSD are the most appropriate in terms of meeting the needs and service requirements of the citizens of El Dorado Hills.

Determination Regarding Transit Services

LAFCO finds that a failure of the new City to join the EDCTA ~~and~~ or to disallow transit services to be provided through the EDCTA ~~will~~ would create a significant and adverse service impact on transit services in the County. While the service area of Transit may be reduced under such a scenario, the services provided by the EDCTA could still suffer a significant adverse impact as a result of creating a smaller, less efficient agency that will likely lose certain economies of scale. Failure to provide services through the EDCTA could result in a need to provide overlapping services in order to continue the same level of service within the remaining EDCTA service area. Service to commuters and regular countywide service routes could be adversely affected. The reduction in funding under such a scenario would likely be greater than the corresponding reduction of overhead costs to EDCTA. LAFCO further finds that failure to provide transit services to the new City through the EDCTA may result in illogical and duplicative transit services being provided in the County.

Fiscal Determinations.

Revenues currently received by the County for services that, but for the operation of ~~former~~ Section 56815 of the Government Code, would accrue to the proposed city are not substantially equal to the direct and indirect expenditures currently made by the County for those services that will be assumed by the proposed city.

The negative fiscal effect has been adequately mitigated by a series of annual lump-sum payments over a fixed period of time pursuant to Section 56886 (a).

In order to offset the effects of inflation and changes in the cost of service over time, the lump-sum payment should adjust annually.

The Consumer Price Index (CPI) is the best means for ensuring that the General Fund and Road Fund fiscal mitigation payments will maintain the revenue neutrality desired by the Commission.

Based on the findings of the CFA, the Commission finds that the City will be financially feasible and will be able to maintain pre-incorporation service levels.

Constraints related to topography, road access, capacity of Highway U.S. 50 and system-wide limits on water resources and wastewater treatment services present significant impediments to the County's ability to implement General Plan amendments or to take other measures that could potentially adjust or compensate for the loss of revenues over an extended period of time due to the incorporation of El Dorado Hills, and a mitigation period of longer than ten (10) years is necessary.

A Comprehensive Fiscal Analysis (CFA), required pursuant to Government Code 56800, has been prepared, circulated for public review, presented at public hearings, and is adequate and complete.

The City of El Dorado Hills will receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation and the City is found to be fiscally viable, pursuant to Government Code Section 56720.

Subject to the Terms and Conditions adopted by the Commission, the incorporation will result in a similar exchange of both revenue and responsibility for service delivery. The incorporation is not occurring primarily for financial reasons.

The negative fiscal effects of incorporation have been adequately mitigated by terms and conditions approved by LAFCO pursuant to Government Code Section 56886.

The Commission finds and determines that the proposed incorporation is consistent with the legislative direction set forth in Government Code Section 56301 and will discourage urban sprawl, preserve open space and prime agricultural lands, efficiently provide government services, and encourage the orderly formation and development of local agencies based upon local conditions and circumstances.

Regional Housing.

The process for negotiation and reallocation of the Regional Housing Needs Plan as specified in statute will assist the City and the County in achieving their respective fair shares of the regional housing needs as determined by SACOG.

Revenue Neutrality Negotiation Period

While LAFCO policy 6.7.20 allows a period of up to 90-days for Revenue Neutrality negotiations, all parties to the negotiations agreed on May 18, 2005 to conclude such negotiations at 5:00 p.m. on May 27, 2005, with or without agreement, and prior to the end of that 90-day period. The Commission finds that the revenue neutrality negotiations, which began on March 14 and ended on May 27, provided a sufficient time period for this purpose.

**Attachment B to
Resolution L- 05-09**
TERMS AND CONDITIONS OF INCORPORATION
Final Hearing Version

1. **Services to be Provided.** The City is authorized to provide and shall provide the following public services:
 - a) General Government, including City Manager, City Attorney, City Clerk.
 - b) Law Enforcement (including traffic control and accident investigation currently supplied by the California Highway Patrol);
 - c) Planning and Land Use Regulation;
 - d) Building Permits and Inspection;
 - e) Maintenance, Monitoring, Engineering and Construction of streets and highways currently maintained by the County of El Dorado, including associated drainage and other appurtenant facilities.
 - f) Animal Care and Regulation;
 - g) Park and Recreation;
 - h) Flood Control;
 - i) Solid Waste;
 - j) Landscape Maintenance;
 - k) Street lighting.
 - l) Refuse Collection, through franchise agreements with private waste collection providers;
 - m) Cable Television, through franchise agreements with Comcast and/or other private CATV service providers; and,
 - n) Administration of architectural review and enforcement of Covenants, Conditions and Restrictions (CC&Rs) to the same extent as previously provided by the El Dorado Hills CSD; see Section 15 (f), below;
 - o) Code Enforcement; and,
 - p) Public Works not otherwise specified.

2. **Services Not Provided.** The City is not authorized to provide the following services and these services shall not be provided by the City. These services shall continue after incorporation and shall be exclusively provided by the agency or agencies identified below, consistent with spheres of influence as determined by LAFCO until and unless service responsibilities are modified by LAFCO pursuant to Government Code §56425, et. seq.:

- a) Domestic Water Supply and Irrigation: El Dorado Irrigation District;
- b) Wastewater Collection, Treatment, and Disposal: El Dorado Irrigation District;
- c) Fire Protection and Emergency Services: El Dorado Hills County Water District and Rescue Fire Protection District (hereinafter, the "Fire Agencies");
- d) Resource Conservation: El Dorado County Resource Conservation District;
- e) Schools: Buckeye Union School District, Rescue Union School District, Latrobe Union School District, and El Dorado Union High School District;
- f) Library: El Dorado County Library (County Service Area 10);
- g) Transit: El Dorado County Transit Authority, subject to the provisions of Condition 9 8, below;
- h) Cemetery: El Dorado County for Mormon Island Cemetery and other cemeteries within the City, if any, as required by law. Private cemeteries shall continue to be serviced by private providers.

i) Air Pollution Control: El Dorado Air Quality Management District; the governing body of the Air Quality Management District will be reconfigured as required by law as a result of the incorporation.

j) Provision of Advanced Life Support Services (ambulance) and associated dispatch functions: El Dorado County (County Service Area 7)

3. Park Development Standards. The new City shall continue in effect the park development standards and related development impact fees for park and recreation services of the El Dorado Hills CSD in effect as of the Effective Date.

