

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

EXECUTIVE OFFICER'S REPORT

AGENDA OF FEBRUARY 28, 2007

REGULAR MEETING

TO: Ted Long, Chairman, 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: Naef Reorganization

LAFCO Project No. 05-06

PROPONENT(S): Rodney and Kathryn Naef; Ken and Peggy Christensen;
Marie Mitchell and Shan Nejatian; El Dorado County

DESCRIPTION OF PROJECT

This proposal is to annex four parcels, totaling approximately 18.59 acres, into the El Dorado Irrigation District (EID) and the El Dorado Hills Community Services District (EDHCSD) with concurrent detachment from Zone 17 of CSA 9. The territory proposed for reorganization includes parcels 110-430-04 (Naef, 5.05 acres), 126-100-22 (Christensen, 10.97 acres), 110-020-30 (Mitchell, 2.25 acres) and 126-100-21 (El Dorado County, 0.66 acres). The four parcels are contiguous to one another and both subject agencies' service boundaries.

PURPOSE

The Naef and Christensen parcels wish to annex in order to obtain potable water for the existing homes on their properties. Both properties currently have private wells which have a history of poor production and an increasing likelihood of running dry. The landowners are concerned about the viability of their wells in the future and would like to receive municipal water. The Mitchell and County properties are included in the reorganization in order to create more logical district boundaries, and to eliminate the creation of a service island within the districts' boundaries.

The Naef and Christensen parcels are fully developed and each contains one single-family residence. Mr. Naef has expressed an interest in demolishing his home (built in 1976) and using the same pad to rebuild another home of comparable size. The Christensen parcel is expected to remain as is.

The Mitchell property is currently undeveloped and is likely to remain so in the future. The property is directly adjacent to another 22-acre parcel under the same ownership. This larger parcel is west of the proposal territory and is completely within EID and EDHCSD boundaries. The landowner has been in discussion with the County Planning Department regarding future plans to merge the two parcels and then re-subdivide them into seven smaller parcels of approximately 3-3½ acres each. The original 2.25-acre parcel requesting annexation would be split between two of these seven parcels. At the request of LAFCO staff, the landowner provided a copy of the preliminary Tentative Subdivision Map showing that there is no building proposed for the area that is currently known as APN 110-020-30 due to steep terrain. Although the 2.25-acre parcel would become part of two larger parcels to be developed, the topography would limit the building site to the area of land already within EID and EDHCSD boundaries. The parcel would add to the acreage of the proposed lots, but would most likely not be the primary building site. The steep slope of parcel 110-020-30 prevents the likely construction of a home, when there is a more suitable site elsewhere on the proposed lot. This was verified during a site visit conducted by LAFCO staff.

Parcel 126-100-21 is owned by the County and is actually two very small pieces of land that serve as turnout areas on the west side of Salmon Falls Road. The pieces of land do not touch; however, they are considered one parcel with one APN.

The Christensen and County-owned properties were renumbered by the County Assessor's Office, effective April 2006, in a mass renumbering of parcels in the El Dorado Hills area. The Christensen parcel was renumbered from 067-051-05 to 126-100-22; the County parcel number was renumbered from 067-051-04 to 126-100-21. The Naef and Mitchell APNs listed above have not changed.

RECOMMENDATIONS

Staff recommends that the Commission take the following actions:

1. Recognize that El Dorado LAFCO, as the lead agency for the reorganization, conducted an Environmental Review for the Naef and Christensen parcels (APNs 110-430-04 and 126-100-22) under the California Environmental Quality Act (CEQA) and determined that a Categorical Exemption #19 [CEQA Guideline §15319(a)] was the appropriate Environmental Review document for this portion of this reorganization; and direct staff to prepare a Notice of Exemption pursuant to Title 14, Chapter 3, Section 15096 (Responsible Agency) of the California Code of Regulations for this action.
2. Recognize that El Dorado LAFCO, as the lead agency for the reorganization, conducted an Environmental Review for the Mitchell and County-owned parcels (APNs 110-020-30 and 126-100-21) under the California Environmental Quality Act (CEQA) and determined that a General Exemption [CEQA Guideline §15061(b)(3)]

was the appropriate Environmental Review document for the County-owned turnout portion of this reorganization; and direct staff to prepare a Notice of Exemption pursuant to Title 14, Chapter 3, Section 15096 (Responsible Agency) of the California Code of Regulations for this action.

