

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF APRIL 27, 2011

REGULAR MEETING

TO: Ron Briggs, 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: La Canada Annexation to the El Dorado Irrigation District

LAFCO Project No. 2010-03

PROPONENTS: Betty Poole and Melvin Jackson, Landowners
Joel Korotkin, Designated Agent

DESCRIPTION OF PROJECT

This proposal is to annex three parcels, consisting of 144.07 acres, into the El Dorado Irrigation District (EID). The applicant is requesting annexation into EID in order to obtain water service and fire hydrants for a proposed 47-lot residential subdivision on APNs 126-100-18 (140.44 acres) and 110-020-12 (0.68 acres). APN 126-100-20 (2.95 acres) is a County-owned portion of Salmon Falls Road which will not require any service from EID; the roadway section is included by staff to create a more orderly district boundary. A map of the subject parcels and current EID boundaries is included as 'Attachment A' at the end of this report.

LOCATION

The properties are located in the El Dorado Hills area on the east side of Salmon Falls Road approximately three-quarters of a mile north of the intersection with Green Valley Road.

PURPOSE

Annexation of APNs 126-100-18 and 110-020-12 into EID is being requested in order to receive municipal water service and required fire hydrants for the proposed La Canada subdivision. The residential development will include 47 lots ranging in size from 1.1 to 4 acres, three open space lots totaling 63 acres and one 0.4-acre landscaped lot. The applicant plans to utilize private septic systems for each lot and is not requesting

wastewater service from EID. The subdivision was also conditioned by the Board of Supervisors to include annexation into EID prior to filing the final map.

APN 126-100-20 is a non-taxable portion of Salmon Falls Road owned by El Dorado County. Inclusion of the roadway parcel was recommended by LAFCO staff in order to create a more orderly service boundary for EID (please refer to the "Background" below).

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 annexation and direct staff to file a Notice of Determination in compliance with CEQA and local ordinances implementing the same.
2. Adopt LAFCO Resolution L-2011-05 (Attachment G), adding any additional conditions the Commission finds appropriate and approve the La Canada Annexation to the El Dorado Irrigation 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

After careful consideration of the 28 factors listed in Government Code §56668 and LAFCO Policies, staff has concluded that annexation into EID is necessary to provide municipal water services to the proposed 47-home subdivision and is in the best interests of the future residents.

BACKGROUND

County Approval

The La Canada tentative map was approved by the El Dorado County Board of Supervisors in January of 2010. The approval rezoned the project site from Estate Residential Five-Acre (RE-5) to Estate Residential Five-Acre with a Planned Development Overlay (RE-5-PD), to utilize the density bonus provision which allows clustering of lots and a reduction in the minimum parcel size of five acres. The density bonus will allow 19 additional residential lots beyond what would typically be allowed under RE-5 zoning for the 141 acres. The proposed open space area of 63 acres is approximately 43% of the project site, which exceeds the 30% required by the density bonus provision; New York Creek was excluded from the density calculations. The project is scheduled to be completed in three phases: Phase I would complete 24 lots, Phase II would encompass 18 lots and Phase III would encompass the remaining five lots.

LAFCO Application

The landowners initiated the annexation petition for APNs 126-100-18 and 110-020-12 with LAFCO in April of 2010. As part of our standard agency notification process, LAFCO sent out project notices requesting comments to all affected agencies in May 2010. After reviewing comments submitted by the El Dorado County Surveyor’s Office, LAFCO staff recommended that the proposal be amended to include the County roadway parcel, APN 126-100-20. With consent from the La Canada landowners and Gayle Erbe-Hamlin, former Chief Administrative Officer for El Dorado County, the parcel was included in the petition. For reference, a similar request to annex a County-owned portion of Salmon Falls Road into EID was approved by the Commission in February 2007, as part of the Naef Reorganization (LAFCO Project No. 05-06).

It should be noted that LAFCO did not receive a response from El Dorado Hills Community Services District regarding the project. Prior to initiating the project, LAFCO staff discussed possible annexation into the CSD for park and recreation services with both the applicants’ attorney and the landowner’s designated agent at the time; however, both parties affirmed that the annexation application was for EID services only (see #6 below).