4. Wild Land Fire Protection. The new City shall provide funding to insure that wild land fire protection services are provided within the area of the City for the portions of the new City that, by state law, are reclassified from State Responsibility Area to Local Responsibility Area, as a result of incorporation. This obligation shall be satisfied by the new City as follows:

a) Pursuant to its authority under Government Code Section 56815 and in accordance with Revenue and Taxation Code Section 99 et seq., LAFCO shall require the City to enter into a tax sharing agreement with the affected Fire Districts providing for the transfer of property tax sufficient to cover the costs to be incurred by the respective districts in providing wild land fire protection. Said tax sharing agreement shall provide for an initial transfer of property tax sufficient to fund each District's projected annual cost of providing such protection as detailed in the Comprehensive Fiscal Analysis. The Tax Sharing Agreement shall further provide that every three years thereafter, the County Auditor, in consultation with the City and the Fire Districts, shall adjust the tax sharing arrangement to an amount sufficient to cover the then projected annual cost of providing such protection, taking into account increases or decreases in the total acreage subject to such wildland fire

protection due to annexation, detachment or reclassification and the Districts' projected costs.

The Fire Districts shall perform a wild land reclassification assessment every three years, prior to the start of the subsequent three year "agreement period." This reclassification shall result in a direct adjustment (upwards or downwards) to the wild land coverage cost to be borne by the City. The Tax Sharing Agreement shall further provide that the annual amount of property taxes transferred pursuant to this Tax Sharing Agreement shall not exceed the projected cost of providing such service through a Cooperative Contract with the California Department of Forestry, so long as such Cooperative Contracts are an option available to the Districts.

b) In all cases, the level of wild land fire protection services shall be not less than the same level as provided by the CDF prior to incorporation.

c) Nothing herein is intended as a grant of authority to the City to provide fire and emergency services. The City's sole authority is to fund the continuation of such service by the fire agencies or CDF.

d) Should the City or an Affected Fire Agency fail to perform any of its obligations as set forth herein, any citizen may obtain a court order to compel the City or Fire Agency to perform their obligations hereunder, or to enforce the terms of any agreement between the City and the Fire Agencies then or most recently in effect.

5. Adoption of County Ordinances. Pursuant to Government Code Section 57376, the new City shall, immediately following its organization and prior to performing any other official act, adopt an ordinance providing that all county ordinances previously applicable shall remain in full force and effect as city ordinances for a period of 120 days after incorporation or until the city council has enacted ordinances superseding the county ordinances, whichever occurs first.

Specifically included among the County ordinances to be adopted by the new City, and not by way of limitation, are the following:

a) The Fire District Improvement Fee, as set forth in Chapter 13.20 of the County Ordinance Code. In accordance with the provisions of Chapter 13.20, the new City shall transfer to any affected Fire Agency an amount equal to the present Fire District Improvement Fee in effect as of the Effective Date on new development projects to which is applies.

b) The El Dorado Hills –Salmon Falls Roadway Improvement Fee (RIF), The El Dorado County Transportation Impact Mitigation (TIM) Fee, and all other impact fee programs currently levied by the County;

c) County Buildings and Construction Code (Chapter 15)

d) County Subdivision Ordinance (Chapter 16)

e) County Grading, Erosion and Sediment Control Ordinance

f) County Zoning Ordinance (Chapter 17), including specifically, and not by way of limitation,

i) The County's Right-to-Farm ordinance (Chapter 17.13)

ii) The Ecological Preserve and Fee In-Lieu of Mitigation (Chapter 17.71)

6. County General Plan. The City shall adopt the El Dorado County General Plan as the interim City General Plan for the incorporated area. The El Dorado County General Plan shall remain in effect for 30 months or until the new City has adopted a new City General Plan pursuant to Government Code Section 65360.

7. Erosion Control and Grading Plan Review. To continue the present level of service related to the review of grading plans, and to assure that grading activities proposed for sites within the incorporation area conform with the requirements of the County's Grading and Erosion Control Ordinances, the City shall enter into an agreement with the El Dorado County Resource Conservation District (RCD) for such services. The agreement shall provide for planning and technical assistance to the City and to property owners within the incorporation area in return for the payment of fees for such services which shall be at the same level as fees charged for comparable services within the City of Placerville.

8. Transit Services. The City shall maintain at least the same level of transit service provided by the El Dorado County Transit Authority in the incorporation area and the incorporation shall not cause a reduction in service within the existing service area of the El Dorado County Transit Authority. Transit services in the new City shall be provided by the EDCTA for a minimum of ten (10) fiscal years, after which time the new City may elect to withdraw from the JPA upon providing a notice of intent to withdraw as provided below.