3. Adopt LAFCO Resolution L-2007-03 (Attachment E), adding any additional conditions the Commission finds appropriate and approve the Naef Reorganization; LAFCO Project No. 05-06.
4. Waive the Conducting Authority Proceedings subject to Government Code §56663 and local policies.
5. Direct the Executive Officer to complete the necessary filings and transmittals as required by law.
6. 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

The Naef and Christensen properties have wells that are not producing adequately and they anticipate well failure in the future. Numerous attempts have been made to drill new wells with no success. Annexation into EID is necessary to provide municipal water to the residences. Annexation into the EDHCSD is requested to provide park and recreation facilities, street lighting and landscaping, solid waste management and recycling services to the residential parcels. The Mitchell and County-owned properties were included in this reorganization in order to create a more logical boundary for each district and to avoid the creation of a service island that may require future LAFCO action.

LOCATION

The properties are located in the El Dorado Hills area on the west side of Salmon Falls Road, approximately 1.1 miles north of the intersection with Green Valley Road.

CEQA

El Dorado LAFCO is the Lead Agency for all aspects of the Naef Reorganization. Based on differing current land uses and any potential future development plans for each parcel, LAFCO determined that separate environmental reviews were necessary for the different properties involved in the reorganization.

The Naef and Christensen portions of the reorganization are exempt from the provisions of the California Environmental Quality Act (CEQA) under §15319(a) of the Public Resources Act (Annexations of Existing Facilities). In particular, this section provides for the annexation of an area containing an existing private structure that is allowed under current zoning. Both parcels contain existing residences that are in conformance with current zoning. No additional development on either of these parcels is contemplated or

allowed under current zoning, beyond a secondary residence of less than 1,200 square feet.

A General Exemption under State Code §15061(b)(3) is appropriate to address the Mitchell and County-owned portions of the project. This exemption states that activities that can be seen with certainty as having no possibility of having a significant effect on the environment are not subject to CEQA. Steep topography on the Mitchell parcel prohibits future development on this portion of land, and the County-owned turnouts along Salmon Falls Road are not feasible for development due to their limited size. Future uses of these two parcels are expected to remain unchanged as a result of this reorganization. These parcels were included in this reorganization in order to create a more logical boundary for each district and to avoid the creation of a service island that may require future LAFCO action.

BACKGROUND

Mr. Naef contacted LAFCO in February 2005 to request annexation into EID due to poor well production and the desire to rebuild his existing home. Upon the advice of LAFCO staff, the County-owned turnouts were added to the proposal to achieve a more orderly boundary, and the proposal was modified to annex both parcels into the EDHCSD in addition to EID to allow for other needed services. Mr. Naef consented to these modifications in April of 2005. In January 2006 the Christensen and Mitchell properties were added to the reorganization proposal as a consolidation of applications.

The Naef's and Christensen's have private wells that have a history of poor production. During past dry years, the water flow has slowed to ½ - 1 gallon per minute. They have made several unsuccessful attempts to drill new wells and currently utilize large water storage tanks to offset the poor pressure.

The Mitchell parcel is currently undeveloped and is likely to remain so in the future for the reasons outlined above. Per conversations with the landowner and County Planning, it is likely that the landowner will submit plans to merge the 2.25-acre parcel with a 22-acre parcel directly adjacent to the west. This larger parcel is entirely within both the EID and EDHCSD service boundaries. The landowner will then apply to subdivide the new parcel into seven smaller lots. Upon approval from the County, the Mitchell parcel would become part of lots #7 and #8 within the subdivision. The proposed lot #8 has an existing home and is not expected to undergo further development after the subdivision occurs. Topography would limit the feasibility of building on the original Mitchell property and development would likely occur in another area of the proposed lot #7.

