

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF AUGUST 27, 2014

REGULAR MEETING

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

FROM: José C. Henríquez, Executive Officer

PREPARED BY: Erica Sanchez, Policy Analyst

AGENDA ITEM #9: Diamante Estates Reorganization to the El Dorado Irrigation
District and El Dorado Hills County Water District

LAFCO Project No. 2014-01

PROPONENTS: Omni Financial, LLC

AGENT: Olga Sciorelli, CTA Engineering and Land Surveying

DESCRIPTION OF PROJECT

The Diamante Estates Reorganization to the El Dorado Irrigation District (EID) and the El Dorado Hills County Water District (EDH Fire) is a request to annex APN 126-100-24 into EID and EDH Fire in order to receive water and fire protection and emergency response services to support the 19-lot Diamante Estates Subdivision. Maps of the reorganization area with current district boundaries and adjacent developments are included as 'Attachments B and C' at the end of this report.

LOCATION

The project site is located in the northeastern portion of El Dorado Hills, on the north side of Malcolm Dixon Road between Salmon Falls Road and Arroyo Vista Way.

PURPOSE

The applicant and landowner, Omni Financial, LLC, plans to subdivide the 113.11 acre project site into 19 single family residential lots, five to ten acres in size. Annexation into EID is requested in order to receive water service and fire hydrants for the proposed development; the applicant plans to utilize private septic systems for each lot and is not requesting wastewater service from EID. Annexation into EDH Fire is requested in order to obtain fire protection and emergency response services for the

Diamante Estates Subdivision. The subdivision was also conditioned by the Board of Supervisors to include annexation into both districts prior to filing the final map.

RECOMMENDATIONS

Staff recommends that the Commission take the following actions:

1. Recognize that El Dorado County, as the lead agency for the project, has prepared a Mitigated Negative Declaration and CEQA determinations which have been found to be adequate for the purposes of the reorganization and direct staff to file a Notice of Determination in compliance with CEQA and local ordinances implementing the same.
2. Adopt LAFCO Resolution L-2014-11 (Attachment F), adding any additional conditions the Commission finds appropriate and approve the Diamante Estates Reorganization to the El Dorado Irrigation District and El Dorado Hills County Water District
3. Waive the Conducting Authority Proceedings subject to Government Code §56663 and local policies.
4. Direct the Executive Officer to complete the necessary filings and transmittals as required by law.
5. Determine the effective date of the approval of this agreement to be five (5) working days after recordation by the County Recorder of the Executive Officer's Certificate of Completion once the imposed conditions are met.

REASON FOR RECOMMENDATION

Following an analysis of the reorganization with consideration of the 28 factors listed in Government Code §56668 and LAFCO Policies (Sections 1-28, below), staff recommends the Commission approve the Diamante Estates Reorganization into EID and EDH Fire in order to receive water and fire protection and emergency medical services.

BACKGROUND

The landowner initiated the reorganization petition with LAFCO in January of 2014. APN 126-100-24 is currently comprised of an existing single family residence served by private well and septic system. The residence is located adjacent to Malcolm Dixon Road in the southeast corner of the parcel. Two abandoned buildings are situated on the southwest corner of the property. Current driveway access to this parcel is from a partially paved road off Malcolm Dixon Road.

On October 27, 2009, the El Dorado County Board of Supervisors approved a Tentative Map to create 19 single-family lots ranging from 5 to 9.9 acres and one 2.2 acre open space lot, a Rezone from Exclusive Agriculture (AE) to Estate Residential 5-acre (RE-5), and a Special Use Permit to allow gated access from two encroachments onto Malcolm Dixon Road.

Access to the proposed subdivision would be from two gated entryways off Malcolm Dixon Road to the south. A Special Use Permit was approved by the BOS to allow

gated access to the subdivision from two encroachments onto Malcolm Dixon Road, one of which would connect to Green Valley Road to the south. A connection to Salmon Falls Road to the north through the proposed La Canada Subdivision would serve the development in the future.

Adjacent Developments

The Diamante Estates property represents a 113-acre portion of a larger 376-acre area that is expected to be developed in the near future with a total of 97 single-family residences on 1-10 acre lots (see Attachment C). The area consists of four separate residential projects, all of which have been approved by the County since 2009, including the La Canada Subdivision to the northwest, and the Alto and Malcolm Dixon Estates Subdivisions to the north. All four residential projects were conditioned to require annexation into EID for water service (all four propose to utilize private septic systems), and Diamante and Malcolm Dixon Estates were also conditioned to require annexation into EDH Fire for fire protection and emergency medical services. LAFCO approved the Alto, La Canada and Malcolm Dixon Estates annexations in May 2010, April 2011 and March 2014, respectively; La Canada and Malcolm Dixon Estates are still completing their final conditions.