The new City shall either (a) join the El Dorado County Transit Authority as a new member and in that capacity, transfer to the Authority all funding to which the City may be eligible to receive under applicable federal and state transit funding sources so as to provide transit services within City boundaries at a level at least equal to services provided prior to incorporation and to prevent a reduction of service within the EDCTA service area; or (b) in the event the new City fails to join the EDCTA, or withdraws from the JPA prior to the ten (10) year obligation, the new City shall annually provide to EDCTA funds or revenue equal to the loss in revenue by the EDCTA as a result of either the new City failing to join the EDCTA or withdrawing from the EDCTA for a period of twelve (12) years and the EDCTA shall continue to serve the area within the new City for such twelve (12) year period. The funds or revenue shall be provided either through development fees, sales tax revenues, Transportation Development Act funds, property taxes, or other revenue sources or funds, to insure no loss of funding to the EDCTA. If at any time after the expiration of the ten (10) year obligation or of the twelve (12) year obligation transit services within the new City are not provided by the EDCTA, the EDCTA shall retain the right (but not the obligation) to use the commuter bus stops in the new City and to provide commuter bus service within the City boundaries at no cost to City.

This transit services condition may be modified upon mutual agreement of the EDCTA and the new City.

In joining the EDCTA as specified in (a) above, the new City shall agree to the provisions set forth in the Joint Exercise of Powers Agreement, including the amendment dated May 22, 2001. The EDCTA shall be designated as the transit operator for El Dorado Hills and shall be authorized to file the claim for apportionment under Public Utilities Code Section 99260 on behalf of the new City as provided in Section 15 of the JPA Agreement.

The new City may provide a notice of its intent to withdraw as a member to the EDCTA, provided it has maintained EDCTA services for eight (8) full fiscal years after establishment of the City. The written notice of intent to withdraw from the Joint Powers Authority shall be provided, if at all, during the month of May and shall be provided at least two (2) years prior to the effective date of the withdrawal, thus providing for minimum of ten (10) years of service by the EDCTA to the new City. The notice shall specify the effective date of the withdrawal, which shall be at least two years from the date of the notice. In addition, the City shall also provide the EDCTA with a ninety-day final notice of intent of withdrawal from EDCTA.

9. Roadway as Boundary. The boundary of the City shall include the full width of all roadway parcels that lie along the perimeter of the City with the exception of two segments of Green Valley Road which will remain outside the City boundary where the County shall continue road maintenance responsibility along Green Valley Road in those road segments described as follows: (1) Green Valley Road contiguous and running along APN 115 051 07 and (2) contiguous to parcels numbered 115 051 11 and 115 051 12. In addition, the City will be responsible for three roadway segments adjacent to the City boundary but in the incorporated area as follows: Green Valley Rd across APN 067 030 06 and across the adjacent federally owned parcel (No APN); Bass Lake Rd. along APNs 115 030 02 & 03; Malcolm Dixon Rd. across APNs 067 310 11 & 12. The City shall be responsible for roadway maintenance on the full width of roads that lie along its exterior boundary.

10. Road Maintenance Responsibility. Responsibility for all roads, as well as associated drainage and other appurtenant facilities, excluding private roads, within the jurisdiction of all districts that are being dissolved in connection with this incorporation, shall transfer to the new City upon the Effective Date.

11. Transfer of County Roads. All roads included within the El Dorado County Road System as of the Effective Date and all offers of dedication shall transfer to the City upon the Effective Date in accordance with Government Code Section 58385.

12. Sphere of Influence. The City shall initiate sphere of influence proceedings in a timely manner with LAFCO so as to allow LAFCO to adopt a sphere of influence for the new City no later than one (1) year following the Effective Date. If the City determines that it needs more time to develop a long-term sphere plan, in conjunction with the development

of its general plan, the City may satisfy this requirement by proposing an initial Sphere of Influence that is co-terminus with the City boundary.

13. Detachment from CSA 9. The territory included within the new city boundary shall detach from County Service Area 9 (CSA 9). The City shall continue to provide the same level of services previously provided by CSA 9 through continuation of the service zones within the City. All funds held by the County for the service zones being detached shall be transferred to the new City. The parcel charges currently in effect in the affected service zones shall continue in effect within the City. The City shall utilize the funds transferred from the County and those generated in the service zones to continue the services within the zones. Upon the effective date of incorporation, flood control facilities, including, but not limited to, drainage channels and appurtenant facilities within the incorporated territory that were maintained by the County prior to incorporation, whether through CSA 9 or otherwise, shall become the property of the City and the City shall be authorized and obligated to, and shall assume all liability and responsibility for the post-transfer maintenance, monitoring, engineering and construction of such facilities within the City.

14. Dissolutions and Reorganizations, General. With respect to all agency dissolutions and governmental reorganizations ordered in connection with this incorporation, no agency being dissolved shall take any actions described in Government Code Section 56885.5 except in compliance with the requirements thereof.

15. Dissolution and Reorganization of CSDs. The dissolution and reorganization of the El Dorado Hills Community Services District and the Springfield Meadows CSD is conditioned pursuant to the following provisions:

a) All real and personal property, including land, vehicles and structures, interests in property, rights of use, contracts, all monies, including cash on hand and moneys due, but uncollected, of any dissolving district shall transfer to the City as successor agency to the dissolving districts, in accordance with Government Code §57452 and 57457. ~~A list of assets currently owned by the EDHCSD is set forth in Exhibit A, attached hereto and incorporated herein by reference.~~

b) All transfers of real property and property interests shall be transferred to the City subject to any and all liens or other financial obligations and encumbrances lawfully entered into by the dissolving District prior to the Effective Date.

c) Property held in trust by any dissolving district shall be conveyed to the new City and shall be used for the purposes for which it was collected, in accordance with Government Code Sections 57382 and 57462.

d) The services provided by the dissolving districts shall continue at a level not less than that provided by the districts prior to the Effective Date of dissolution.

e) The City shall continue the parks and recreation services, landscaping and lighting maintenance, solid waste collection and disposal, and Cable TV services at a level not less than that provided by the El Dorado Hills CSD prior to the Effective Date. Any contracts to provide these services shall continue in effect and transfer to the successor

agency.

