

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MAY 25, 2022

REGULAR MEETING

TO: John Hidahl, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: Erica Sanchez, Interim Executive Officer

AGENDA ITEM #8: CONSIDER AND APPROVE THE ENVIRONMENTAL REVIEW
AND THE PACILEO ANNEXATION INTO THE EL DORADO
IRRIGATION DISTRICT (EID) (LAFCO PROJECT NO. 2021-03)

LAFCO Project No. 2021-03

PROPONENTS: Richard and Virginia Pacileo, Landowners

DESCRIPTION OF PROJECT

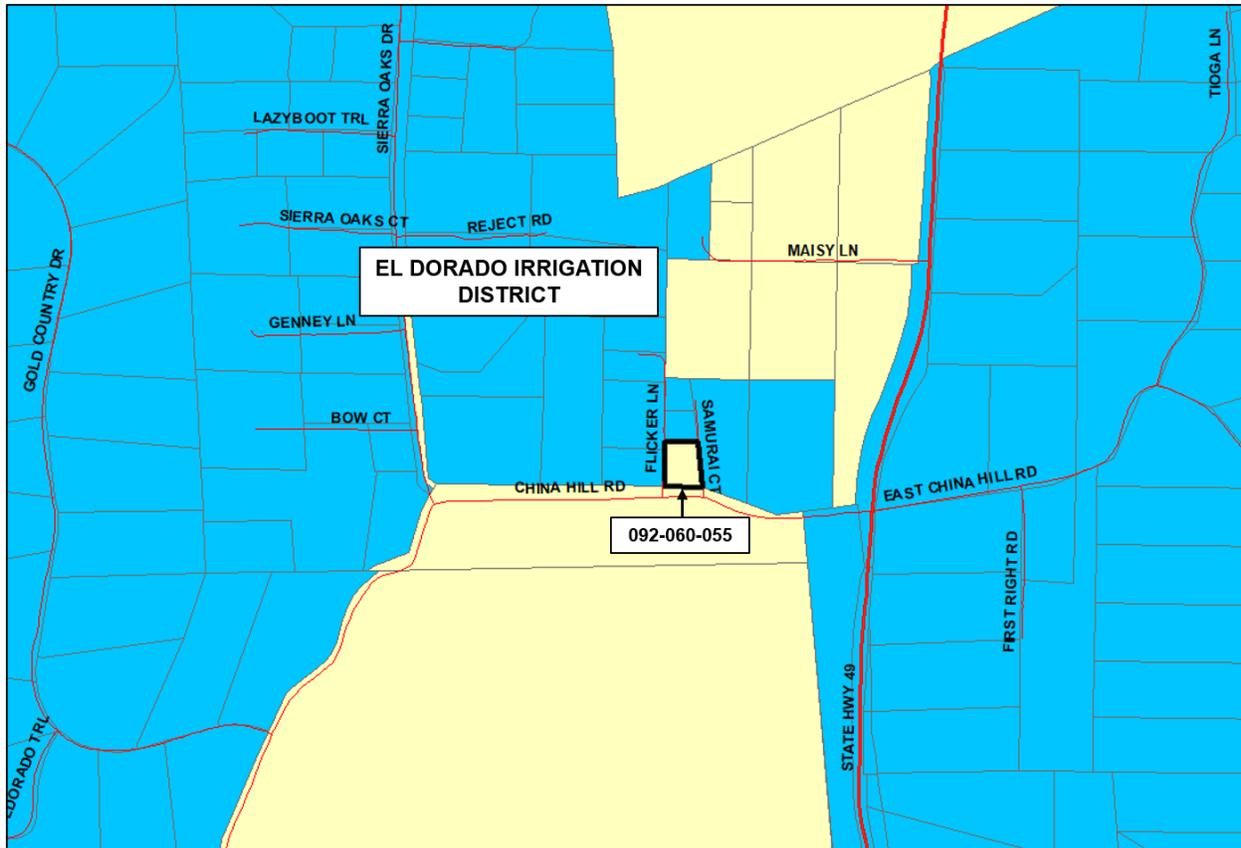
The owners of APN 092-060-055 submitted a landowner petition to LAFCO for annexation into the El Dorado Irrigation District (EID) for domestic water service for their 0.83-acre property and 1,387 square foot single-family residence. The parcel has a failed well and the owners are unable to drill a new well due to the location of existing improvements and County Environmental Management regulations. The parcel is currently outside of EID's service area, but has received water from EID through an emergency out-of-agency service agreement, approved by LAFCO in February 2021. The agreement was approved as a temporary solution in anticipation of annexation.

