

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF MAY 26, 2010*

### *REGULAR MEETING*

**TO:** Ken Humphreys, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** José C. Henríquez, Executive Officer

**PREPARED BY:** Erica Sanchez, Policy Analyst

**AGENDA ITEM #4:** Alto Reorganization to the El Dorado Irrigation District and  
El Dorado Hills County Water District

**LAFCO Project No.** 2009-10

**PROPONENT:** Gary Sparks, Alto, LLC

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#### **DESCRIPTION OF PROJECT**

The Alto Reorganization proposes to annex one parcel, APN 126-100-19 (81.62 acres), into the El Dorado Irrigation District (EID) and the El Dorado Hills County Water District (EDH Fire) to support the development of the proposed Alto Subdivision. A map of the reorganization area with current district boundaries is included as 'Attachment A' at the end of this report.

#### **LOCATION**

The property is located in the El Dorado Hills area, approximately one half mile north of Malcolm Dixon Road between Salmon Falls Road and Arroyo Vista Way.

#### **PURPOSE**

The applicant and landowner, Gary Sparks, plans to subdivide the 82 acres into 23 residential lots ranging in size from 1.7 to 3 acres, including three open space lots of approximately 25 acres (31% of the project area). Annexation into EID is requested in order to receive water service and fire hydrants for the proposed development; the applicant plans to utilize private septic systems for each lot and is not requesting wastewater service from EID. Annexation into EDH Fire is requested in order to obtain fire protection and emergency response services for the Alto Subdivision. The subdivision was also conditioned by the Board of Supervisors to include annexation into both districts prior to filing the final map.

**RECOMMENDATIONS**

Staff recommends that the Commission take the following actions:

1. Recognize that El Dorado County, as the lead agency for the project, has prepared a Mitigated Negative Declaration and CEQA determinations which have been found to be adequate for the purposes of the reorganization and direct staff to file a Notice of Determination in compliance with CEQA and local ordinances implementing the same.
2. Adopt LAFCO Resolution L-2010-11 (Attachment E), adding any additional conditions the Commission finds appropriate and approve the Alto Reorganization to the El Dorado Irrigation District and El Dorado Hills County Water District
3. Waive the Conducting Authority Proceedings subject to Government Code §56663 and local policies.
4. Direct the Executive Officer to complete the necessary filings and transmittals as required by law.
5. Determine the effective date of the approval of this agreement to be five (5) working days after recordation by the County Recorder of the Executive Officer's Certificate of Completion once the imposed conditions are met.

**REASON FOR RECOMMENDATION**

Staff has analyzed the reorganization with consideration of the 28 factors listed in Government Code §56668 and LAFCO Policies, and concluded that reorganizing the parcel into EID and EDH Fire will provide services to the subject area that are essential for the proposed 23-home subdivision: Municipal water, fire protection and emergency medical services.

**BACKGROUND**

The landowner initiated the reorganization petition with LAFCO in November of 2009. APN 126-100-19 is currently undeveloped and the planned future use is to subdivide the existing parcel into 23 residential lots to create the Alto Subdivision.

The Tentative Map to create 23 single-family lots was approved on May 5, 2009 by the El Dorado County Board of Supervisors, including a zone change from Exclusive Agriculture (AE) to Estate Residential 5-acre, with a Planned Development Overlay (RE-5-PD). The project proposes to utilize the density bonus provision for seven additional residential lots beyond what would typically be allowed under RE-5 zoning for the 82-acre parcel. Access to the proposed subdivision would be from two proposed roadway connections to the south to Malcolm Dixon Road and another to the west from Salmon Falls Road. The project also includes extension of one of the southern access roadways to provide additional access to Green Valley Road.

**Adjacent Developments**

The Alto property represents the northeastern quadrant of a 376-acre area that is expected to be developed in the near future with a total of 97 single-family residences on one to ten-acre lots (see Attachment A). The area consists of four separate

residential projects that have completed, or are currently going through, the County approval process within approximately six months of each other. These projects include the La Cañada subdivision to the west, the Diamante subdivision to southwest and the Malcolm Dixon Estates (formerly Chartraw) subdivision to the south. La Cañada and Diamante were approved by the Board of Supervisors in January 2010 and October 2009, respectively. Malcolm Dixon Estates was recently reviewed by the Planning Commission on May 13, 2010 and recommended for approval by the Board of Supervisors. Given the known adjacent developments, the Alto project should be evaluated in context to these other projects. The chart below summarizes the planned development in the area between Salmon Falls Road and Malcolm Dixon Road:

Project	Description	Annexation to	EDUs	Project Status
<b>Alto</b>	82 acres, 23 lots (2-3 acres), density bonus applied	EID and EDH Fire	25	Approved by BOS 5-5-09; LAFCO consideration 5-26-10
<b>La Cañada</b>	141 acres, 47 lots (1-4 acres), density bonus applied	EID	47	Approved by BOS 1-19-10; LAFCO application submitted 5-5-10
<b>Diamante</b>	113 acres, 19 lots (5-10 acres)	EID and EDH Fire	59	Approved by BOS 10-27-09; No LAFCO application
<b>Malcolm Dixon Estates</b>	40 acres, 8 lots (5 acres)	EID and EDH Fire	24	Planning Commission recommended BOS approval 5-13-10; No LAFCO application
<b>Totals</b>	<b>376 acres, 97 residences</b>		<b>155 EDUs</b>	

All four residential projects will require annexation into EID for water service (all four propose to utilize private septic systems), and Diamante and Malcolm Dixon Estates will also require annexation into EDH Fire for fire protection. Annexation into these respective districts is a required condition of approval for La Cañada and Diamante, and is expected to be condition for Malcolm Dixon Estates, if approved. The La Cañada landowners submitted an application with LAFCO on May 5, 2010 requesting annexation to EID; LAFCO has not yet heard from the Diamante or Malcolm Dixon Estates landowners.