Given the known adjacent developments, the Commission should evaluate the Diamante reorganization in context with these other projects and the ultimate expected service demand in the area. The chart below summarizes the approved development in the area between Salmon Falls Road and Malcolm Dixon Road:

Project	Description	Annexation to	EDUs	Project Status
Diamante Estates Subdivision	113 acres, 19 lots (5-10 acres)	EID and EDH Fire	59	Approved by BOS October 2009; LAFCO consideration of reorganization August 2014
Malcolm Dixon Estates Subdivision	40 acres, 8 lots (5 acres)	EID and EDH Fire	24	Approved by BOS June 2010, Phasing revision approved February 2013; LAFCO approval of annexation March 2014, pending completion of final conditions
Alto Subdivision	82 acres, 23 lots (2-3 acres), density bonus applied	EID and EDH Fire	25	Approved by BOS May 2009; LAFCO approval of reorganization May 2010
La Canada Subdivision	141 acres, 47 lots (1-4 acres), density bonus applied	EID	47	Approved by BOS January 2010; LAFCO approval of annexation April 2011, pending completion of final conditions
Totals	376 acres, 97 residences		155 EDUs	

Parcel to the North

Directly north of the Diamante Estates property is a 1.32-acre parcel owned by EID, which is not within either EID or EDH Fire. This parcel (APN 126-100-25) contains EID’s Salmon Falls Water Tank and is classified as public agency property. The parcel is considered inactive and not taxable. The presence of this parcel and absence from this project will create a small island in EID’s service area. It will be discussed in more detail in Section 6 below. APN 126-100-25 is shown in Attachment C.

CEQA

El Dorado County, as the Lead Agency for the project, prepared and certified a Mitigated Negative Declaration (MND) for the project on October 27, 2009. The environmental impacts of the reorganization were addressed within the scope of this environmental document. The MND includes mitigation measures as necessary to lessen the potential significant effect that the project could have on the surrounding area. The County’s MND can be reviewed in its entirety as Attachment E. LAFCO staff analysis of these issues can be found within the corresponding 28 factors to be considered.

SUMMARY OF STATUTORY AND POLICY CONSIDERATIONS

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

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Need for organized services, probable future needs	1 – Consistent	Water, fire protection and emergency medical services will be necessary for the proposed 19-lot residential subdivision. Annexation is a condition of approval.
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 adjacent projects. EDH Fire will require a Fire Safe Plan, minimum roadway widths, and 12 fire hydrants.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Timely availability of adequate water supply	3 – Consistent	An estimated 59 EDUs will be required to serve the Diamante Estates Subdivision. After accounting for contractual commitments, EID has approximately 1,977 EDUs available for purchase in the EDH Supply Area through December 31, 2014; in 2015 water meter availability will be approximately 542 EDUs.
Alternatives to service, other agency boundaries, and local gov't structure	4 – Consistent	Absent the reorganization, the proposed development would require private wells for each new parcel, and they would remain outside of a local fire agency for structural fire protection. The EDH Fire Department would continue to be the first responder to calls in this area; however, the District would not have the benefit of recouping costs through property taxes.
Significant negative service Impacts	5 – Consistent	There are not expected to be any negative impacts to the current level of service for existing EID and EDH Fire residents.
Coordination of applications	6 – Consistent	The applicant is not requesting annexation into EDHCSD. Diamante Estates is one of four residential projects approved for the area. The other three have been approved by LAFCO for annexation into EID and/or EDH Fire.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
Present cost/adequacy of governmental services, including public facilities	7 – Consistent	The applicant will be required to submit a Facility Plan Report to EID that addresses the expansion of facilities, including a new booster pump station to serve the Diamante Estates Subdivision and adjacent projects. No new fire service facilities would be required by EDH Fire to serve the project.
Effect of proposal on cost & adequacy of service in area and adjacent areas	8 – Consistent	Property tax revenue, development impact fees, facility connection charges and other charges will support the costs of service.
Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas	9 – Consistent	If the reorganization is denied by LAFCO, the applicant would need to explore the option of individual private wells to serve the subdivision. EDH Fire would still likely provide services to the area, but it would not receive property taxes, development impact fees and other direct charge revenue to offset the costs of providing these services.
Sufficiency of revenues, per capital assessed valuation	10 – Consistent	EID and EDH Fire should receive sufficient revenue for providing services to the proposed development.
Revenue producing territory	11 – Consistent	Collected revenue is expected to offset the cost of providing water and fire protection services to the subject area; however, the revenue is not expected to exceed those costs.