Adjacent Developments

The La Canada property represents the northwestern 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, all of which have been approved by the County since 2009, including the Alto subdivision to the east, the Diamante subdivision to south and the Malcolm Dixon Estates (formerly Chartraw) subdivision to the southeast. All four projects were conditioned by the County to require annexation into EID for water services only, with private septic systems being utilized in the area. Diamante and Malcolm Dixon Estates will also require annexation into the El Dorado Hills Bounty Water District (EDH Fire) for fire protection. The Commission approved the Alto Reorganization into EID and EDH Fire in May of 2010. To date, LAFCO has not received petitions regarding the Diamante or Malcolm Dixon Estates projects.

Given the known adjacent developments, the Commission should evaluate the La Canada annexation in context with these other projects and the ultimate expected service demand in the area. 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
La Canada	144 acres, 47 lots (1-4 acres), density bonus applied	EID	47	Approved by BOS January 2010; LAFCO consideration of annexation March 2011
Alto	82 acres, 23 lots (2-3 acres), density bonus applied	EID and EDH Fire	25	Approved by BOS May 2009; Reorganization approved by LAFCO May 2010
Diamante	113 acres, 19 lots (5-10 acres)	EID and EDH Fire	59	Approved by BOS October 2009; <i>No LAFCO application</i>
Malcolm Dixon Estates	40 acres, 8 lots (5 acres)	EID and EDH Fire	24	Approved by BOS June 2010; <i>No LAFCO application</i>
Totals	376 acres,		155	

	97 residences		EDUs	
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CEQA

El Dorado County, as the Lead Agency for the project, prepared and certified a Mitigated Negative Declaration (MND) for the project on January 19, 2010. The environmental impacts of the annexation 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 service and fire hydrants will be necessary for the proposed 47-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 12 new fire hydrants to provide structural protection for the proposed subdivision.
Timely availability of adequate water supply	3 – Consistent	EID amended one of its existing contractual commitment agreements to make available approximately 700 EDUs for purchase in the El Dorado Hills supply area until January 2015. An estimated total of 47 EDUs will be required to serve the La Canada subdivision. To serve the entire area, 155 EDUs will be required.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Alternatives to service, other agency boundaries, and local gov't structure	4 – Consistent	There are no other reasonable alternatives to provide potable water to the future 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 residents.
Coordination of applications	6 – Consistent	Agents for the project were clear that the applicants are not requesting annexation into EDHCSD; two project notices were sent to the CSD, but EDHCSD did not respond. Wastewater service is not requested from 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 La Canada project, as well as adjacent developments.
Effect of proposal on cost & adequacy of service in area and adjacent areas	8 – Consistent	Property tax revenue, 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 annexation 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 La Canada residents.
Sufficiency of revenues, per capital assessed valuation	10 – Consistent	EID should receive sufficient revenue for providing services to the proposed development. The EDC Emergency Services Authority protested the agreed upon property tax redistribution.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Revenue producing territory	11 – Consistent	Collected revenue is expected to offset the cost of providing water service to the subject area; however, the revenue is not expected to exceed those costs.
56668.3 “best interest”	12 – Consistent	The annexation is supported by the current landowners and EID.
Boundaries: logical, contiguous, not difficult to serve, definite and certain	13 – Consistent	The La Canada project site is within EID’s sphere of influence and is adjacent to EID’s service area to the east and west. The annexation will connect the recently annexed Alto project site to the EID service area west of Salmon Falls Road (refer to Attachment A).
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 – Consistent	The annexation will create contiguity between the greater EID service area to the west of Salmon Falls Road and the recently annexed Alto project site to the east, eliminating what is now an irregular boundary line.
Conformance to lines of assessment, ownership	16 – Consistent	The boundaries of the proposed annexation 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 annexation are fully contained within the EID sphere of influence.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Effect on adjacent areas, communities of interest	18 – To Be Determined by the Commission	Neighbors and residents from the surrounding area protested La Canada during the County process, but no public comments have been received during the LAFCO process.
Information or comments from landowners or owners	19 – Consistent	The landowners support the annexation petition. In a pre-application submittal meeting, La Canada's attorney reaffirmed that the applicants were not requesting 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 – Consistent	LAFCO has not received any comments from the affected agencies or the public in response to the proposed annexation.
Fair share of regional housing needs	22 – Consistent	Annexation into EID and development of the La Canada 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 annexation and proposed development are consistent with the RE-5/PD zoning and LDR land use designation, utilizing the Density Bonus provision.
Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years	24 – Consistent	Upon development, the La Canada project will add 47 homes and approximately 141 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.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Proximity to other populated areas	25 – Consistent	The proposed subdivision will conform to the surrounding zoning and land use designations. The La Canada subdivision is substantially surrounded on all sides by Low Density Residential development, including the pending Alto, Diamante and Malcolm Dixon Estates projects.
Consistency with General Plans, specific plans, zoning	26 – Consistent	The proposed subdivision is consistent with the current zoning (RE-5/PD) and land use designations (LDR) of the subject parcels and with existing and approved residential development in the surrounding area.
Physical and economic integrity of agriculture lands and open space	27 – Consistent	There are no agricultural activities on or near the project area. The project site and neighboring properties are designated for low- and medium-density residential development.
Optional factor: regional growth goals and policies	28 – Consistent	The proposed subdivision will assist the unincorporated part of the County in achieving its RHNA goals by providing 47 units of Above Moderate housing.