Though these other pending developments are not a part of this reorganization proposal, it is important to consider them in the context of contiguity and the creation of orderly district boundaries, ultimate service demand in the area and the effect that approval of the Alto Reorganization would have on these future annexation proposals. It is also important to note that approval of the Alto Reorganization now may make it difficult for the Commission to deny these subsequent annexations in the future should the Commission have any concerns about the individual projects.

### **CEQA**

El Dorado County, as the Lead Agency for the project, prepared and certified a Mitigated Negative Declaration (MND) for the project on May 5, 2009. The

environmental impacts of the reorganization were addressed within the scope of this environmental document. The MND includes mitigation measures as necessary to lessen the potential significant effect that the project could have on the surrounding area. The County’s MND can be reviewed in its entirety as Attachment F. LAFCO staff analysis of these issues can be found within the corresponding 28 factors to be considered.

**SUMMARY OF STATUTORY AND POLICY CONSIDERATIONS**

Government Code §56668 and LAFCO Policies require that the review of a proposal shall consider the following factors:

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Need for organized services, probable future needs	1 – Consistent	Water, fire protection and emergency medical services will be necessary for the proposed 23-lot residential subdivision.
Ability to serve, level and range of service, time frames, conditions to receive service	2 – Consistent	EID will require the applicant to build a new booster pump station that is sized to serve the project as well as any adjacent properties that will also need to be served by the pump station. EDH Fire is requiring 8 new fire hydrants to serve the project.
Timely availability of adequate water supply	3 – Consistent	EID recently amended an existing contractual commitment agreement to make available approximately 700 EDUs for purchase in the El Dorado Hills supply area until January 2015. An estimated total of 25 EDUs will be required to serve the Alto Subdivision. 155 EDUs will be required for the entire area.
Alternatives to service, other agency boundaries, and local gov’t structure	4 – Consistent	There are no other reasonable alternatives to provide municipal water or fire and emergency related services to the subdivision.
Significant negative service Impacts	5 – Consistent	There are not expected to be any negative impacts to the current level of service for existing EID and EDH Fire residents.

Coordination of applications	6 – Inconsistent	The applicant declined LAFCO staff's recommendation to place the Alto Reorganization on hold so that it may be considered by the Commission at the same time as three adjacent development projects that will also require annexation into EDH Fire and/or EID.
Present cost/adequacy of governmental services, including public facilities	7 – Consistent	EID is requiring that a new booster pump station be constructed to serve the Alto project as well as adjacent developments. Annexation into EDH Fire will not require any new infrastructure improvements or increases to current staff levels.
Effect of proposal on cost & adequacy of service in area and adjacent areas	8 – Consistent	Property tax revenue, development impact fees, facility connection charges and other charges will support the costs of service.
Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas	9 – Consistent	The reorganization proposal appears to be the most logical alternative for the needed services. There are no other viable alternatives available to deliver the necessary services to the future Alto residents.
Sufficiency of revenues, per capital assessed valuation	10 – Consistent	EID and EDH Fire should receive sufficient revenue for providing services to the proposed development.
Revenue producing territory	11 – Consistent	Collected revenue is expected to offset the cost of providing water and fire protection services to the subject area; however, the revenue is not expected to exceed those costs.

56668.3 "best interest"	12 – Consistent	The reorganization is supported by the current landowners and both annexing agencies.
Boundaries: logical, contiguous, not difficult to serve, definite and certain	13 – Inconsistent	If approved at this time, the annexation into EID would create an "island" surrounded on all sides by properties outside of EID's service boundary, resulting in the creation of what would be considered an irregular boundary line, which is discouraged by LAFCO's adopted Policies and Guidelines. However, given La Cañada's recent application and the probable submission of applications by the Malcolm Dixon Estates and Diamante projects, there is a possibility the irregular boundary could be remedied in the near future should the Commission approve one or more of these other projects.
Topography, natural boundaries, drainage basins, land area	14 – Consistent	There are no topographical features that will hinder service to this area.
Creation of islands, corridors, irregular boundaries	15 – Inconsistent	The Alto project is not contiguous to EID and the reorganization would result in an irregular boundary for EID.
Conformance to lines of assessment, ownership	16 – Consistent	The boundaries of the proposed reorganization conform to the existing lines of assessment and ownership. The proposal maps have been reviewed by the County Surveyor and have been found to be definite and certain.
Spheres of Influence	17 – Consistent	The boundaries of the parcel proposed for reorganization are fully contained within both the EID and EDH Fire spheres of influence.

Effect on adjacent areas, communities of interest	18 – To Be Determined by the Commission	Neighbors and residents from the surrounding area testified before the County Planning Commission and the Board of Supervisors to protest that development of this property is inconsistent with the rural nature of the area and increased traffic flow on Malcolm Dixon Road.
Information or comments from landowners or owners	19 – Consistent	The landowner supports the proposed reorganization into EID and EDH Fire and has declined to request annexation into the El Dorado Hills CSD.
Effect on other community services, schools	20 – Consistent	There are no negative impacts expected for the current public service providers in the area.
Other agency comments, objections	21 – Inconsistent	El Dorado Hills CSD has requested that the Alto project be annexed into the CSD or else future residents would be considered non-residents for CSD services and programs.
Fair share of regional housing needs	22 – Consistent	Reorganization and development of the Alto Subdivision will increase the available market rate housing for the El Dorado Hills area.
Land use, information relating to existing land use designations	23 – Consistent	The reorganization and proposed development are consistent with the current zoning and land use designation. The subject territory has been rezoned RE-5/PD and has a land use designation of LDR.