f) With respect to architectural review and enforcement of Conditions, Covenants and Restrictions (CC&Rs) for subdivisions within the EDHCSD, the City shall continue to provide such services at a level not less than that provided by the EDHCSD for not less than one (1) year following the Effective Date.

g) Pursuant to Government Code §56886(t), any authorized charges, fees, assessments or taxes being collected by the dissolving districts shall to be transferred to the City of El Dorado Hills as the successor agency, including the EDHCSD development impact fee and charges for administration and enforcement of CC&Rs.

i) Any employee of a dissolving district as of the date of dissolution and reorganization shall continue as an employee of the City of El Dorado Hills on an interim basis. If the City determines to continue any such employee as a permanent city employee, the City shall continue all employment rights, seniority, retirement, accrued leave and related benefits of such employee to the maximum extent feasible consistent with the City's employment rules.

j) The Effective Date of Dissolution and Reorganization of all dissolving districts shall be the Effective Date.

k) Each dissolving district shall transfer all records, archives and related materials to the City of El Dorado Hills, to be retained by the city for a minimum of five years following the Effective Date of Dissolution and Reorganization.

16. Payment of Costs. Any and all costs incurred by or on behalf of the El Dorado Local Agency Formation Commission in connection with LAFCO Project 03-10, Proposed Incorporation of El Dorado Hills, that remain unpaid and outstanding as of August 12, 2005 shall be paid by the Incorporation Committee no later than November 1, 2005. Recordation by the Executive Officer of the Certificate of Completion is subject to the full satisfaction of this requirement.

17. Election Materials. The Terms and Conditions as approved by the Commission shall be provided as part of the election materials. The question of incorporation, including all Terms and Conditions shall be one question on the ballot.

Fiscal and Revenue Neutrality Terms and Conditions.

The City shall be required to make annual fiscal mitigation payments to the County pursuant to California Government Code Section 56815(c)(2) as set forth in these Fiscal and Revenue Neutrality Terms and Conditions.

18. Base Year General Fund Amount. The Base Year amount of the fiscal mitigation payments made as unrestricted payments to the County's General Fund is \$309,000.00. The Base Year calculation represents the fiscal mitigation payment calculated as of fiscal year 2003-2004.

19. Base Year Road Fund Amount. The Base Year amount of the fiscal mitigation payments made to the County Road Fund as a result of loss of Road District Tax Revenues is ~~\$751,300~~ \$751,300.

20. Commencement and Term of Payments Fiscal mitigation payments to both the County's General Fund and Road Fund shall commence in the first fiscal year in which the City receives its property tax allocation (projected as the 2006-2007 FY) and shall continue annually thereafter for a period of ___ years.

21. Collection of Payments.

a. In each fiscal year during the term of fiscal mitigation payments, the County shall be and is authorized and entitled to withhold the payment due to County that year from the secured and unsecured property tax revenues collected by the County on behalf of the City. The County Auditor shall be authorized to withhold said payments due from the tax revenues collected and to transfer the amounts due to the County's General Fund and Road Fund respectively at the same time that the balance of the City's tax revenue is transferred to the City. One-half of the annual amount due for each fund, respectively, shall be withheld from each of the two installments of property taxes collected within the City during the fiscal year.

b. The annual fiscal mitigation payments shall be an obligation of the City with the amount coming due thirty (30) days after the delinquency date of each semi-annual installment of property taxes; provided, however, that the City shall not be responsible for any delays in payment arising out of delays in collection and accounting by the County.

c. Nothing in this term and condition shall be deemed to prevent the County from exercising any legal remedy available for collection of such debt from the City if, for any reason, the County is unable to withhold the payments from the tax revenues collected.

d. The County will assume the responsibility for the administration and accounting of withholdings from the City's share of property taxes and road district taxes resulting from these Terms and Conditions at its own expense.

22. Adjustment to Mitigation ~~Initial~~ Payment Amount. ~~Beginning in fiscal year 2004 - 2005, and each year thereafter during the term, the Base Year General Fund Amount and the Base Year Road Fund Amount shall each be first annual fiscal mitigation payment to the County's General Fund shall be in the amount of \$309,000, adjusted by the annual increase in the published annual Consumer Price Index - All Urban Consumers, California. The first annual fiscal mitigation payment to the County's Road Fund shall be in the amount of \$751,300 adjusted by the annual increase in the published annual Consumer Price Index - All Urban Consumers, California. Each year thereafter, the fiscal mitigation payments shall be adjusted by indexed to the annual increase in the published annual Consumer Price Index - All Urban Consumers, California~~

23. Provision of Service in First Year. Pursuant to Government Code Section 57384, the County shall continue to furnish to the area incorporated all services furnished to the area prior to the incorporation, at the same level and in accordance with the budget for the

County adopted prior to the effective date of incorporation, for the remainder of the fiscal year during which the incorporation becomes effective, or for a shorter period if the City of El Dorado Hills, acting through its City Council, requests discontinuation of a service or services.

24. Reimbursement for Initial Year Service. The City shall reimburse the County for the net cost of services provided pursuant to paragraph 23, above, as defined in California Government Code Section 57384(b). Reimbursement shall be made in full not later than the end of the fifth fiscal year following the fiscal year in which the incorporation becomes effective. The County shall be and is authorized and entitled to withhold the amounts due from secured and unsecured property tax revenues collected on behalf of the City in the same manner as set forth in paragraph 21, above, with respect to fiscal mitigation payments. County shall be entitled to one fifth of the total payment due in each of the five (5) fiscal years following the fiscal year in which the incorporation becomes effective.

25. Contracting with the County. The City is encouraged to contract with the County for continuation of services after the first year of incorporation upon terms mutually agreeable to the City and County.

26. Property Tax Transfer. The base property tax (FY 2003-04) transferred to the new City pursuant to Government Code Section 56810 and 56812 shall be \$2,122,822. This amount shall be adjusted in accordance with Government Code Section 56810 and any other applicable statutes referenced therein.