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 annexation is made subject to Government Code §56650 et. seq. by landowner petition.
2. The territory proposed for annexation is within the sphere of influence of the El Dorado Irrigation District and is contiguous to the existing boundary. The annexation 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 annexation 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 annexation will not have an adverse effect on agriculture and open space lands.
6. The annexation 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 annexation 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 proposal is to annex the proposed La Canada development (approximately 144 acres) into EID for the provision of municipal water service. La Canada is a planned subdivision consisting of 47 single family homes, three open space areas and one landscaped lot. The annexation will allow for the provision of essential development supporting services such as water and fire hydrants 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.

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 has affirmed that they are able to provide the necessary services within the time frame anticipated by the applicant.

EID prepared *Facility Improvement Letter FIL0110-001* (FIL, Attachment E) for the La Canada project on January 7, 2010, which outlined the existing infrastructure

near the subject site, stated the fire flow requirements from the El Dorado Hills County Water District 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 southeast corner of this project. An existing 18-inch water line runs from the tank site, west to Salmon Falls Road. The El Dorado Hills County Water District (EDH Fire) has reviewed the La Canada project and determined that the minimum fire flow for the project is 1,500 gallons per minute for a two-hour duration while maintaining a 20-psi residual pressure. EDH Fire has also determined that 12 new fire hydrants are necessary to provide structural protection for the proposed subdivision.

In order to provide this fire flow and receive water service, the applicant will be required to build a new booster pump station near the tank site and construct a water line extension to the project site. The booster pump station will need to provide both domestic flows and fire flow. EID is also requiring the applicant to identify 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 pending Alto, Diamante and Malcolm Dixon Estates projects as well.

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 47 EDUs will be required to serve the La Canada 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 Canada, 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 La Canada applicant has not yet submitted an annexation application to EID.

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 La Canada subdivision. EID is the only public water service provider for the subject area and private wells are not feasible given the density and the expected demand of the 47-lot subdivision.

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.

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:Additional EID Services

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.

Park and Recreation Services

The La Canada site is located directly east of the El Dorado Hills Community Services District (EDHCSD) boundaries, which extend to the other side of Salmon Falls Road; however, the site is not within the CSD's sphere of influence.

Prior to initiating the project, LAFCO staff discussed possible annexation into the CSD with the applicant's agent since it is reasonable to conclude that the future residents of the La Canada subdivision would utilize nearby EDHCSD park and recreation facilities. The agent confirmed that the annexation application was for EID services only.

As an affected agency, EDHCSD was notified of the application and requested to provide comments to LAFCO; however, LAFCO did not receive a response from the CSD regarding the project. In accordance with the landowner request and lack of response from EDHCSD, LAFCO staff is only recommending annexation into EID at this time. However the Commission has the authority and the discretion to amend the proposal to include annexation to the CSD if it sees fit.

Road Maintenance and Drainage

The County conditionally approved the project to require the property owners to complete on-site roadway improvements and offers of dedication for said roads. Additionally, prior to filing the final map, the applicant shall form an entity satisfactory to the Department of Transportation, to maintain all on-site roads and drainage facilities not maintained by the County. Road maintenance and drainage services will likely be provided by either a private homeowner's association with assessment authority, or through a newly-created zone of benefit administered through the County.