The County-owned turnouts are located on the west shoulder of Salmon Falls Road, and provide a wide area for vehicles to pull over or turn around. These two small pieces of land are currently maintained open space and are expected to remain as such in the future.

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	The reorganization will allow for municipal water and park and recreation services for the developed properties; inclusion of the County turnouts and the Mitchell property will allow for more orderly district boundaries.
Ability to serve, level and range of service, time frames, conditions to receive service	2 – Consistent	EID and EDHCSD have stated they have the ability and necessary resources to serve the four parcels upon approval of the annexation.
Timely availability of adequate water supply	3 – Consistent	The proposal will require 2 EDUs of water. The current availability in this service area is 1,151 EDUs, before subtracting current contractual commitments. EID currently has sufficient water available in the EDH area, but infrastructure restrictions limit the availability.
Alternatives to service, other agency boundaries, and local gov't structure	4 – Consistent	EID is the logical service provider for municipal water; there are no other water purveyors located in this area of the County; private wells are not feasible options due to poor well production and failed attempts to drill new wells. The alternative to annexing into EDHCSD is to remain in CSA 9, Zone 17 for park and recreation related services.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Significant negative service Impacts	5 – Consistent	There are not expected to be any negative service impacts to current EID and EDHCS customers by approval of this reorganization.
Coordination of applications	6 – Consistent	No other services are needed for the properties; the original petition was modified to include all four parcels in an effort to consolidate applications.
Present cost/adequacy of governmental services, including public facilities	7 – Consistent	Present and planned services and facilities appear adequate to serve the subject parcels without any negative cost or service impacts to current customers.
Effect of proposal on cost & adequacy of service in area and adjacent areas	8 – Consistent	There are no foreseeable external costs involved to the subject agencies or their current customers in adjacent areas.
Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas	9 – Consistent	The proposal appears to be the most logical alternative for needed services. The existing private wells have a history of poor production and potable water delivery is too expensive to use as a permanent solution.
Sufficiency of revenues, per capital assessed valuation	10 – Consistent	The reorganization is expected to provide sufficient revenue to the agencies to support the extension of services.
Revenue producing territory	11 – Consistent	No significant revenue generation is proposed; collected revenue should offset the cost of providing services.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
56668.3 "best interest"	12 – Consistent	The proposal is consistent with LAFCO, EID and EDHCSD policies; the reorganization is supported by the current landowners and both annexing agencies.
Boundaries: logical, contiguous, not difficult to serve, definite and certain	13 – Consistent	The parcels are contiguous to the EID and EDHCSD service boundaries and existing water infrastructure is nearby. The annexation area will not be difficult to serve.
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 reorganization will not create an irregular boundary, island, peninsula, cherry stem or flag configuration.
Conformance to lines of assessment, ownership	16 – Consistent	The proposal encompasses the entire parcels and the maps have been reviewed and approved by the County Surveyor.
Spheres of Influence	17 – Consistent	The boundaries for the reorganization proposal are fully contained within the EID and EDHCSD spheres of influence.
Effect on adjacent areas, communities of interest	18 – Consistent	The proposed reorganization does not break any Community of Interest, nor will it affect the social or economic interests of adjacent areas.
Information or comments from landowners or owners	19 – Consistent	All landowners owning 100% of the subject properties have given their written consent for the proposed reorganization.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Effect on other community services, schools	20 – Consistent	There is not expected to be any significant effect on the need for additional community services as a result of this reorganization.
Other agency comments, objections	21 – Consistent	No significant comments or objections were received from any of the notified agencies.
Fair share of regional housing needs	22 – No effect	The reorganization will neither contribute to, nor hinder, the County in achieving its fair share of regional housing needs.
Land use, information relating to existing land use designations	23 – Consistent	All four parcels have a MDR land use and three of the four are zoned RE-10; the fourth is zoned RE-5. The current land use is consistent with the designations, which will not change upon reorganization.
Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years	24 – Consistent	There are currently five registered voters residing in the proposal area. Population of the parcels is not expected to change as a direct result of the reorganization.
Proximity to other populated areas	25 – Consistent	Surrounding land uses are primarily residential. The subject parcels are entirely within the El Dorado Hills Community Region.
Consistency with General Plans, specific plans, zoning	26 – Consistent	The proposed reorganization is consistent with the future planned use and surrounding land uses. The proposal is consistent with the County General Plan.
Physical and economic integrity of agriculture lands and open space	27 – Consistent	The proposal area does not contain choice soils; the reorganization will not affect any agricultural operations in the area.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Optional factor: regional growth goals and policies	28 – Unknown	Neither SACOG nor SPO could provide applicable regional growth goals and policies.