County Road property tax within the boundaries of the City shall transfer to the City Road property tax.

Property tax which accrues to the El Dorado Hills CSD and the Springfield Meadows CSD shall transfer to the City.

27. Gann Limit. In accordance with Section 7902.7 of the California Constitution, the OPR Incorporation Guidelines and the technical documentation provided in the CFA, and as calculated pursuant to Government Code Section 56812, the provisional appropriations limit is \$19.5 million. The permanent appropriations limit of the City shall be set at the first municipal election, which will be held following the first full fiscal year of operation of the new City, in accordance with Government Code Section 56812(c).

28. Transfers of Development Impact Mitigation Fees. Not later than sixty (60) days following the end of the fiscal year in which the incorporation becomes effective, the County shall account for and transfer to the City all development impact or mitigation fees collected on any development project within the incorporated territory of the City (except traffic mitigation fees collected pursuant to the County's RIF, TIM, Variable Highway 50 TIM, or State TIM programs which are dealt with separately in these conditions, and except for any mitigation fees collected specifically to fund mitigation programs that will continue to be administered by the County following incorporation (e.g. the Rare Plant Impact Mitigation In Lieu Fee).

29. Accounting for Revenues Received During First Year. Within ~~thirty~~ sixty 60 days after the end of the fiscal year in which the incorporation becomes effective, County shall account for all monies paid to the County during that year by permit applicants or other members of the public as processing fees or otherwise, paid to reimburse the County for services within the incorporation area. The accounting shall indicate that amounts paid, the purpose of payment, the amounts applied to services actually rendered prior to the end of the year and any unexpended amounts remaining. After reimbursing itself for all services rendered prior to the end of the year, the County shall transfer any remaining balances to the City.

30. Community Facilities Districts. As soon as is feasible after the effective date of the incorporation, the city council and the Board of Supervisors shall enter into an agreement pursuant to California Government Code Section 53368.1 for the transfer of the authority for the governance of all active Community Facilities Districts located within the incorporated territory of the City from the jurisdiction of the County to the jurisdiction of the City. The City shall also satisfy all other conditions to the transfer of such authority pursuant to California Government Code Section 53368.2, or as may otherwise provided by law. City and County shall cooperate to take any other actions required for the transfer of responsibility for the administration of the Community Facilities Districts as may be required or reasonable. Provided however, that the City and County may determine not to transfer certain districts where the remaining obligations are fixed and limited to collection of existing assessments.

31. Land Use Entitlements. In accordance with California Government Code Section 65865.3, any and all development agreements entered into between El Dorado County and any development project applicant, owner or sponsor, and any conditions of approval imposed by the Board of Supervisors, the County Planning Commission, the County Zoning Administrator, or any other authorized representative of the County, on any and all discretionary projects adopted and approved prior to the effective date of the incorporation shall remain valid and enforceable between the applicant or property owner and the City. Development agreements shall remain in effect for the term set forth in Section 65865.3. Upon the effective date of the incorporation, the City shall administer such development agreements, including any and all conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) as the same were imposed by the Board of Supervisors at the time of project approval. After the effective date of the incorporation, such development agreements and project approvals and conditions of approval shall be interpreted to refer to the City of El Dorado Hills, its departments and agencies where reference is made to the County, its agencies and departments, except that where any such development agreement, condition of approval or other agreement refers to the provision of some benefit, property, money or other matter to support any service that will remain the responsibility of the County after the effective date of incorporation, the County shall be entitled to receive such benefit, property, money or other matter as a beneficiary of the agreement. After the effective date of the incorporation, City shall assume all obligations under said development agreements.

32. ~~After the effective date of incorporation, the County shall account for and transfer to the City all moneys held in trust for specific purposes, such as impact mitigation fees, which are to be assumed by or become the responsibility of the City. This provision shall not apply to specific funds that are expressly dealt with elsewhere in these terms and conditions.~~

Transfer of Funds Held in Trust. Not later than 30 days prior to the end of the first fiscal year of operation of the City (transition year) and pursuant to Government Code §56886(t), the County shall transfer to the City of El Dorado Hills as the successor agency all authorized charges, fees, assessments or taxes that have been collected by the County or by CSA 9, in accordance with Government Code Sections 57382 and 57462, including all development impact fees not included elsewhere in these Terms and Conditions and all funds collected for the administration of CSA 9 for drainage services within the incorporation area.

~~36. 33. Transfer of RIF and TIM Fees and Roadway Projects.~~ [Language to be provided prior to 6/8/05] RIF and TIM Transfer Arrangements. Upon the effective date of the incorporation, City shall continue to impose fees for the RIF, TIM, H50 Variable TIM, and State TIM from development projects within the City's incorporated boundaries at the current levels adopted by the County, and shall carry out all other obligations as set forth in the "Transfer Arrangements Regarding the County Traffic Impact Fee Programs (RIF, TIM et. al.), and Agreement Regarding the Means of Completion of all County Projects Associated with the Traffic Impact Fee Programs" which is attached hereto as **Attachment E** and incorporated herein by this reference.

34. Collection of Habitat Mitigation Fee. The City shall collect the Habitat Conservation Mitigation Fee and shall transfer to the County an amount equal to the proceeds thereof consistent with Chapter 17.71 of the County Ordinance Code or its successor.

Miscellaneous Terms and Conditions.

~~33~~ 35. City to Join SACOG. The City of El Dorado Hills shall petition the ~~El Dorado~~ Sacramento Area Council of Governments ("SACOG") for inclusion in its Joint Powers Agreement as a member city and shall participate in SACOG's regional planning activities as a nonmember prior to membership.