(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 La Canada 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 La Canada 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.

- 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 has negotiated and approved a property tax increment agreement with the County for the annexation territory (see Section 10 below for more information). In addition to tax revenue; facility connection charges and other charges will support the cost of services. The annexation is expected to provide revenue that will offset the short and long-term costs to the District.

- 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 annexation to EID is the most logical alternative to provide necessary water service to the La Canada 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 47 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.

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

RESPONSE: The current assessed value of the subject parcels is \$151,680. APN 126-100-18 (140 acres) is assessed at \$150,660 and APN 110-020-12 (0.68 acres) is assessed at \$520 and the County-owned parcel is inactive and non-taxable. The act of annexation in and of itself would not result in an increase in the assessed value; however, a significant increase in the assessed value would be expected to occur as a result of the subdivision and subsequent construction of residences.

El Dorado County and EID completed negotiations for a redistribution of property tax increments and adopted respective resolutions accepting the property tax increment distribution plan shown in Attachment D, with EID receiving 2.667% of the property tax revenue for the annexation area. Based upon this agreement, various District fees and the applicant's responsibility for covering the cost of extending necessary infrastructure, EID should receive sufficient revenue for

providing service to the proposed subdivision.

During the property tax redistribution process, the El Dorado County Emergency Services Authority expressed its dissatisfaction with this annexation and the redistribution of property taxes. The agency submitted a letter to the County Board of Supervisors expressing concern over the potential loss of property tax increment from these properties as a result of the annexation. Ultimately, in order to grant EID a 2.667% share of the property taxes, the County reduced the property tax increment of all agencies whose service boundaries encompass the subject parcels. Among the agencies impacted, County Service Area 7's portion, which provides funding to the El Dorado County Emergency Services Authority, was reduced by 0.0941% to a total of 2.0205% (see Attachment D).

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

RESPONSE: The La Canada subdivision will consist of 47 single family homes upon subdivision. The total assessed value of the subject area is expected to increase as a result of the annexation, subdivision and proposed development. EID will collect revenue through user charges, 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 service 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 annexation appears to be consistent with LAFCO and EID policies and is in the best interests of the future residents of the La Canada subdivision by providing essential services to the proposed residential development. The annexation is supported by the current landowners and EID.

(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 La Canada project site is within EID's sphere of influence and is adjacent to EID's service boundaries to the east and west. The annexation will connect the recently annexed Alto project site to the EID service area west of Salmon Falls Road (refer to Attachment A). Water lines are nearby and can be extended to the subject area without any foreseeable problems.

- 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: Vegetation on the project site is predominantly dense oak woodland with minor grassland on gently rolling to steep terrain. The site is situated at an elevation range from approximately 510 to 810 feet above sea level and generally slopes from the east to west. The project topography is dominated by three westerly flowing ephemeral drainages, which have flowing water in them only during or immediately after rainstorms. A perennial creek, New York Creek, exists on the southwestern portion of the project site, adjacent to Salmon Falls Road. The site is currently accessed via dirt road from Salmon Falls Road approximately one mile north of the intersection with Green Valley Road. There are no topographical features that will hinder service to this area.

According to the FEMA Flood Information Rate Maps, the La Canada 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 annexation will create contiguity between the greater EID service area to the west of Salmon Falls Road and the recently annexed Alto project site to the east, eliminating what is now an irregular boundary line (see 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 annexation 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 January 19, 2010.

- 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 parcels proposed for annexation are fully contained within the EID sphere of influence. The project site is not within the sphere of influence for the EDHCS, but it is adjacent to the CSD's boundaries on the opposite side of Salmon Falls Road. However, the La Canada proponents are not requesting annexation into the EDHCS and the CSD has not submitted any comments to LAFCO regarding the La Canada project.

The Commission does have the discretion to amend the proposal by ordering 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.

(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 annexation does not break any Community of Interest. The subject parcels are located directly east of the El Dorado Hills Community Region, which extends to the west of Salmon Falls Road. The proposed annexation will primarily benefit only the future residents of La Canada subdivision.