LOCATION

The property is located at 5290 China Hill Road, El Dorado, CA, approximately one quarter mile west of the intersection with State Highway 49, one and a half miles south of Pleasant Valley Road. The 0.83-acre parcel is within EID's sphere of influence and is surrounded by EID's service area on three sides.

PURPOSE

Annexation will allow the landowners to continue to receive water from EID, at regular district rates. Completion of the annexation process within one year is a condition of the emergency out-of-agency service agreement. If the annexation is not completed within this timeframe, the landowner risks termination at the sole discretion of EID.



STAFF RECOMMENDATION

Following an analysis of the annexation with consideration of the factors listed in Government Code §56668 and LAFCO Policies, staff recommends that the Commission approve the Pacileo Annexation into El Dorado Irrigation District; LAFCO Project No. 2021-03, by taking the following actions:

1. Find that the project is exempt from provisions of the California Environmental Quality Act under Categorical Exemption §15319 and direct staff to file the Notice of Exemption in compliance with CEQA and local ordinances implementing the same.
2. Adopt LAFCO Resolution L-2022-04 (Attachment D), adding any additional conditions the Commission finds appropriate and approve the Pacileo Annexation into 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.

BACKGROUND

Olives Extension Agreement

On June 25, 1971, a group of neighboring landowners entered into the “Olives Extension Agreement” with EID, which extended a water main to serve numerous adjacent parcels at the landowners’ expense. Owners of the subject parcel, Richard and Virginia Pacileo, were parties to the agreement and paid a portion of the cost of the water main extension. Per the agreement, the subject parcel received a facility capacity charge credit for one equivalent dwelling unit (EDU) of water service. The parcel was required to be annexed into EID’s service area in order to receive service; however, the Pacileos did not pursue annexation into EID and the water service was never installed.

Failed Well

The private well serving 5290 China Hill Road failed in December 2020. According to the well report from a licensed contractor, the pump was stuck in the bottom of the well casing, rendering the well unusable. The El Dorado County Environmental Management Department determined it was not feasible for the owners to drill a new well on the small parcel due to the proximity of power lines, sewer leach fields and other improvements on the property. The property owners resorted to hauling in water and requested an emergency connection from EID in January 2021 while they pursued annexation.

On January 25, 2021, the EID Board of Directors approved the landowners’ request for out-of-district water service and authorized the District to enter into an out-of-agency service agreement in response to health and safety concerns with the property’s water supply. LAFCO approved the agreement on February 24, 2021, allowing EID to extend water service to the parcel temporarily until the parcel is fully annexed. On March 29, 2021, EID installed a water meter off the main line adjacent to the property and began delivering water to the parcel.

The landowners submitted an annexation application to LAFCO in July 2021. The property tax exchange process was completed in November 2021; LAFCO received the Surveyor-approved annexation maps in April 2022. LAFCO issued the Certificate of Filing on April 20, 2022, setting the May 25 hearing date.

Out-of-Agency Service Agreement

Government Code §56133 prohibits local agencies from extending services outside of their boundaries. However, GC§56133(a) also states that “A city or district may provide new or extended services by contract or agreement outside of its jurisdictional boundaries only if it first requests and receives written approval” from LAFCO. Further, GC§56133(c) provides that, “...the commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence to respond to an existing or pending threat to the health or safety of the public or residents of the affected territory...” provided certain requirements are met.