34-36. NPDES. The City of El Dorado Hills shall become a co-permittee of the County under the terms of the existing Countywide National Pollution Discharge Elimination System Permit as soon as practicable after incorporation.

~~35~~ 37. Incorporation Election. The election on the incorporation of the City of El Dorado Hills shall be held on the regular election date of November 8, 2005.

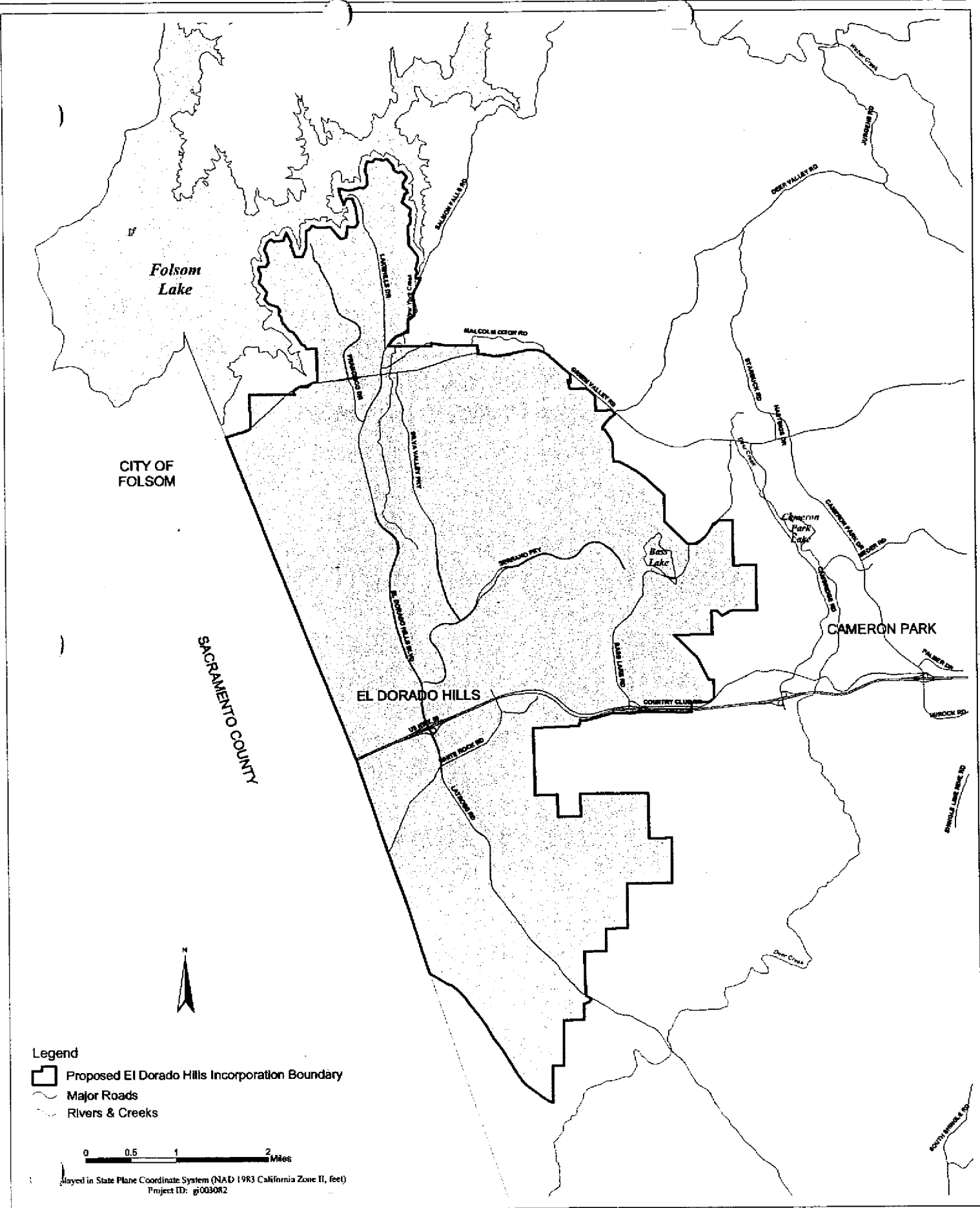
38. Records. It shall be an on-going obligation of the County and CSA 9 to make available to the City, on a timely basis, all records and documentation related to any or all of the following:

- a) Records, correspondence, application materials, studies and other information

reasonably related to approved or pending specific plans, development agreements, subdivision plans, tentative and final subdivision maps, building permits, building, housing or other code enforcement actions located within the proposed City boundary;

- b) File materials, studies, reports, correspondence and other documentation related to all matters listed in (a) involving environmental review under CEQA;
- c) Files and records related to highway and street improvements not otherwise included within these Terms and Conditions;
- d) All "as built" drawings and records related to any component of water, wastewater, drainage or other infrastructure or facility located within the proposed City boundary and for which the City of El Dorado Hills would become responsible following incorporation.

End.



Source: El Dorado County

Attachment E to
Resolution L- 05-09

TRANSFER ARRANGEMENTS REGARDING THE COUNTY TRAFFIC IMPACT FEE PROGRAMS (RIF, TIM ET. AL.), AND AGREEMENT REGARDING THE MEANS OF COMPLETION OF ALL COUNTY PROJECTS ASSOCIATED WITH THE TRAFFIC IMPACT FEE PROGRAMS (“RIF AND TIM TRANSFER ARRANGEMENTS”)

A. Background.

The County has adopted the following traffic impact fee programs: The El Dorado Hills/Salmon Falls Road Impact Fee Program (hereinafter the “RIF”), the West Slope Traffic Impact Mitigation Fee Program (hereinafter the “TIM”), the Interim Highway 50 Corridor Traffic Impact Fee Program (hereinafter the “H50 Variable TIM”), and the State Traffic Impact Mitigation Fee Program (hereinafter the “State TIM”). Fees for these programs are collected at the time of building permit issuance except for permits in the Tahoe Basin. Properties in the west slope of the County are subject to either the RIF or TIM fee, and both the H50 Variable TIM and the State TIM fees.