FACTOR TO CONSIDER	POLICY / STATUTE CONSISTENCY	COMMENT
56668.3 "best interest"	12 – Consistent	The reorganization is in the best interests of the future residents of the Diamante Estates Subdivision by providing essential services to the proposed residential development.
Boundaries: logical, contiguous, not difficult to serve, definite and certain	13 – Consistent	The Diamante Estates project site is adjacent to both the EID and EDH Fire service areas and services can be extended to the site without any foreseeable problems.
Topography, natural boundaries, drainage basins, land area	14 – Consistent	There are no topographical features that will hinder service to this area.
Creation of islands, corridors, irregular boundaries	15 – Inconsistent	The reorganization, as proposed, will shrink an island in EDH Fire's service area, but will create an island in EID's service area. However, inclusion of APN 126-100-25 in the reorganization will not provide any practical changes to the provision of service to the water tank parcel, nor will it provide either EID or EDH Fire with any additional property tax or assessment revenue, nor will it provide any administrative benefit.
Conformance to lines of assessment, ownership	16 – Consistent	The boundaries of the proposed reorganization conform to the existing lines of assessment and ownership of APN 126-100-24.
Spheres of Influence	17 – Consistent	The boundaries of the proposed reorganization are fully contained within both the EID and EDH Fire spheres 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 the Malcolm Dixon Road group of developments cumulatively 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 landowner supports the reorganization petition.
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 reorganization.
Fair share of regional housing needs	22 – Consistent	Reorganization and development of the Diamante Estates Subdivision will increase the available market rate housing for the El Dorado Hills area.
Land use, information relating to existing land use designations	23 – Consistent	The reorganization and proposed development are consistent with the current zoning and land use designation. The subject territory has been rezoned RE-5 and has a land use designation of LDR.
Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years	24 – Consistent	Upon development, the Diamante Estates project will add 19 homes and approximately 57 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 Diamante Estates site is surrounded by Low Density Residential development, including the approved Alto, La Canada 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) 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 in or near the project area. The project site and neighboring properties are designated for low 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 19 units of either Moderate or 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 reorganization is made subject to Government Code §56650 et. seq. by landowner petition.
2. The territory proposed for reorganization is within the spheres of influence of the El Dorado Irrigation District and El Dorado Hills County Water District and is contiguous to the existing boundary. The reorganization will provide a more logical and orderly boundary.

3. The Mitigated Negative Declaration prepared for this project by El Dorado County satisfies the requirements of the California Environmental Quality Act.
4. The reorganization will not result in negative impacts to the cost and adequacy of service otherwise provided in the area, and is in the best interests of the affected area and the total organization of local government agencies.
5. The reorganization will not have an adverse effect on agriculture and open space lands.
6. The reorganization will result in a decrease in water supply available for the buildout of regional housing needs determined by the Sacramento Area Council of Governments. The reorganization will not, however, have a significant foreseeable effect on the ability of the County to adequately accommodate its fair share of those needs.

DISCUSSION

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

(Numbered items 1-6 relate to services)

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

RESPONSE: The purpose of the reorganization proposal is to annex the approved Diamante Estates development (approximately 113 acres) into EID and EDH Fire for the provision of water, fire protection and emergency medical services. Diamante is a planned subdivision consisting of 19 five to ten-acre parcels with single-family homes. The reorganization will allow for the provision of essential development supporting services needed by future residences such as water and fire protection and emergency medical services. The project was conditioned to apply to LAFCO for annexation into both EID and EDH Fire for these services.

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

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

Water

EID prepared *Facility Improvement Letter FIL 0209-006* (FIL) for the Diamante Estates project on February 26, 2009. An FIL describes the existing infrastructure near the subject site, states the fire flow requirements from the local fire service

provider and details the requirements for the landowner prior to receiving water service. FILs are now valid for a period of three years; EID staff has confirmed that the FIL for this project has expired and that the landowners will need to request a new FIL prior to applying to EID for annexation. However, since the scope of the project and EID's infrastructure in this area have not changed since the expired FIL was prepared, the water demand and infrastructure assessment should still be valid for the purposes of LAFCO's analysis. Prior to receiving service, the FIL identified the following requirements for the Diamante applicants:

The Salmon Falls Road Tank and an 18-inch water line are located near the northern portion of this project. An 8-inch water line is located south of the property to be developed in Alta Vista Court. The EDH Fire Department has determined that the minimum fire flow for this project is 1,750 GPM for a 2-hour duration while maintaining a 20-psi residual pressure. In order to provide this fire flow and receive service, it will be necessary for you to build a new booster pump station near the tank site. This booster pump station will need to provide both domestic flows and fire flow. The hydraulic grade line for the Salmon Falls Road Tank and 18-inch water line is 800 feet above mean sea level at static conditions and should be used in the FPR Analysis. Any adjacent lands that will need to be served by the pump station must be identified and included in the sizing of the station. The 8-inch water line in Alta Vista Court can only deliver a maximum fire flow of 1,000 GPM at 20-psi residual pressure. The hydraulic grade line for this water line is 886 feet above mean sea level at static conditions and 816 feet above mean sea level during fire flow and maximum day demands. Any proposed connection to this water line will need to be analyzed in the FPR.