Per the terms of the Pacileo-EID agreement, water service is provided at a rate of 1.5 times the otherwise applicable rates (base and consumption charges), while the owners pursue annexation to the District through LAFCO. Water provided by EID is limited by a single ¾” meter and by the amount that is sufficient to serve a single residential dwelling

and associated domestic water use on the 0.83-acre property. The agreement requires the owners to complete the annexation process within one year or risk termination of service, at the sole discretion of EID. The landowners were responsible for paying for infrastructure needed to extend service to their property.

Separate LAFCO Actions

Government Code §56133 allowed LAFCO to approve the OASA between EID and the landowners solely and exclusively as a temporary solution for the emergency provision of water service, until the landowners can complete annexation. Commission approval of the out-of-agency agreement and Commission approval of the annexation are two separate and independent actions. Approval of the out-of-agency agreement does not automatically approve the annexation, nor does it compel the Commission to approve the annexation; both of these actions are discretionary and will be considered on their own merits by the Commission. The Commission has the authority to approve, deny, or conditionally approve the annexation.

DISCUSSION OF STATUTORY AND POLICY CONSIDERATIONS

Government Code §56668 and LAFCO Policies require that the Commission review 29 factors of consideration in the review of a reorganization proposal. Each of the statutory and policy factors are individually addressed in Table 1 (Attachment A), and summarized in the following sections: I. Services, II. Cost and Revenues, III. Boundaries, IV. Potential Effect on Others and Comments, and V. Land Use Population and Planning.

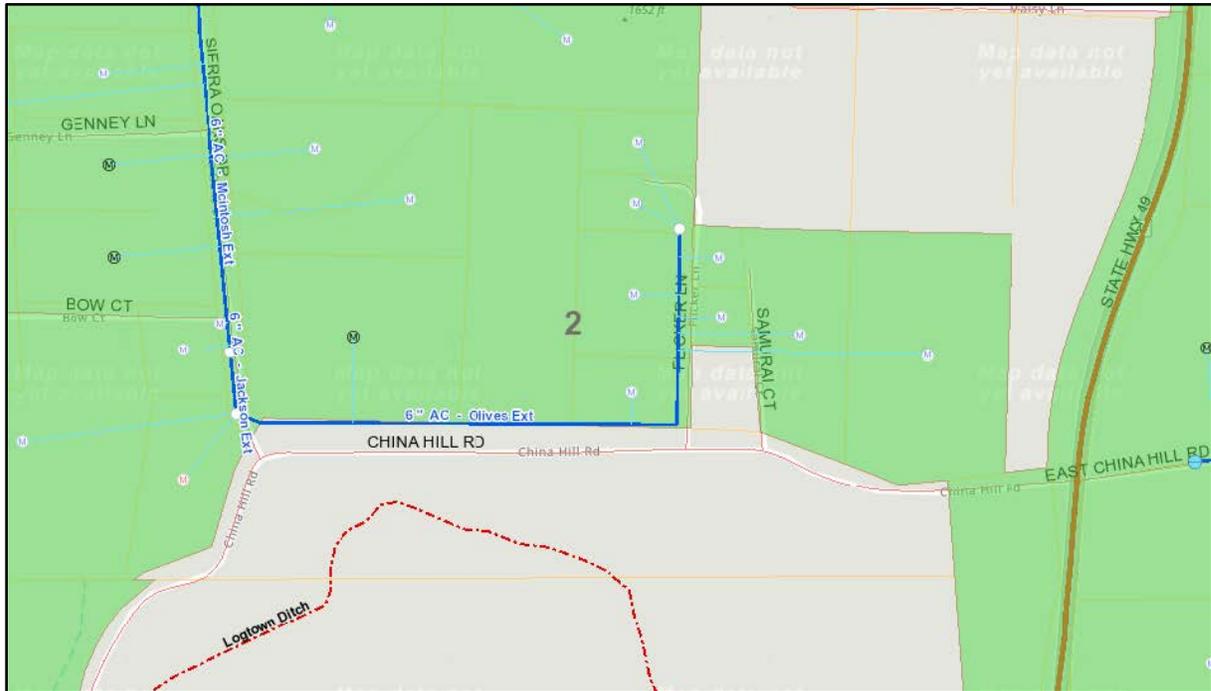
I. SERVICES

Need for Services

Annexation will allow for the continued provision of water service to the subject parcel. Water service is currently provided through an out-of-agency service agreement between EID and the landowners, approved by LAFCO for emergency service.