<p>Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years</p>	<p>24 – Consistent</p>	<p>Upon development, the Alto project will add 23 homes and approximately 69 new residents to the area. At full buildout, the four connecting Malcolm Dixon area projects will include 97 single-family residences, resulting in approximately 291 new residents.</p>
<p>Proximity to other populated areas</p>	<p>25 – Consistent</p>	<p>The proposed subdivision will conform to the surrounding zoning and land use designations. The Alto Subdivision is substantially surrounded on all sides by Low Density Residential development, including the pending La Cañada, Diamante and Malcolm Dixon Estates projects.</p>
<p>Consistency with General Plans, specific plans, zoning</p>	<p>26 – Consistent</p>	<p>The proposed subdivision is consistent with the current zoning (RE-5/PD) and land use designations (LDR) of the subject parcel and with existing and approved residential development in the surrounding area.</p>
<p>Physical and economic integrity of agriculture lands and open space</p>	<p>27 – Consistent</p>	<p>The project site is not considered to be “Prime Farmland,” nor would the subdivision result in a loss of productive agricultural land or conflict with nearby agricultural uses.</p>
<p>Optional factor: regional growth goals and policies</p>	<p>28 – Consistent</p>	<p>The proposed subdivision will assist the unincorporated part of the County in achieving its RHNA goals by providing 23 units of either Moderate or Above Moderate housing.</p>

**DETERMINATIONS**

The Commission should review the factors summarized above and discussed below, then make its own determinations regarding the project. Staff recommends the following determinations based on project research, state law and local policies:



1. The subject territory is “uninhabited” per Government Code §54046. Application for this reorganization is made subject to Government Code §56650 et. seq. by landowner petition.
2. The territory proposed for reorganization is within the spheres of influence of the El Dorado Irrigation District and El Dorado Hills County Water District and is contiguous to the existing boundary. The reorganization will provide a more logical and orderly boundary.
3. The Mitigated Negative Declaration prepared for this project by El Dorado County satisfies the requirements of the California Environmental Quality Act.
4. The reorganization will not result in negative impacts to the cost and adequacy of service otherwise provided in the area, and is in the best interests of the affected area and the total organization of local government agencies.
5. The reorganization will not have an adverse effect on agriculture and open space lands.
6. The reorganization will result in a decrease in water supply available for the buildout of regional housing needs determined by the Sacramento Area Council of Governments. The reorganization will not, however, have a significant foreseeable effect on the ability of the County to adequately accommodate its fair share of those needs.

## **DISCUSSION**

Government Code §56668 and LAFCO Policies require that the review of an annexation proposal shall consider the following factors:

### **(Numbered items 1-6 relate to services)**

1. ***NEED FOR ORGANIZED COMMUNITY SERVICES, PROBABLE FUTURE NEEDS:*** Applicants shall demonstrate the need and/or future need for governmental services and that the proposal is the best alternative to provide service (Policies 3.1.4(b), 6.1.7; §56668(b)).

***RESPONSE:*** The purpose of the reorganization proposal is to annex the proposed Alto development (approximately 82 acres) into EID and EDH Fire for the provision of water, fire protection and emergency medical services. Alto is a planned subdivision consisting of 23 single family homes and three open space areas. The reorganization will allow for the provision of essential development supporting services such as water and fire protection services needed by future residences and public facilities. No other water purveyor may feasibly extend services to the site and private wells are not options given the scope of the future land use. The anticipated use is too great for private systems to be viable options for the development, due to the number of expected homes at build-out. EDH Fire is the logical provider to offer fire protection services, as the project area is surrounded on all sides by EDH Fire boundaries.

2. **ABILITY TO SERVE, LEVEL AND RANGE OF SERVICE, TIME FRAMES, CONDITIONS TO RECEIVE SERVICE:** Prior to annexation the applicants and proposed service providers shall demonstrate that the annexing agency will be capable of providing adequate services which are the subject of the application and shall submit a plan for providing services (Policy 3.3, §56668(j)).

**RESPONSE:** EID and EDH Fire have affirmed that they are able to provide the necessary services within the time frame anticipated by the applicant.

Water

EID prepared *Facility Improvement Letter FIL0508-033* (FIL, Attachment D) for the Alto project on May 19, 2008, which outlined the existing infrastructure near the subject site, stated the fire flow requirements from EDH Fire and detailed the requirements for the landowner prior to receiving water service. Information from the FIL is summarized by the following:

An existing EID potable water tank (the Salmon Falls Tank) is located near the southwest corner of this project. The tank is located on the Diamante property approximately 400 feet away from the Alto property with legal access easements. An existing 18-inch water line runs from the tank site, west to Salmon Falls Road. Water line easements to serve the project will be obtained through the recorded settlement agreement between owners of the Alto, La Cañada, Diamante and Malcolm Dixon Estates (Chartraw) parcels.

EDH Fire has determined that the minimum fire flow for this project is 1,500 gallons per minute for a two-hour duration while maintaining a 20-psi residual pressure, which would be best provided by using an 8-inch water line through the site. The proposed extension is estimated to be approximately 400 feet. The landowner will also be required to build a new booster pump station at the tank site. This booster pump station will need to provide both domestic flows and fire flow. EID is requiring the applicant to identify any adjacent lands that will need to be served by the pump station and include them in the sizing of the station in the Facility Plan Report to be submitted. The proposed boosting station will potentially serve the Diamante, La Cañada and Malcolm Dixon Estates projects.

Fire Protection

EDH Fire will require the landowner install eight fire hydrants are necessary in order to provide structural protection in the proposed subdivision. In addition, the District recommended several road and gate conditions during the tentative map approval process, which were included into final design of the subdivision. EDH's closest fire station is Station 84 at 2180 Francisco Drive, which is located approximately one and one-half miles southeast of the project site. Response time to the project site from Station 84 is estimated at six minutes. The District has affirmed that it is currently able to provide adequate service to the Alto Subdivision.

3. **TIMELY AVAILABILITY OF ADEQUATE WATER SUPPLY:** The Commission shall consider the timely availability of water supplies adequate for projected needs (§56668(k)).