Throughout the County approval process, neighbors and residents from the surrounding area protested La Canada and the other Malcolm Dixon area projects for being inconsistent with the rural nature of the area and increased traffic flow on Malcolm Dixon Road. However, throughout the LAFCO process staff has not received any comments from the public regarding La Canada since the project was initiated.

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

RESPONSE: The landowners support the annexation petition and have 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, La Canada's attorney, Joel Korotkin, reaffirmed that the applicants were 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 La Canada 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 applicants are 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 La Canada 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 (l), §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 Emergency Services Authority
- 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

As part of the standard notification process, LAFCO sent a project notice requesting agency comments to all affected agencies in May 2010 and a project hearing notice in January 2011. LAFCO has not received any comments from the above affected agencies or the public in response to the proposed annexation.

The El Dorado Hills CSD submitted comments to the Board of Supervisors back in 2008 requesting the annexation into the CSD, but the CSD has not submitted any comments to LAFCO since the annexation was initiated in April 2010.

(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(l)).

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

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

Annexation into EID and development of the La Canada subdivision will increase the available market rate housing for the El Dorado Hills area. According to the project engineer, the estimated selling price range for the future La Canada residences is approximately \$700,000, which would assist the County with meeting the goals for above moderate 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 January of 2010, the Board of Supervisors approved a request to change zoning of the La Canada 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 annexation and proposed development are consistent with the RE-5/PD zoning and LDR land use designation, utilizing the Density Bonus provision.

- 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 La Canada development there will be 47 residential units, resulting in approximately 141 new residents (accounting for an average of three persons per home).

LAFCO's May 2010 approval of the Alto Reorganization partially opened the door for approval of the other Malcolm Dixon area projects as well. Approval of the La Canada annexation will contribute to a growth-inducing impact on the immediate area due to the adjacent residential developments that will also require annexation into EID and in some cases, El Dorado Hills County Water District for fire protection. 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 La Canada 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 the pending Alto, Diamante and Malcolm Dixon Estates subdivisions are adjacent to the project on the eastern, southern and southeastern 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 project parcels are in an area that has been designated by the General Plan for Low Density Residential uses. Currently, a majority of the land surrounding the project site is undeveloped at its potential density; multiple projects have been approved to subdivide and develop the property immediately adjacent to

the project site to the east, southeast and south. These projects include the Alto LLC subdivision, the Diamante Estates subdivision and the Malcolm Dixon Road

Estates subdivision. Once constructed, the density character of these subdivisions would be very similar to that proposed by the La Canada subdivision. Land to the north and west of the project site is already developed with low-density rural residential development.

The proposed subdivision is consistent with the zoning and land use designations of the subject parcels 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: 126-100-18 and 110-020-12	RE-5/PD	LDR	Vacant Residential: approved for development	Residential: La Canada, 47 lots (1 to 4-acre) with density bonus
North:	RE-5	LDR	Residential	No changes
East:	RE-5/PD	LDR	Vacant Residential: approved for development	Residential: Alto, 23 lots (2 to 3-acre) with density bonus
Southeast:	RE-5	LDR	Vacant Residential: approved for development	Residential: Malcolm Dixon Estates, 8 lots (5-acre)
South:	RE-5	LDR	Vacant Residential: approved for development	Residential: Diamante Estates, 19 lots (5 to 10-acre)
South:	RE-5	LDR	Residential/Vacant Residential	No changes
West:	RE-5, RE- 10, RF	MDR, OS	Residential/ Open Space (Folsom Lake area)	No changes

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: There are no agricultural activities on or near the project area. The project site and neighboring properties are designated for low-density residential development. The area directly to the west of the project site across from Salmon Falls Road is designated for medium-density residential development, except for the area immediately surrounding Folsom Lake, which should not be affected by the proposed subdivision. The El Dorado County Resource Conservation District and Agricultural Department have reviewed the project and did not identify important agricultural preserves or districts within the project area.

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 annexation and development of the La Canada subdivision will contribute to the County in meeting its Regional Housing Needs Assessment goals for above moderate 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: Proposal Map
- Attachment B: Landowner Application & Consent
- Attachment C: Plan for Services, prepared by the Applicant
- Attachment D: BOS Property Tax Redistribution
- Attachment E: EID Facility Improvement Letter
- Attachment F: Mitigated Negative Declaration, prepared by El Dorado County
- Attachment G: Draft Resolution L-2011-05