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 petition of the landowners.
2. The territory proposed for reorganization is within the Sphere of Influence of the El Dorado Hills CSD and El Dorado Irrigation District and is contiguous to the existing boundary. The reorganization will provide more logical and orderly boundaries.
3. The project is exempt from the provisions of the California Environmental Quality Act under the Sections 15319(a) and 15061(b)(3) of the Public Resources 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 build-out 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.
7. Make the determinations as specified LAFCO Resolution L-2007-03 (Attachment E).

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 to annex into EID is to receive potable water service for two existing homes. Annexation would result in the installation of two water meters; one for the Naef property and one for the Christensen property. The current private wells have a history of poor production that is estimated to be as low as one half gallon per minute in dry years. The landowners have made unsuccessful attempts to drill new wells and currently utilize large storage tanks to subsidize the inadequate water pressure. There are no other water purveyors in this area of the County that may feasibly extend services to the site. Annexation into EDHCS D is proposed in order for the parcels to receive park and recreation related services.

Annexation of the Mitchell and County-owned properties into EID and EDHCS D is requested at this time in order to create a more logical boundary for the districts. Inclusion of the Mitchell parcel eliminates the creation of a service island outside of both district boundaries. In addition, this consolidation of applications eliminates the need for Mitchell to submit a separate petition in the future if the County approves the subdivision plans. Inclusion of the County turnouts extends the reorganization boundary to the western edge of Salmon Falls Road.

Both subject agencies involved in the reorganization have indicated they have the necessary capabilities to service the area.

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: A Facility Improvement Letter (FIL) from EID, dated April 12, 2005, states that an 18-inch water line exists to the east of the project site in Salmon Falls Road and a 14-inch water line exists to the north in Lakehills Court. The El Dorado Hills County Water District has determined that the minimum fire flow for this project is 1000 gallons per minute for a 2-hour duration while maintaining a 20-psi residual pressure. In order to provide this fire flow and receive service, a water line extension connecting to one of the existing water lines must be constructed. This would allow the capacity to provide for the required residential and fire protection needs of the proposal. Upon annexation approval, EID can begin to provide these services after the necessary infrastructure improvements are made and payment of district connection fees is received. The four parcels will receive services from EDHCS D in the form of park and recreation facilities and related services, street lighting and landscaping, solid waste management, recycling services, CC&R

enforcement and cable television services. EDHCSD can begin to provide these services upon annexation approval.

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

RESPONSE: The subject parcels are within EID's El Dorado Hills Water Supply Region. With the addition of Permit 21112 water (17,000 acre-feet) to EID's supplies, water availability in the El Dorado Hills area is restricted largely by infrastructure capacities. The full 17,000 acre-feet of water supply cannot be utilized by the district until additional capacity expansions take place at the El Dorado Hills Water Treatment Plant (EDHWTP). Because infrastructure, rather than supply, is the limiting factor in delivering water, the infrastructure based yield is used to determine EDU availability for the region. According to EID's 2006 Water Resources and Service Reliability Report, there are 1,151 unallocated EDUs available in this region, before taking into account the 3,858 EDUs of El Dorado Hills contractual commitments for 2006, which brings the current availability to -2,707 EDUs. The reorganization will require 2 EDUs to serve the two existing homes.