**RESPONSE:** According to the FIL, an estimated total of 25 EDUs will be required to serve the Alto Subdivision. As noted, the combined estimated number of EDUs to serve all four of the pending projects in this area is 155 EDUs. The projects are within EID's El Dorado Hills supply area, which primarily receives water pumped from Folsom Reservoir. EID has a surplus of available water supply in the El Dorado Hills supply area, but delivery of this water is currently restricted by infrastructure capacity at the El Dorado Hills Water Treatment Plant. Because infrastructure, rather than supply, is the limiting factor, the infrastructure-based yield is used to determine equivalent dwelling unit (EDU) availability for the El Dorado Hills supply area.

According to *EID's 2009 Water Resources and Service Reliability Report First Amendment* dated March 12, 2010, water meter availability in the EDH supply region is 3,597 EDU's and contractual commitments total 2,889 EDUs, due to a recent agreement between EID and Sierra Pacific Industries which defers 1,303 EDUs of contractual commitments until December 31, 2014. This amendment increases the water meter availability in the El Dorado Hills supply area such that, for the next five years, it will exceed the number of contractual commitments by approximately 700 EDUs, which means that until the end of the deferment period, new water meter purchases in the El Dorado Hills supply area will be available for purchase by any qualified customer.

However, after the end of the five-year deferment period, the number of contractual commitments in the El Dorado Hills supply area will return to pre-deferment levels, which means water meters will once again only be available for purchase by parties with existing commitments to serve from the District. According to the FILs for each of the four pending projects; the Alto, La Cañada, Diamante and Malcolm Dixon Estates Subdivisions do not have commitments to serve. Parties that do not have existing contractual commitments will not be eligible to purchase water meters until further expansions are completed at the El Dorado Hills Water Treatment Plant. Planned expansions to increase the capacity of the treatment plant to 31.5 million gallons per day are listed in EID's 2010-2014 CIP (February 2010), but no funding is specifically dedicated for the improvements; all expansion funding is dependent on future facility capacity charges from new developments.

As of the writing of this report, the Alto applicant has not applied to EID for annexation.

4. **ALTERNATIVES TO SERVICE, OTHER AGENCY BOUNDARIES, AND LOCAL GOVERNMENT STRUCTURE:** The Commission shall consider alternatives to the proposal, proximity of other agency boundaries and alternative courses of action. Where another agency objects to the proposal, LAFCO will determine the best alternative for service (Policies 3.3.2.2(g), 6.1.3).

**RESPONSE:** There are no other reasonable public or private alternatives for the provision of water service to the Alto Subdivision. EID is the only public water service provider in this area and the options of private wells, transporting water or

constructing a private treatment plant are not feasible given the planned use for the subject area and the expected demand.

EDH Fire is the logical fire protection district to serve the subdivision, as the project area is within the EDH Fire District sphere of influence and surrounded by District boundaries. The closest fire station to the project area is EDH Station 84, which is less than two miles away at 2180 Francisco Drive. The project is within a six minute response time from this station, which meets the EDH Fire Department standard and the County General Plan standard of eight minutes response time in urban areas 90% of the time, and 20 minute response 90% of time for rural areas.

5. **SIGNIFICANT NEGATIVE SERVICE IMPACTS:** Services provided to the territory will not result in a significant negative impact on the cost and adequacy of services otherwise provided (Policy 6.2.4, §56668.3(b)).

**RESPONSE:** The service impacts to other EID customers are expected to be minor. Before each FIL is generated, EID staff conducts an analysis of the infrastructure capacity and compares it to the total expected demand from existing and projected customer use. This is done to ensure that neighboring EID customers will not have any negative impacts to their current level of service. EID regulations provide safeguards to ensure that new development does not result in the over-allocation of water. The developer is responsible for construction and financing of all water transmission lines and distribution facilities to receive EID service. No negative fiscal, service or other impacts have been identified by EID.

Development impact fees and a share of the future property tax increment will offset the impacts of the future residents of EDH Fire. EDH Fire currently maintains one firefighter per every 515 residents. The increase in population due to the proposal (estimated at 69 persons) will have a negligible effect on the current service ratio, increasing it to one firefighter per every 516 residents. This ratio assumes that three volunteers or two part-time firefighters are equal to one paid firefighter.

6. **COORDINATION OF APPLICATIONS:** If a project site can be anticipated to require additional changes of organization in order to provide complete services, the proposal shall be processed as a reorganization (Policy 3.1.10). Where related changes of organization are expected on adjacent properties, petitioners are encouraged to combine applications and LAFCO may modify boundaries, including the addition of adjacent parcels to encourage orderly boundaries (Policy 3.1.9).

**RESPONSE:** Wastewater service through EID is not a part of this proposal; the project will utilize private septic systems. Each individual property will be required to have an on-site sewage disposal system that meets the requirements of the Environmental Health Division of the El Dorado County Environmental Management Department. All lots underwent percolation tests and were found to have adequate leaching capacity to support the proposed individual on-site sewage disposal systems. The El Dorado County Environmental Health Division has reviewed and approved the proposed sewage disposal areas.

The subject parcel is approximately one half mile east of the El Dorado Hills Community Services District (EDHCSD) boundaries, but it is not within the District's sphere of influence. The parcels are currently within El Dorado County's Service Area 9, Zone 17 – Ponderosa Recreation Zone for park and recreation services, which is not requested to change as a part of this proposal. LAFCO staff specifically questioned the project applicant about intentions to annex into the CSD; however the applicant affirmed that only annexation to EID and EDH Fire was requested.

After meeting with the project applicant to discuss the pending developments adjacent to the Alto project, LAFCO staff advised that the Alto Reorganization be put on hold so that it may be considered by the Commission at the same time as the adjacent La Cañada, Diamante and Malcolm Dixon Estates projects. All three projects will also require annexation into EID; Diamante and Malcolm Dixon Estates will also require annexation into EDH Fire as well. However, the applicant ultimately declined the recommendation and requested to move forward with the reorganization without the adjacent projects.

A Homeowner's Association (HOA) will be formed upon completion of the development to address the road maintenance and drainage needs of the subdivision prior to filing the final map. The HOA will also be responsible for enforcement of conditions, covenants and restrictions (CC&Rs) placed on the newly created parcels, if applicable. No CC&Rs exist or are attached to the subject property at this time.