Existing and Necessary Infrastructure to Deliver Service

EID has a 6-inch water line located on China Hill Road and Flicker Lane, along the western boundary line of the subject parcel. The 6-inch Olives line is adjacent to the subject parcel, therefore a line extension was not needed and EID did not require a facility improvement letter detailing facility location and capacity for service. Water service will continue to be provided to the subject parcel through the on-site water meter set off this main. The landowner was responsible for installing the connecting water pipe from the meter to the residence. No additional extensions to EID's water lines will be needed, nor will any infrastructure or facility improvements have to be built, improved or expanded to continue to provide service to the annexing parcel.



Ability of Annexing District to Provide Service (Timely Availability of Water Supply)

EID will continue to provide uninterrupted water service to the subject parcel upon annexation.

The parcel will require an estimated one equivalent dwelling units (EDUs) of water service. An EDU is the annual water requirement for a single-family residential dwelling served by a $\frac{3}{4}$ -inch water meter¹, based on average household usage.

The subject parcel is within EID's Western/Eastern Supply Area, which receives water supplies by gravity flow from eastern supply sources, Project 184 and Jenkinson Lake. The supply for the Western/Eastern area consists of 15,080 acre-feet (AF) from Project 184 at Forebay and approximately 20,920 AF per year from Jenkinson Lake, totaling approximately 36,000 AF per year.

According to EID's *2019 Water Supply and Demand Report*, water meter availability in the Western/Eastern Supply Area is 22,162 EDU's, before accounting for the 569 EDUs of contractual commitments in this area. The report uses "single dry year" supply for calculating available supply.

Service Impacts to Existing District Customers

There are not expected to be any service impacts to other EID customers as a result of this annexation. An on-site water meter is already installed on the subject parcel, and water is currently supplied to the property through an out-of-agency service agreement at 1.5 times the regular district rates. Upon annexation, the landowners

¹ The weighted average EDU demand for single-family residential dwellings in the Western/Eastern Supply Area is 0.39. The total potential demand was calculated for each customer class using ten-year average unit demands from 2009-2018 to convert the available water supply to meter availability. The unit demands have steadily decreased in recent years, given the overall trend of declining usage per customer. To convert acre-feet to EDUs, 0.39 acre-feet of use is assumed per EDU. $AF / 0.39 = EDUs$.

will pay the regular rate charges, but EID will also receive a portion of their collected property taxes, to additionally offset the cost of service.

The annexation is fully supported by the landowners and EID, and is consistent with LAFCO and EID policies. Annexation will allow the provision of essential services to the subject parcel and is in the best interests of the landowners.

Alternatives to Service

There are no alternatives to public water service to the subject parcel. No other public water service provide currently serves this area of the County, and El Dorado County Environmental Management Department determined it was not feasible for the landowners to drill a new well on the parcel due to surrounding power lines that prohibit a well drilling rig from accessing the site, and a septic system on the western property line of the parcel that prohibits a new well being drilled that will meet current setback requirements. If the annexation does not occur within the agreed upon time within the out-of-agency service agreement, the landowner risks termination of service at the sole discretion of EID.

Coordination of Applications

The subject parcel appears to be the sole property off the Olives Extension that is not within EID's service area; there are no neighboring properties which also require annexation into EID at this time.

There are no additional public services required for the subject parcel which would require LAFCO action. The parcel is within the Diamond Springs-El Dorado Fire Protection District for fire protection and the Mother Lode Recreation Zone of County Service Area 9 for recreation services. Nearby public roads are maintained by the County of El Dorado, and the private roads are maintained by the landowners.