For 2006, the water meter availability based on the infrastructure based yield is less than the contractual commitments; however, meter availability is expected increase once the EDHWTP undergoes planned expansions. The current capacity of the EDHWTP is 19.5 million gallons per day (mgd). EID plans to begin Phase I of the expansion in 2007, which will increase the capacity to 24.4 mgds. This will increase the unallocated EDUs to 418, assuming the same number of contractual commitments as 2006 (24.4 mgds is approximately 14,000 acre-feet, minus the same 10,579 acre-feet of total potential demand, divided by a conversion factor of 0.80 = 4,276 EDUs – 3,858 EDUs of 2006 contractual commitments leaves 418 EDUs available). All meters are available on a first-come first-serve basis.

While EID has current commitments that exceed supply capacity, it is not expected that these commitments will become "due" in the time between LAFCO approval of this annexation and expansion of the EDHWTP. After reviewing the contractual commitments and EID's expected timeline for the Phase I of the expansion, LAFCO staff estimates that the necessary infrastructure expansion will be completed before a significant number of the contractual commitments are realized.

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 public service alternatives for the delivery of municipal water to the subject parcels. The landowners have made numerous

attempts to drill new wells; however, these efforts have not resulted in viable wells that produce sufficient quantities of water to support the existing homes. Given the poor well production history and failed attempts to drill new wells, private wells are not feasible options for the landowners. Due to the great expense of delivering potable water, this practice is not a realistic alternative for the landowners.

EDHCSD is the logical park and recreation service provider for the subject parcels. The parcels are already within the EDHCSD sphere of influence and service can be easily extended to the area. There are no other community service districts that could extend services to these parcels. The only other alternative is for the parcels to remain in County Service Area 9, Zone 17 for park and recreation related services.

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. Only two new meters will be installed if the annexation to EID is approved. Connection fees and user charges, along with the negotiated 2.667% property tax increment, will offset any impacts that the annexation will have on current EID customers. EID staff has confirmed that before each FIL is generated, an analysis of neighboring customer usage and expected new customer usage is conducted to determine the impact of additional meters to the surrounding area. EID did not find that existing customers would see a negative impact to their current level of service.

EDHCSD will receive 10.0% of the future property tax revenue from the annexed parcels, which will offset the impact that the annexation will have on the rest of the district. No development is proposed from the Christensen and County-owned parcels, but the Naef and Mitchell parcels may bring in revenue in the form of development fees in the future.

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: The subject properties are within the El Dorado Hills County Water District for fire suppression services. The two parcels with existing homes have septic systems in place to serve the wastewater needs of the residents, so wastewater services are not necessary. No other services appear to be needed to serve these properties.

The original petition for annexation to EID was submitted by Mr. Naef in the beginning of 2005. Subsequently, the project was modified to include the other

three neighboring parcels in a consolidation of applications and to include annexation of all four parcels into EDHCSD as well. Mr. Naef consented to these modifications. There are no additional neighboring properties that require reorganization or additional services.

(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: Present and planned services and facilities appear adequate to serve the subject properties with municipal water and park and recreation related services. Neither district appears to have any current service deficiencies.

EID is currently working to expand infrastructure capacity of the EDHWTP so that future demand does not exceed service capacity. Please see Section #3 for a more complete discussion of the water availability.

EDHCSD's services were reviewed in the 2004 Parks and Recreation MSR, which determined that the District has adequate resources to provide service to the area without any negative cost or service impacts to present residents.

- 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 EDHCSD are in support of the reorganization and have provided statements that they have the capacity and resources to serve these parcels without any foreseeable adverse effects to existing customers. The effect of the reorganization on overall service in the area is expected to be minor. Both EID and EDHCSD have reviewed and approved property tax sharing agreements for the subject parcels. In addition to revenue collected through property taxes, facility connection charges and user charges will support the cost of services.