The boundary established for the RIF lies primarily within the boundaries of the proposed incorporated City (“City”). The boundary of the City also includes a small portion of the TIM area.

The RIF program funds projects located primarily within the RIF boundary. The TIM fees fund projects primarily located outside the incorporation boundary. The H50 Variable TIM and State TIM programs include projects on State highways and regionally significant County roads that provide benefit on a regional level.

Within the RIF program, there is established a 30% set-aside account for the Silva Valley Interchange project. In addition, there are various development agreements, reimbursement agreements, and road improvement agreements that prioritize the set-asides and reimbursements for projects within the RIF area. There are also development agreements, reimbursement agreements, and road improvement agreements that prioritize and obligate the fees collected under the TIM, H50 Variable TIM, and the State TIM programs.

B. Terms and conditions.

1. Continued Collection of Fees: Upon the effective date of the incorporation, City shall continue to impose fees for the RIF, TIM, H50 Variable TIM, and State TIM from development projects within the City’s incorporated boundaries at the current levels adopted by the County.

After the date of incorporation, City shall concurrently with County take all necessary steps to adjust the fees of the four aforementioned impact fee programs in order to adequately fund approved road construction projects, and ensure compliance with all applicable levels of service and

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other standards in the County's 2004 General Plan. The City shall however retain the exclusive right to impose a RIF fee structure that is different from the County approved fee structure; provided that complete documentation substantiating the need for said fee structure consistent with all legal and contractual requirements, and that the changes implemented by the City do not adversely affect the ability to finance programmed projects or adversely affect the scheduling of those projects. It is the intent to fund projects within each program solely from funds collected in accordance with each program, and nothing herein shall be construed to obligate either the County or the City to fund the construction of projects from other sources of revenue including general fund revenues.

City shall continue to apply the set-asides and reimbursement priorities set forth in existing development agreements, road improvement agreements, reimbursement agreement, and other similar contracts as they pertain to the respective fee programs. City shall collect said fees and place them in segregated trust accounts for each program. City shall provide County with a quarterly accounting of those fees collected.

2. Transfer of RIF Fees: Within 60 days of the effective date of incorporation, all assets, funds, obligations and responsibilities associated with the RIF shall be transferred to and assumed by the City, with the exception of funds required per section b. below. County shall provide a complete accounting for all retained funds, including a quarterly balance sheet analysis showing expenditures, project % complete and an estimate of cost to complete on a project by project basis. Upon receipt of the initial accounting, and for every quarterly accounting rendered by the County thereafter, City shall have 60 days to review the accounting and request any additional information required. At the end of the sixty day period, if no objections have been submitted in writing, the accounting will be deemed to have been accepted. City shall administer the RIF in full compliance with all legal or contractual requirements related to the RIF including, but not limited to, making reimbursements and affording credits applicable to the RIF required in any development agreement, road improvement agreement, reimbursement agreement, or other similar contracts. After the effective date of incorporation, County and City shall take all necessary actions to revise the RIF program boundary to coincide with the incorporation boundary (hereinafter the "New RIF"). For projects undertaken within the New RIF that are not currently under construction, County shall transfer available funds currently set aside in the RIF account for said projects. Unless otherwise stated herein, all projects within the New RIF boundaries will thereafter become the full responsibility of the City.

a. Projects of Regional Significance: County and City agree that the El Dorado Hills Boulevard Interchange Project, the Silva Valley Interchange Project, and the Green Valley Road Widening - Francisco Drive to Folsom City Limit Project are projects of regional significance to both the County and the City. The El Dorado Hills Boulevard Interchange Project and the Green Valley Road Widening Project are in various phases of construction. The Silva Valley Interchange Project is currently in the environmental and design phase. County and City agree that these projects are and will remain the highest priority projects of the RIF and will be advanced first before other projects under the program.

City shall segregate and retain funds out of impact fee accounts designated for funding these projects, including segregating the 30% Silva Valley Interchange set-aside. City shall retain funds currently earmarked in the Silva Valley set-aside account to be used solely for the costs associated with delivery of that project.

City shall be solely responsible for maintaining the RIF program at current or increased levels necessary to adequately fund these priority projects.

b. Projects under Construction: City shall enter into a cooperative agreement with the County whereby County will be authorized to continue to act as lead agency for the purpose of completing those phases of all projects located within the City boundary currently under construction at the time of the effective date of incorporation. County shall retain funds out of the RIF an amount equal to 125% of the remaining programmed project budget for each project being completed by County. The programmed project budget includes all anticipated costs of the project including, but not limited to, construction costs, right-of-way acquisition and project administration, and may not be included in its entirety in any single year of the County's annual budget. In the event of any shortfall between actual project costs and funds retained, the City shall fund the shortfall out of RIF program fees transferred to the City, and if necessary New RIF fees collected after incorporation. In the event that a project is phased, construction will be completed by the County on that phase of the project under construction. Subsequent phases of the project shall be the sole responsibility of the City. For purposes of this paragraph, a phase of a project shall be deemed "under construction" if a contract for the construction of any portion of the work has been awarded by the County. The City and County, by mutual written agreement, may provide for a different method of completing project phases under construction.

c. Green Valley Road: Green Valley Road County Line Project #72355 is programmed in part to be constructed with RIF, the H50 Variable TIM, and the TIM fee programs. County shall provide the TIM fees and H50 Variable TIM fees programmed and collected for said project, as referenced in the Project Category/Task and Funding Source information in the Department of Transportation Proposed Interim Capitol Improvement Program Fiscal Year 03/04 through 07/08, for the project costs listed as Direct Construction Costs, Construction/Engineering & Administration and Environmental Monitoring. County shall not be obligated to provide funds other than those actually programmed and collected for this project under the TIM and H50 Variable TIM fee programs.