**(Numbered items 7-12 relate to cost and revenues)**

- 7. PRESENT COST/ADEQUACY OF GOVERNMENTAL SERVICES, INCLUDING PUBLIC FACILITIES:** The Commission shall consider existing government services and facilities, cost and adequacy of such services and facilities (§56668(b), Policy 3.3). If service capacity and/or infrastructure will be expanded, the applicant will submit cost and financing plans (Policy 3.3.2.2).

**RESPONSE:** Given EID's recent agreement to defer a portion of existing EDH contractual commitments for a period of five years, EID will have sufficient EDUs available for purchase by the Alto Subdivision until at least December 31, 2014 (see #3 for a more detailed analysis of the water meter availability in this region). The applicant will be required to submit a Facility Plan Report to EID that addresses the expansion of facilities, including the new booster pump station to serve the Alto Subdivision and adjacent projects. EID does not appear to have any current service deficiencies that indicate annexation of the Alto project would result in any negative cost or service impacts to present customers.

No new fire service facilities would be required by EDH Fire to serve the Alto Subdivision. Response times to the area are lower than District and County standards and the addition of 69 District residents will have a very minor impact on staffing ratios (see #5).

8. **EFFECT OF PROPOSAL ON COST & ADEQUACY OF SERVICE IN AREA AND ADJACENT AREAS:** The Commission shall consider existing and proposed government services and facilities, the cost and adequacy of such services and facilities and probable effect of the proposal on the area and adjacent areas (§56668(b) and Policy 3.3). LAFCO will discourage projects that shift the cost of service and/or service benefits to others or other service areas (Policy 6.1.8).

**RESPONSE:** EID and EDH Fire have negotiated and approved their respective property tax increment agreements with the County for the reorganization territory (see Section 10 below for more information). In addition to tax revenue; development impact fees, facility connection charges and other charges will support the cost of services. The reorganization is expected to provide revenue that will offset the short and long-term costs to the Districts.

9. **EFFECT OF ALTERNATIVE COURSES OF ACTION ON COST & ADEQUACY OF SERVICE IN AREA AND ADJACENT AREAS:** The Commission shall consider the cost and adequacy of alternative services and facilities (§56668).

**RESPONSE:** The proposed reorganization is the most logical alternative to provide necessary water, fire hydrant, fire protection and emergency response services to the Alto Subdivision. At this time, there are no other municipal water service providers in this area and private wells are not a viable option given the anticipated service demand from 23 homes. The applicant has not requested wastewater service through EID. Each lot will be required to have an on-site sewage disposal system that meets the requirements of the El Dorado County Environmental Health Division.

EDH Fire has the necessary capacity and resources to adequately provide for the fire and emergency response needs of this subdivision and has a station close enough to have acceptable response times to the site, thereby providing adequate services to the future Alto residents.

10. **SUFFICIENCY OF REVENUES, PER CAPITA ASSESSED VALUATION:** 56668(j)

**RESPONSE:** The current assessed value of the Alto parcel is \$442,558. A slight increase in assessed value of the Alto parcel in its current form is expected to occur upon reorganization into EID and EDH Fire; a significant increase in the assessed value is expected to occur as a result of the subdivision of the Alto property and subsequent construction of residences.

The reorganization is expected to provide sufficient revenue to the Districts to cover the short and long-term costs of the new residents' use of existing District facilities. The County, EID and EDH Fire have negotiated a property tax revenue sharing agreement, based upon the Chief Administrative Officer's proposal (Attachment C), with EID receiving 2.667% of the property tax revenue for the reorganization area and EDH Fire receiving 17%. Based upon this agreement, various connection fees, development impact fees and the applicant's responsibility for covering the cost of extending necessary infrastructure, the Districts should receive sufficient revenue for providing service the proposed subdivision.

11. **REVENUE PRODUCING TERRITORY:** The proposed annexation shall not represent an attempt to annex only revenue-producing territory (Policy 6.1.1).

**RESPONSE:** The Alto Subdivision will consist of 23 single family homes upon subdivision. The total assessed value of the subject area is expected to increase as a result of the reorganization and development. Revenue will be collected by the annexing agencies, through user charges, development impact fees, property taxes and connection fees, that is projected to be consistent with services provided, long-term agency operations and infrastructure costs. Collected revenue will offset the cost of providing water and fire protection services to the subdivision, but is not expected to exceed those costs.

12. **"BEST INTEREST":** The Commission shall consider whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district (§56668.3).

**RESPONSE:** The reorganization appears to be consistent with LAFCO (see the discussion in #13), EID and EDH Fire policies and is in the best interests of the future residents of the Alto Subdivision by providing essential services to the proposed residential development. The reorganization is supported by the current landowners and both annexing agencies.

**(Numbered items 13-17 relate to boundaries)**

13. **BOUNDARIES: LOGICAL, CONTIGUOUS, NOT DIFFICULT TO SERVE, DEFINITE AND CERTAIN:** The proposed boundary shall be a logical and reasonable expansion and shall not produce areas that are difficult to serve (§56001). Lands to be annexed shall be contiguous (Policy 3.9.3, §56741-cities) and should not create irregular boundaries, islands, peninsulas or flags (Policy 3.9.4). The boundaries of the annexation shall be definite and certain and conform to existing lines of assessment and ownership (Policy 3.9.2, §56668(f)).

**RESPONSE:** The Alto project site is within the EID sphere of influence; however, it is not contiguous to EID boundaries. The parcel is approximately one-half mile away from current EID service boundaries on the western and southern sides, separated by the proposed La Cañada, Diamante and Malcolm Dixon Estates project sites (refer to the map included as Attachment A). Absent annexation of either the La Cañada project or both the Diamante and Malcolm Dixon Estates projects, the Alto property will remain non-contiguous with EID boundaries. Both La Cañada and Diamante have been conditioned by the County to annex into EID; La Cañada has recently submitted an application to LAFCO. Malcolm Dixon Estates is still going through the County approval process; however, LAFCO has requested that this project be conditioned to annex into EID and EDH Fire as well.