- 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: At this time, there are no other water providers serving this area of the county. The alternative would be the use of private wells or transported water. These are not viable options for the landowners due to the inadequacy of the current wells, past drilling attempts and the high cost of water delivery as a long-

term solution. For park and recreation facilities, waste management and recycling services, EDHCSD is the most logical service provider because the subject parcels are within the Districts' sphere of influence, they are contiguous to the existing boundary and service can be easily extended to these properties.

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

RESPONSE: The current assessed value of each of the subject properties is as follows:

Naef	110-430-04	\$277,998
Christensen	126-100-22	\$333,088
Mitchell	110-020-30	\$102,074
El Dorado County	126-100-21	Inactive, Non-taxable

Total Assessed Value \$713,160

These values reflect the total amount after exemptions are accounted for. Upon annexation to EID and EDHCSD, the assessed values are expected to increase slightly. The County, EID and EDHCSD have negotiated a property tax revenue sharing agreement, with EID receiving 2.667% and EDHCSD receiving 10.0% of the property tax revenue. Based on these revenue share agreements, various district user fees and the applicants' responsibility for covering the cost of extending necessary infrastructure, EID and EDHCSD should receive sufficient revenue for providing service to these parcels.

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

RESPONSE: The increase in assessed valuation of the two properties is expected to be minor; no significant revenue generation is proposed. EID and EDHCSD will collect revenue through property tax increments which should offset the cost of providing services.

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 is consistent with LAFCO, EID and EDHCSD policies and appears to be in the best interests of the landowners and these agencies. The reorganization will provide essential water services and desired park and recreation services to the current residents. The proposal is supported by the 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 proposal territory is contiguous with the EID and EDHCSD boundaries to the west and is within both districts' sphere of influence. All boundaries conform to existing lines of assessment and ownership. Water lines are located nearby in Salmon Falls Road and Lakehills Court and will not be difficult to connect to. EID and EDHCSD currently serve the parcels immediately to the west of the proposal 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: Topography on the subject properties are moderate to steep. The County estimated the slopes to be between 15 and 35%. Vegetation exists in the form of native trees and grasses. There are no topographical features that will hinder service to this area.

- 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 reorganization will comprise the entire four parcels and will not create an irregular boundary, island, peninsula, cherry stem or flag configuration.

- 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 proposed boundary modifications for EID and EDHCSD 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.

- 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 for the reorganization proposal are fully contained within the EID and EDHCSD spheres of influence.

(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, nor will it affect the social or economic interests of adjacent areas. The subject parcels are entirely within the El Dorado Hills Community Region. There were no comments received from neighboring landowners regarding this proposal. The proposal is in conformance with the uses in the area and will not introduce growth-inducing effects on the adjacent parcels or on the subject properties themselves.

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

RESPONSE: Mrs. Christensen has originally expressed concerns regarding the annexation into EDHCSD; however, after discussing the matter with LAFCO staff, she consented. All landowners owning 100% of the subject properties have given their written consent for the proposed reorganization. Due to the written consent, the noticing requirement of neighbors within 300 feet of the project was not required. No comments or protest from neighboring landowners has been received.

- 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: Two of the four subject parcels are completely developed with single-family homes (Naef and Christensen). School impact fees were collected for these parcels at the time the building permits were issued. The Mitchell parcel is expected to be involved in an application to the planning department to join with a larger, neighboring parcel and then subdivide into seven smaller parcels. School impact fees will be collected prior to the construction of each residence. The fourth parcel is owned by the County and includes two small turnouts on the west side of Salmon Falls Road. This parcel does not require school services, nor is it expected to in the future.

Fire protection to the area is currently provided by the El Dorado Hills County Water District and police protection is provided by the El Dorado County Sheriff's Department. These services will not change upon approval of the reorganization.

There is not expected to be any significant effect on the need for additional community services as a result of this reorganization. No comments were received

from the local school districts, state agencies or other community service providers regarding this proposal.