3. Bass Lake Road: A portion of Bass Lake Road lies within the existing TIM and a portion within the existing RIF. The New RIF contains an expanded portion of Bass Lake Road. All of the programmed improvements within the New RIF are funded or advanced pursuant to the Bass Lake Hills Specific Plan Public Facilities Financing Plan, and those developer advanced improvements that are eligible for reimbursement will be reimbursed by the New RIF. That portion of Bass Lake Road that lies outside the Bass Lake Hills Specific Plan but inside the City will be reimbursed by the New RIF. That portion that lies outside the boundaries of the City will be TIM obligations in accordance with Section 4 herein.

4. Projects within the TIM area: Upon revision of the RIF boundary as set forth hereinabove, the TIM program will only contain projects located outside the incorporation boundary, and County will thereafter have the sole responsibility to administer the TIM program. The advancement and completion of any projects in the TIM program residing outside of the City boundaries shall be within the sole discretion of the County. County shall retain all TIM funds except for contributions required under paragraph 2c, above.

5. The H50 Variable TIM and State TIM: City shall collect the H50 Variable TIM and State TIM program fees within the City incorporation boundary and segregate and maintain said fees in separate trust accounts, and shall account for the fees to the County on a quarterly basis. Commencing with the first quarter after the effective date of incorporation, and continuing each quarter thereafter, City shall transfer to the County fees collected under said programs. County shall retain all accumulated funds for use in accordance with the H50 Variable TIM and State TIM programs.

Except as provided herein for Green Valley Road, County will be responsible for delivering projects identified for each of these programs as required by the program and subject to available funding solely from the respective fee program. City acknowledges that the highest priority project currently identified under the State TIM program is the Missouri Flat Interchange project. City further acknowledges that U.S. Highway 50 priority projects under the H50 Variable TIM program, listed in their rank order include: the Green Valley Road Westbound Lane project, the U.S. 50 HOV Lane Phase I project, the El Dorado Hills Boulevard to Bass Lake Road Project (U.S. 50 Lane Widening), Bass Lake Road U.S. Highway 50 Auxiliary Lane Project, and Bass Lake Road Interchange Project. County shall be solely responsible for prioritizing all additional projects that are not listed above, conditioned on available funds. City shall enter into any necessary cooperative agreements to allow County to act as lead and project manager for the delivery of the projects described herein. The rank ordering of these projects is intended to generally reflect the priorities assigned among these projects by the County and the City assuming available funding for all projects. The ranking shall not prevent the County from advancing any of the projects over another in order to take advantage of opportunities to advance projects more rapidly than might otherwise be the case due to availability of grants or other funding sources, the ability to phase projects, the ability to complete a smaller project more rapidly than if projects were commenced in the order stated. County shall advise City, and receive input from the City, regarding any proposed approval of projects other than in the order referenced.

After completion of construction of all of the aforementioned projects, the County and City will thereafter annually collaborate to identify and prioritize future projects within the program.

6. Development, Reimbursement, and Road Improvement Agreements: Pursuant to Government Code section 65865.3, for development applications for projects located wholly or partially within the boundaries of the City, any and all development agreements, reimbursement agreements, road improvement agreements, and the like entered into between any development project applicant, and any conditions of approval (including mitigation measures adopted pursuant

to the California Environmental quality Act) imposed by the County Planning Commission and/or County Board of Supervisors on any and all discretionary projects adopted and approved prior to the effective date of annexation shall remain valid and enforceable between the applicant and the City, and after the effective date of the incorporation, the above referenced agreements, and conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) shall be interpreted to refer to the City of El Dorado Hills, its departments and agencies where reference is made to the County, its agencies and departments. After the effective date of the incorporation, City shall assume all obligations under said agreements that relate to or pertain to the fee programs that are transferred to City's control.

7. Support Services from County: City may request staff support and assistance with administration of fee accounts, preliminary planning, survey, design, construction management, and construction inspection, and the like from County. County, subject to staffing availability and reimbursement for services provided, will provide said as-needed support services, to be billed at the weighted hourly rate attributable to each staff person performing the work.

8. Further Coordination: City and County will meet and work collaboratively to implement these aforementioned requirements during the first 90 days following the effective date of incorporation, and periodically as required thereafter.

9. Dispute Resolution. In the event of a dispute between the City and County regarding the interpretation or implementation of any of these terms and conditions related to the administration of the RIF, TIM, H50 Variable TIM and State TIM programs following incorporation, the following dispute resolution procedures shall be used:

A. The City and County shall attempt to resolve all disputes informally at the lowest administrative level possible. Any complaint shall be made known to the appropriate counterparts at the other agency as soon as possible in order to attempt resolution.

B. If initial attempts at resolving the dispute fail, the entity which believes a dispute exists shall give written notice of the nature of the perceived dispute to the Chief Administrative officer of the County or City Manager of the City, respectively. The Chief Administrative Officer and City Manager, and any other appropriate staff, shall meet within 30 days of the written notice and attempt to resolve the differences between the parties. If no resolution is reached additional meetings may be scheduled as deemed appropriate by the parties including, but not limited to, joint meetings of the governing bodies or subcommittees of the governing bodies.

C. If the dispute is not resolved, either party may request that the services of a facilitator or mediator, mutually agreed upon by the City and County, be employed. Such facilitation or mediation shall be non-binding and shall not affect, impair or restrict the legal rights of either party. Each party shall pay one-half the cost of the mediator and bear its own costs. Mediation shall occur within 60 days of a written request by either party. If the dispute is not resolved, each party reserves its full rights as may exist in the absence of this provision.