If approved at this time, the annexation into EID would result in the creation of what would be considered an irregular boundary line; the Alto project site would essentially become an EID "island" surrounded on all sides by properties outside of

EID's service boundary. EID was formed under Irrigation District Law (Section 20500 et seq. of the California Water Code), which allows the annexation of non-contiguous lands, but irregular boundaries are discouraged by the following adopted LAFCO Policies and Guidelines:

*3.9.3 Lands to be annexed which are within an adopted Sphere of Influence shall be physically contiguous to the boundaries of the annexing agency except under one of the following circumstances (§56119):*

*(a) Existing developed areas where LAFCO determines that interests of public health, safety, and welfare would best be served by the extension of the service, or which represent clear or present health or safety hazards that could be mitigated by the proposal and city or district facilities are present and sufficient for service.*

*(b) Existing developed areas where city or district facilities are present and sufficient for service, and where the Commission determines that the annexation will not induce growth.*

*3.9.4 Islands, peninsulas, flags, "pin point contiguity," "cherry stems," and other irregular boundary lines are inconsistent with the formation of orderly and logical boundaries and may be amended, modified or disapproved by LAFCO (§56744, §56741, §56742).*

However, given La Cañada's recent application for annexation into EID and the probable submission of applications by the Malcolm Dixon Estates and Diamante projects, there is a possibility the irregular boundary could be remedied in the near future should the Commission approve one or more of these other projects. Water lines are nearby and can be extended to the subject area without any foreseeable problems.

It must be noted that approval of the Alto project reduces, to some degree, the Commission's ability to review the La Cañada, Diamante or Malcolm Dixon projects based on their merits alone. While the Commission's power of discretionary approval remains intact, the applicants or their representatives may use the argument of the Alto island as justification for the wholesale approval of their projects, regardless of their advantages or disadvantages.

The Alto site is within the EDH Fire sphere of influence and is contiguous with EDH Fire boundaries on three sides. EDH Fire has indicated that services can be extended to the area without creating service deficiencies for their existing customers. EDH Fire supports the reorganization and has indicated that services can easily be extended to the project area.

- 14. TOPOGRAPHY, NATURAL BOUNDARIES, DRAINAGE BASINS, LAND AREA:** Natural boundary lines which may be irregular may be appropriate (Policy 3.9.6). The resulting boundary shall not produce areas that are difficult to serve (Policy 3.9.7).

**RESPONSE:** The site and surrounding properties are primarily composed of oak woodland and non-native grasslands on moderate hilly terrain. The site is situated at an elevation range of approximately 708 to 1,012 feet and generally slopes from



the northeast to the southwest. There are 0.35 acres of waters within the site, including intermittent and ephemeral streams and a single wetland.

Surrounding land uses include rural residences, pastureland, a new residential development to the east and oak savannah. An existing rural residence is located on Malcolm Dixon Road south of the project site. The project site has been used for grazing land in the past. There are no topographical features that will hinder service to this area.

According to flood zone information presented based on data derived from the FEMA Flood Information Rate Maps, the Alto project site is within Flood Zone X, which is the flood insurance rate zone used for areas outside the 0.2-percent-annual-chance floodplain. Flood insurance purchase is not required in this zone.

- 15. CREATION OF IRREGULAR BOUNDARIES:** Islands, peninsulas, "flags", "cherry stems", or pin point contiguity shall be strongly discouraged. The resulting boundary shall not produce areas that are difficult to serve. The Commission shall determine contiguity (Policies 3.9.3, 3.9.4, 3.9.7).

**RESPONSE:** The Alto project site is not contiguous with EID boundaries and would result in the creation of what would be considered an irregular boundary line for EID. The Alto parcel would essentially become an "island" surrounded on all sides by properties outside of EID's service boundary, which is discouraged by LAFCO's adopted Policies and Guidelines. However, given La Cañada's recent application and the presumed future annexation applications from the other adjacent projects, the issue of contiguity to EID is expected to be remedied should the Commission approve those other projects (refer #13 above and to Attachment A).

- 16. CONFORMANCE TO LINES OF ASSESSMENT, OWNERSHIP:** The Commission shall modify, condition or disapprove boundaries that are not definite and certain or do not conform to lines of assessment or ownership (Policy 3.9.2).

**RESPONSE:** The boundaries of the proposed reorganization conform to the existing lines of assessment and ownership. The proposal maps have been reviewed by the County Surveyor and have been found to be definite and certain. The residential development was approved by the Board of Supervisors on May 5, 2009.

- 17. SPHERES OF INFLUENCE:** Commission determinations shall be consistent with the spheres of influence of affected local agencies (Policy 3.9.1).

**RESPONSE:** The boundaries of the parcel proposed for reorganization are fully contained within both the EID and EDH Fire spheres of influence.

In 2008, the El Dorado Hills Community Services District wrote to LAFCO staff requesting that the project be annexed into the CSD as well; however, the project site is not within the sphere of influence for the EDHCSD nor is it contiguous to the CSD's boundaries. The Alto proponents have declined to request annexation into the EDHCSD. The Commission has the discretion to amend the proposal by

ordering the annexation into the El Dorado Hills CSD if it chooses. The project would have to go back through an expedited AB-8 process to resolve any issues with the property tax allocation and the proponents would have to submit new maps. On the whole, it would not be difficult; however, it does add more steps to the process.

**(Numbered items 18-21 relate to potential effect on others and comments)**

- 18. EFFECT ON ADJACENT AREAS, COMMUNITIES OF INTEREST:** The Commission shall consider the effect of the proposal and alternative actions on adjacent areas, mutual social and economic interests and on the local governmental structure of the county (§56668(c)).

**RESPONSE:** The proposed reorganization does not break any Community of Interest. The subject parcel is located east of the El Dorado Hills Community Region, which extends west to Salmon Falls Road, and west of the established 66-lot Arroyo Vista subdivision.