There is an existing water line easement which runs west and northwest to Salmon Falls Road. The required booster pump station would potentially provide service to the Alto, Malcolm Dixon Estates and La Canada subdivisions as well. The booster pump will provide domestic and fire flows for the majority of the Diamante lots; the remainder of the lots will be served by the gravity system.

Fire Protection

EDH Fire reviewed the proposed Diamante Estates project information during the tentative map approval process, and will require a Fire Safe Plan, minimum roadway widths, and 12 fire hydrants to ensure adequate fire protection infrastructure. In addition, several road and gate conditions were recommended during this process, which will be included in the final design of the subdivision. EDH Fire has indicated that adherence to the applicable building and fire codes, as well as the adopted conditions of approval would satisfactorily address all fire related safety issues.

The closest fire station to the project area is Station 84, located at 2180 Francisco Drive, approximately 2.1 miles from the project site. The project has an estimated response time from Station 84 of approximately 6 minutes. This is well within the EDH Fire Department standard and the County General Plan standard of eight minutes response time in urban areas 90% of the time, and 20 minute response 90% of time for rural areas.

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 59 Equivalent Dwelling Units (EDUs) will be required to serve the Diamante Estates Subdivision, based on the landowner's request to utilize 1 ½ -inch meters for the residences. An EDU is the annual water requirement for a single-family residential dwelling served by a ¾ -inch water meter. Larger water meters require additional EDUs.

The project is within EID's El Dorado Hills Supply Area, which primarily receives water pumped from Folsom Reservoir, combined with water provided by gravity flow from the Gold Hill Intertie. As previously noted, the combined estimated number of EDUs to serve all four of the approved projects in the Malcolm Dixon area at build out is 155 EDUs.

EID has a surplus of available water supply in the El Dorado Hills Supply Area; however, delivery of this water is currently restricted by infrastructure, which includes the capacity of the El Dorado Hills Water Treatment Plant and other conveyance facilities. 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. Water meter availability is the difference between the available water supply and the total potential demand for each respective area.

According to EID's 2013 *Water Resources and Service Reliability Report* adopted by the EID Board August 12, 2013, water meter availability in the EDH Supply Area is 4,687 EDU's. Contractual commitments total 2,690 EDUs, due in part to a 2010 amendment to the Wetsel-Oviatt Settlement Agreement, which releases three-fourths of this contractual commitment (1,455 EDUs) through December 31, 2014. After the term of the amendment, the Wetsel-Oviatt contractual commitments will return to 1,940 EDUs. Therefore, after accounting for contractual commitments, EID has approximately 1,977 EDUs available for purchase in the EDH Supply Area through December 31, 2014; in 2015 water meter availability will be approximately 542 EDUs. EID's policy is to sell meters on a first-come first-serve basis.

Contractual commitments are legal obligations of EID to reserve water supply or provide water service to designated parties, entered into by the adoption of an EID Board resolution, the formation of an assessment district, or the signing of a contract.

*** The Average EDU Demand for single-family residential dwellings in the El Dorado Hills Supply Area is 0.77, calculated from 10-year historical data. To convert acre-feet to EDUs, 0.77 acre-feet of use is assumed per EDU. $AF / 0.77 = EDUs$.*

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: EID is the only public water service provider in this area; there are no other public alternatives for the provision of water service to the Diamante Estates Subdivision. Absent annexation into EID, the only other reasonable option for water would be use of private wells for each of the 19, five- to ten-acre lots.

EDH Fire is the logical fire protection district to serve the subdivision, as the project area is within the EDH Fire District sphere of influence island, surrounded by District boundaries. Absent annexation into EDH Fire, the proposed development would remain outside of a local fire agency for structural fire protection. The EDH Fire Department would continue to be the first responder to calls in this area; however, the District would not have the benefit of recouping costs through property taxes.

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.