- 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 County Representing County Service Areas 7, 9, 9 Zone 17, 10 & 10 Zone E
- El Dorado Irrigation District
- El Dorado Hills Community Services District
- El Dorado Hills County Water District
- El Dorado County Water Agency
- El Dorado County Resource Conservation District
- El Dorado County Planning Department
- U.S. Bureau of Reclamation
- El Dorado County Agricultural Commission
- El Dorado Union High School
- Rescue Union Elementary School
- Los Rios Community College District

No significant comments or objections were received from any of the notified agencies.

(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: The proposal will have no effect in assisting the County in meeting its Regional Housing Needs Assessment. Two of the four parcels (Naef and Christensen) are completely developed and contain single-family homes. Mr. Naef plans to demolish his existing home and rebuild one of comparable size; however,

this will still not effect the County's housing allocation. The Mitchell parcel may be merged with a larger neighboring parcel, and then subdivided into seven parcels; however this is contingent upon County approval and is not definite at this point. The County-owned turnout parcels are not likely to be developed for residential purposes. The reorganization will neither contribute to, nor hinder, the County in achieving its fair share of regional housing needs.

- 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: The Naef property is zoned Residential Estate 5-acre minimum (RE-5) and the other three parcels are zoned Residential Estate 10-acre minimum (RE-10). All four properties have a Medium Density Residential (MDR) land use designation by the 2004 General Plan. The proposed reorganization is in conformance with these designations and will not change the future use of the properties.

The surrounding land use is MDR zoned RE-10 and RE-5 to the west and Low Density Residential (LDR) zoned RE-5 to the east, across Salmon Falls Road. North of the project site is a finger of Folsom Lake which is zoned Recreational Facility (RF) and designated Open Space (OS).

- 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 five registered voters residing in the proposal area. Two of the parcels are currently developed with single family homes and the other two are undeveloped. Extension of municipal water is intended to address the problem of insufficient well production and is not expected to affect the land use. Population of the parcels is not expected to change as a direct result of the reorganization.

The Naef and Christensen parcels are already fully developed with residential structures that are consistent with the surrounding land uses. Mr. Naef has plans to demolish his existing home and replace it with another residence of comparable size. The Mitchell and County-owned parcels are currently undeveloped. The landowner of the Mitchell parcel is expected to request the County to merge the 2.25-acre parcel with an adjacent parcel under the same ownership for the purpose of subdividing it into seven smaller lots. The 22-acre adjacent lot is already fully within the boundaries of EID and EDHCS. If this request is approved, parcel 110-020-30 would become part of two subdivided lots proposed for single family homes. The County-owned turnout lanes are expected to remain in an undeveloped state.

- 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: Surrounding land uses are primarily residential. The surrounding land use is MDR zoned RE-10 and RE-5 to the west and Low Density Residential (LDR) zoned RE-5 to the east, across Salmon Falls Road. North of the project site is a finger of Folsom Lake which is zoned Recreational Facility (RF) and designated Open Space (OS). The subject parcels are entirely within the El Dorado Hills Community Region.

- 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 reorganization is consistent with the future planned use and surrounding land uses. The proposal is consistent with the County General Plan. See #23 above for further detail.

- 27. PHYSICAL AND ECONOMIC INTEGRITY OF AGRICULTURE LANDS AND OPEN SPACE LANDS:** LAFCO decisions will reflect its 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 Prime Farmland, Unique Farmland or Farmland of Statewide Importance. The territory is located approximately one quarter of a mile to the east of a 236-acre piece of land that is zoned an Exclusive Agricultural District (AE) by the County. Project notification and comment requests were sent to the Agricultural Commission, which responded that, "the AE parcels to the East appear to not contain agricultural operations...It does not appear that this (proposal) will affect agricultural operations."

- 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: Staff contacted both SACOG and the Sierra Planning Organization. Neither agency could provide applicable regional growth goals and policies under this provision for LAFCO consideration.

Attachment A: Project Map & Legal Description

Attachment B: Landowner Petition and Project Information

Attachment C: Auditor's Report

Attachment D: Facility Improvement Letter (FIL)

Attachment E: LAFCO Resolution L-2007-03

Attachments are not available online; please contact the LAFCO office for copies.