Neighbors and residents from the surrounding area testified before the County Planning Commission and the Board of Supervisors to protest that development of this property is inconsistent with the rural nature of the area and increased traffic flow on Malcolm Dixon Road. As proposed, interior roads would be constructed within the Alto project area for internal circulation and access onto Malcolm Dixon Road. Access to the subdivision would be provided from an access easement to Malcolm Dixon Road, which is a County maintained road. The project would include extension of the access roadway through the parcel to the south that would provide additional access to Green Valley Road.

- 19. INFORMATION OR COMMENTS FROM THE LANDOWNER OR OWNERS:** The Commission shall consider any information or comments from the landowner or owners.

**RESPONSE:** The landowner supports the proposed reorganization and has not indicated that any additional comments or information need to be given consideration beyond the customary application materials.

In a pre-application submittal meeting with LAFCO staff, Alto's designated agent Olga Sciorelli reaffirmed the position that the landowner was not requesting annexation into the El Dorado Hills Community Services District.

- 20. EFFECT ON OTHER COMMUNITY SERVICES, SCHOOLS:** LAFCO's review of services refers to governmental services whether or not those services are provided by local agencies subject to the Cortese-Knox-Hertzberg Act, and includes public facilities necessary to provide those services.

**RESPONSE:** There are no negative impacts expected for the public service providers in the area. The following identifies the current public service providers and the expected impacts:

Police Protection: The El Dorado County Sheriff's Department would continue to provide police services for the Alto project area. Response times to the area would depend on the location of the nearest unit at the time of dispatch.

Park and Recreation Services: The subject parcels are currently within El Dorado County's Service Area 9, Zone 17 – Ponderosa Recreation Zone for park and recreation services, which is not requested to change as a part of this proposal. The El Dorado County Parks and Recreation Department is responsible for providing recreation areas and parks within the unincorporated areas not in Community Service Districts. The landowner is not requesting annexation into the El Dorado Hills CSD.

The unit of service for parks, recreation and open space is population. Per the Quimby Act and El Dorado County 2004 General Plan, three acres per one thousand persons is the requirement for parkland. The property owner will be required to pay the park-in-lieu fees based on values supplied by the Assessors' Office and calculated in accordance with the provisions of Section 16.12.090 of the County Code.

El Dorado Hills CSD operates several recreational facilities in the vicinity that can be potentially used by the future residents of the project. As non-residents, the future Alto homeowners will be paying higher admission fees for use of EDHCSD facilities to offset the cost for providing services to residents living outside the district.

Schools: The project site is located within the Rescue Union School District, the El Dorado Union High School District and the Los Rios Community College District. The students would most likely attend the following schools in El Dorado Hills: Jackson Elementary at 2561 Francisco Drive, Marina Village Middle School at 1901 Francisco Drive, and Oak Ridge High School at 1120 Harvard Way. The affected school districts will collect development impact fees from the construction of each residence to help offset the costs of providing new facilities for the additional students.

- 21. OTHER AGENCY COMMENTS, OBJECTIONS:** All affected and interested agencies are provided application related material and notified of the proposal and proposed property tax redistribution plan. Comments have been requested and shall be considered (Policy 3.1.4 (I), §56668(i)).

For district annexations and city detachments only, the Commission shall also consider any resolution objecting to the action filed by an affected agency (§56668.3(4)). The Commission must give great weight to any resolution objecting to the action which is filed by a city or a district. The Commission's consideration shall be based only on financial or service related concerns expressed in the protest (§56668.3(5b)).

**RESPONSE:** The following agencies were provided an opportunity to comment on this proposal:

- El Dorado Irrigation District
- El Dorado Hills County Water District

- El Dorado County Representing CSAs 7, 9, 9 Zone 17, 10, and 10 Zone E
- El Dorado Hills Community Services District
- El Dorado County Water Agency
- El Dorado County Resource Conservation District
- El Dorado County Department of Agriculture
- El Dorado County Office of Education
- Rescue Union School District
- El Dorado Union High School District
- Los Rios Community College District
- El Dorado County Planning Department
- El Dorado County Surveyor's Office
- El Dorado County Elections Department
- El Dorado County Sheriff's Department
- Farm Bureau

On September 16, 2008, El Dorado Hills CSD Associate Planner Kent Malonson copied LAFCO on a letter to former District I Supervisor, Rusty Dupray, requesting, among other things, that the Board of Supervisors approve the Malcolm Dixon area projects with the condition that they be annexed into El Dorado Hills CSD given the impacts the developments would have on the CSD's facilities and programs. Please note that Mr. Malonson's comments referenced all four projects in the vicinity of Malcolm Dixon Road: Alto, La Cañada, Diamante and Malcolm Dixon Estates.

Prior to initiating the reorganization in November of 2009, LAFCO staff discussed annexation into El Dorado Hills CSD with the applicant's agent, who confirmed that the landowner was not requesting annexation into the CSD. As an affected agency, the CSD was notified of the application and requested to provide comments to LAFCO. General Manager Wayne Lowery submitted written comments on January 6, 2010 stating that the future residents of the Alto Subdivision would be considered non-residents for CSD services and programs.

**(Numbered items 22-26 relate to land use, population and planning)**

- 22. FAIR SHARE OF REGIONAL HOUSING NEEDS:** The Commission shall review the extent to which the proposal will assist the receiving entity in achieving its fair share of regional housing needs as determined by Sacramento Area Council of Governments (SACOG) (§56668(I)).