II. COST AND REVENUES

Cost to Provide Service

The 6-inch Olives Extension in Flicker Lane was paid for by participating neighboring homeowners and installed in 1971. Parcels that weren't inside EID's service area received a one EDU credit for a future water meter. The landowners are responsible for the cost of EID installing service off the main line and for EID annexation fees.

Assessed Value / Property Tax Exchange Agreements

The subject parcel is assessed as improved land; the total assessed value is \$95,748, the assessed value of the land is \$9,562.

The County of El Dorado and EID negotiated a property tax increment for EID for the annexation area of 2.6667%. El Dorado County adopted property tax redistribution resolution 137-2021 on November 9, 2021 (Attachment C) and EID accepted the property tax increment on September 13, 2021.

Sufficiency of Revenues

Annexation will provide sufficient revenue to EID to cover the short- and long-term costs of providing services to the subject parcel. EID will collect revenue through the agreed upon property tax agreement, base fees and consumption charges, and

annexation fees. Collected revenue will offset the cost of providing water service to the parcel, but is not expected to exceed those costs.

III. BOUNDARIES

Proximity to District Boundaries / Sphere of Influence

Government Code §56375.5 requires LAFCO actions regarding changes of district boundaries be consistent with the affected district's sphere of influence. The subject parcel is within EID's sphere of influence and is surrounded by EID's service area on three sides.

Creation of Irregular Boundaries

The subject parcel is surrounded by EID's service area on three sides; annexing the subject parcel into EID will not create an irregular service boundary for the District. The proposed annexation map has been reviewed by the El Dorado County Surveyor's Office and the boundaries of the proposed annexation conform to the existing lines of assessment and ownership of the subject parcel.

Local Hazard Mitigation Plan / Fire Hazard Zone

LAFCOs are required to consider information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone. El Dorado County's Multi-Jurisdictional Local Hazard Mitigation Plan, found within the Health and Safety Element of the General Plan, contains a Fire Hazard Severity Zone map, which identifies moderate, high, and very high fire hazard zones. The subject parcel and surrounding area are within the moderate fire hazard zone.

Annexation into EID will allow for a permanent water source to the subject parcel, which will enhance the level of fire protection available. The Diamond Springs-El Dorado Fire Protection District was given an opportunity to comment on this annexation; no comments were submitted by the fire district.

IV. POTENTIAL EFFECT ON OTHERS AND COMMENTS

Effect on Adjacent Areas

The proposed annexation will have no effect on adjacent areas.

Effect on Other Community Services

There are no negative impacts expected for other public service providers to the annexation area. Other public service providers to the affected territory include: Diamond Springs-El Dorado Fire Protection District (fire protection and emergency medical services), County Service Area 9, Mother Lode Recreation Zone (park and recreation services), Mother Lode Union School District and El Dorado Union High School District (schools), and the El Dorado County Sheriff's Department (law enforcement).

Comments and/or Objections from Other Agencies and the Landowner(s)

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

- Diamond Springs-El Dorado Fire Protection District
- El Dorado County Assessor's Office
- El Dorado County Auditor's Office
- El Dorado County Chief Administrative Office
- El Dorado County Department of Agriculture
- El Dorado County Elections Department
- El Dorado County Emergency Services Authority
- El Dorado County Farm Bureau
- El Dorado County Office of Education
- El Dorado County Planning Department
- El Dorado County Representing County Service Areas 7, 9, 9 Mother Lode Recreation Zone, 10, and 10 Zone H
- El Dorado County Resource Conservation District
- El Dorado County Sheriff's Department
- El Dorado County Surveyor's Office
- El Dorado County Water Agency
- El Dorado Union High School District
- Los Rios Community College District
- Mother Lode Union School District
- U.S. Bureau of Reclamation

As part of the standard notification process, LAFCO sent a project notification requesting comment to all affected agencies on July 8, 2021, and a project hearing notification on April 20, 2022. As of the date of this report, LAFCO has not received any comments from the above affected agencies in response to the proposed annexation.