**RESPONSE:** In February of 2008 the Sacramento Area Council of Governments (SACOG) Board of Directors adopted their 2006-2013 Regional Housing Needs Plan (RHNP), which allocates to SACOG cities and counties their "fair share" of the region's projected housing needs. Each city and county in the RHNP receives a Regional Housing Needs Allocation (RHNA) of total number of housing units that it must plan for within a 7.5 year time period through their General Plan Housing Elements. Allocations are distributed within four economic income categories; very low, low, moderate and above moderate. Allocation goals for the unincorporated portion of El Dorado County, are as follows:

**MHI = Median Household Income**

<b>2006-2013 Total RHNA Allocation</b>				
<b>Total Units</b>	<b>Very Low</b> <50% of MHI	<b>Low</b> 50-80% of MHI	<b>Moderate</b> 80-120% of MHI	<b>Above Moderate</b> 120+% of MHI
15,993 (100%)	4,818 (30.1%)	3,456 (21.6%)	3,002 (18.8%)	4,717 (29.5%)

This project assists the County with meeting the goals for moderate to high income levels.

- 23. LAND USE, INFORMATION RELATING TO EXISTING LAND USE DESIGNATIONS:** The Commission shall consider any information relating to existing land use designations (§56668(m)).

**RESPONSE:** In May of 2009, the Board of Supervisors approved a request to change zoning of the Alto Subdivision site from Exclusive Agricultural (AE) to Estate Residential Five-Acre / Planned Development (RE-5/PD). The land use designation is Low Density Residential (LDR). The reorganization and proposed development are consistent with the current zoning and land use designation of the subject territory.

- 24. POPULATION, DENSITY, GROWTH, LIKELIHOOD OF GROWTH IN AND IN ADJACENT AREAS OVER 10 YEARS:** The Commission will consider information related to current population, projected growth and number of registered voters and inhabitants in the proposal area.

**RESPONSE:** There are currently no registered voters residing in the proposal area and the subject territory is currently considered uninhabited per State Law. Upon completion of the Alto Subdivision development there will be 23 residential units, resulting in approximately 69 new residents (accounting for an average of three persons per home).

Approval of the reorganization will have a growth-inducing impact on the immediate area due to the adjacent residential developments that will also require annexation into EID and EDH Fire. If the Alto Reorganization is approved it will open the door for approval of the other projects as well. At full buildout, the four connecting Malcolm Dixon area projects will include 97 single-family residences, resulting in approximately 291 new residents, including those of the Alto project.

- 25. PROXIMITY TO OTHER POPULATED AREAS:** The Commission shall consider population and the proximity of other populated areas, growth in the area and in adjacent incorporated and unincorporated areas during the next 10 years (Policy 3.1.4 (a)).

**RESPONSE:** The subject site is substantially surrounded by existing and pending residential development. To the north there is a 23-acre developed residential parcel and an 18-acre undeveloped residential parcel, the project is bounded on the east by the Arroyo Vista Subdivision, and the pending La Cañada, Diamante and

Malcolm Dixon Estates Subdivisions are adjacent to the project on the west, southwest and southern sides. All adjacent properties are designated Low Density Residential. The proposed subdivision will conform to the surrounding zoning and land use designations (refer to Section 26).

**26. CONSISTENCY WITH GENERAL PLANS, SPECIFIC PLANS, ZONING:** The Commission shall consider the general plans of neighboring governmental entities (Policy 3.1.4(g)).

**RESPONSE:** The proposed subdivision is consistent with the zoning and land use designations of the subject parcel and surrounding areas (see Section 23 and Attachment A for further details). The development is also consistent with approved residential development in the surrounding area.

	Zoning	General Plan	Current Land Use	Planned Land Use
Project Site: (126-100-19)	RE-5/PD	LDR	Vacant Residential: approved for development	Residential: Alto, 23 lots (2 to 3-acre)
North:	RE-10 / RE-5	LDR	Residential/Vacant Residential	No changes
East:	RE-5	LDR	Residential: Arroyo Vista, 66 lots (5-acre)	No changes
South:	AE – requesting rezone to RE-5	LDR	Vacant Residential: proposed for development	Residential: Malcolm Dixon Estates, 8 lots (5-acre)
Southwest:	RE-5	LDR	Vacant Residential: approved for development	Residential: Diamante Estates, 19 lots (5 to 10-acre)
West:	RE-5/PD	LDR	Vacant Residential: approved for development	Residential: La Cañada, 47 lots (1 to 4 acre)

**27. PHYSICAL AND ECONOMIC INTEGRITY OF AGRICULTURE LANDS AND OPEN SPACE LANDS:** LAFCO decisions will reflect it's legislative responsibility to maximize the retention of prime agricultural land while facilitating the logical and orderly expansion of urban areas (Policy 3.1.4(e), §56016, 56064).

**RESPONSE:** The project site is not considered to be to be “Prime Farmland,” nor would the subdivision result in a loss of productive agricultural land or conflict with nearby agricultural uses. The project site has historically been used for grazing and prior to the RE-5/PD rezone approved by the County in May 2009, the project site was zoned for agricultural use. All lands immediately surrounding the project site are zoned RE-5 or RE-10, except for the parcel immediately to the south, which is zoned Exclusive Agriculture (AE), but is currently going through the County Planning process to request a zone change to RE-5.

- 28. OPTIONAL FACTOR: REGIONAL GROWTH GOALS AND POLICIES:** The Commission may, but is not required to, consider regional growth goals on a regional or sub-regional basis (§56668.5).

**RESPONSE:** The reorganization and development of the Alto Subdivision will contribute to the County in meeting its Regional Housing Needs Assessment goals for moderate to high income levels. The proposal will increase available market rate housing for the northern El Dorado Hills area, and will contribute to a decrease in the total available land for lower income housing categories. The County, however, may be able to meet these lower income regional housing needs allocations elsewhere. See Section 22 for more detail regarding SACOG's RHNA goals.

#### ATTACHMENTS

- Attachment A: EID & EDH Fire Boundary Map Including Adjacent Projects
- Attachment B: Landowner Application & Project Information
- Attachment C: Chief Administrative Officer Proposal Spreadsheet
- Attachment D: Facility Improvement Letter
- Attachment E: LAFCO Draft Resolution L-2010-11
- Attachment F: El Dorado County Mitigated Negative Declaration for the Alto Subdivision