The annexation petition was initiated by the landowners, who are in full support of the change of organization.

Public Notice

Per Government Code §56150, a notice of public hearing was posted at the LAFCO office, El Dorado County Building A, on the LAFCO website, and published in the Mountain Democrat on May 4, 2022, 21 days in advance of the hearing. As of the date of this report, LAFCO has not received any comments from the public in response to the proposed annexation.

V. LAND USE, POPULATION AND PLANNINGZoning and Land Use Designations, Consistency with General / Specific Plans

The 0.83-acre parcel is designated Medium Density Residential (MDR) per the El Dorado County General Plan and zoned One-acre Residential (R1A). The existing single-family residence is consistent with the zoning and land use. The parcel is fully developed to the density allowed by current zoning.² In LAFCO staff's estimation,

² R1A zoning does not permit a secondary dwelling unit, but it does allow for a guest house (600 square-feet, temporary sleeping quarters, no separate electric meter or kitchen, laundry, or cooking facilities).

sufficient safeguards have been put in place as part of the OASA to ensure that an expansion of services beyond the landowner’s current residence does not happen.

Surrounding Land Uses

Surrounding Area	Land Use Designation	Zoning	Current Land Use	Planned Land Use
Project Site: 092-060-055 5290 China Hill Road, El Dorado	MDR	R1A	Single-family residence	No change
North:	MDR	R1A	Single-family residences	No change
West:	MDR	R1A / R2A	Single-family residences	No change
East:	MDR	R2A	Single-family residences	No change
South:	LDR	AG-40	Large parcels, Agricultural and residential uses	No change

Impact to Agriculture / Open Space

The annexation will not have an adverse effect on agriculture or open space lands. The parcel is located on the southern edge of the Diamond Springs-El Dorado Community Region. Surrounding land uses to the north, west, and south are similar with smaller residential parcels, parcels to the south of China Hill Road are larger with agricultural uses as well.

The annexation does not involve changes in the existing environment which could individually or cumulatively result in loss of Farmland to non-agricultural use and there were no identified impacts to agriculture.

Population and Growth in the Area

There are currently two registered voters residing in the proposal area, therefore the subject territory is considered uninhabited per Government Code §56046, which states, *“Inhabited territory” means territory within which there reside 12 or more registered voters...All other territory shall be deemed “uninhabited”.*

There are no future development plans for the subject parcel beyond the existing single-family residence.

Regional Housing Needs Considerations

The annexation proposal does not include any type of new housing or other development; therefore, it will neither assist nor detract from the County’s ability to achieve its RHNA (Regional Housing Needs Allocation) targets.

CEQA

El Dorado LAFCO is the Lead Agency for the annexation. Staff has reviewed the project for conformance under the California Environmental Quality Act (CEQA) and determined that the annexation is categorically exempt from the provisions of CEQA under Section 15319 of the Public Resources Act.

Categorical exemption 15319 provides for annexations of areas containing existing public or private structures developed to the density allowed by the current zoning, provided that

the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. The 0.83-acre subject parcel is developed with a 1,328 sq ft single-family residence, in accordance with the Medium Density Residential (MDR) land use designation and One-acre Residential (R1A) zoning. There are no plans for further development of the parcel.

DETERMINATIONS

After reviewing the factors discussed above and summarized in Table 1 (Attachment A), the Commission should 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 project is exempt from the provisions of the California Environmental Quality Act under Section 15319 of the Public Resources 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 minimal 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.

ATTACHMENTS

- Attachment A: Table 1: Summary of Statutory and Local Policy Factors to be Considered
- Attachment B: EID-Pacileo Out-of-Agency Service Agreement
- Attachment C: BOS AB-8 Resolution 137-2021
- Attachment D: LAFCO Draft Resolution L-2022-04 and Exhibit A Map & Legal Description