The service impacts to other EDH Fire residents are expected to be minor. Development impact fees and a share of the future property tax increment will offset the impacts of the future residents of EDH Fire. The increase in population due to the proposal, estimated at 57 persons, will have a negligible effect on EDH Fire's current service ratio. No negative fiscal, service or other impacts have been identified by EDH Fire; the District has indicated that services can be extended to the area without creating service deficiencies for their existing customers.

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

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

Road maintenance and drainage services may be provided by either a private homeowner's association (HOA) with assessment authority or through a County-administered zone of benefit. Conditions of approval were established requiring the property owners to complete onsite roadway improvements and offers of dedication for said roads. The applicant shall join and/or form, prior to filing the final map, an entity satisfactory to the County Department of Transportation, to maintain all onsite roads and drainage facilities not maintained by the County.

EID-Owned Parcel Island (APN 126-100-25)

Directly north of the Diamante Estates property is a 1.32-acre parcel owned by EID, which is not within either EID or EDH Fire (see Attachment C). This parcel (APN 126-100-25) contains EID's Salmon Falls Water Tank and is classified as public agency property. The parcel is considered inactive and not taxable, per information obtained from the County Assessor. Services required by APN 126-100-25 are limited and will not increase as a result of this reorganization. Because the parcel is inactive, there are no property taxes collected on behalf of the County or other affected agencies. Neither EID, as both the landowner and annexing agency, nor EDH Fire, have requested the inclusion of the Salmon Falls Water Tank parcel in this reorganization application. For these reasons, as well as additional considerations discussed in Sections 13 and 15, LAFCO staff is not recommending the inclusion of APN 126-100-25 in this reorganization of EID and EDH Fire boundaries at this time. However, the Commission has the authority and the discretion to amend the proposal to include this parcel, if it sees fit.

Adjacent Developments

As previously explained, the Diamante Estates property is part of a larger 376-acre area that consists of four separate residential projects. Each of these projects has been conditionally approved by the County, requiring annexation into EID, and EDH Fire where necessary. LAFCO has since approved the Alto, La Canada and Malcolm Dixon Estates annexations. There are no additional properties that appear to require services from EID or EDH Fire at this time.

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

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

RESPONSE: According to EID's 2013 *Water Resources and Service Reliability Report*, EID's EDH Supply Area will have sufficient EDUs available for purchase by the Diamante Estates Subdivision (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 Diamante Estates Subdivision and adjacent projects. EID does not appear to have any current service deficiencies that indicate annexation of Diamante Estates would result in any negative cost or service impacts to present customers.

No new fire service facilities would be required by EDH Fire to serve the Diamante Estates Subdivision. Response times to the area are lower than District and County standards and the addition of approximately 57 residents will have a very minor impact on staffing ratios.

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

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

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

RESPONSE: The proposed reorganization is the most logical alternative to provide necessary water, fire hydrant, fire suppression and emergency response services to the Diamante Estates Subdivision. At this time, there are no other municipal water service providers in this area. 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. If the reorganization is denied by LAFCO, the applicant would need to explore the option of individual private wells to serve the subdivision.

EDH Fire has the necessary capacity and resources to adequately provide for the fire and emergency response needs of this subdivision and has a station close enough to have acceptable response times to the site, thereby providing adequate services to the future Diamante Estates residents. If the reorganization is denied by LAFCO, EDH Fire will still likely provide services to the Diamante Estates project area; the District will continue to be called to respond to incidents within the area, since it is the closest available resource for structural fires. However, EDH Fire would not receive property taxes, development impact fees and other direct charge revenue to offset the costs of providing these services.

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

RESPONSE: The current assessed value of the subject parcel is \$2,299,269. A significant increase in the assessed value is expected to occur after the parcel is subdivided into the 19-lot subdivision and residences are constructed.

The reorganization is expected to provide sufficient revenue to the Districts to cover the short- and long-term costs of the new residents' use of existing District facilities. The County, EID and EDH Fire have negotiated a property tax revenue sharing agreement, based upon the Chief Administrative Officer's proposal (Attachment D), with EID receiving 2.6667% of the property tax revenue for the reorganization area and EDH Fire receiving 17.0%. Based upon the property tax agreement, District connection fees, development impact fees and the applicant's responsibility for covering the cost of extending necessary infrastructure, the Districts should receive sufficient revenue for providing service the proposed subdivision.

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

RESPONSE: The Diamante Estates Subdivision will consist of 19 single family homes upon subdivision. The total assessed value of the subject area is expected to increase as a result of the reorganization, subdivision and development. Revenue will be collected by the annexing agencies, through user charges, development impact fees, property taxes and connection fees, which are projected to be consistent with services provided, long-term agency operations and infrastructure costs. Collected revenue will offset the cost of providing water and fire protection services to the subdivision, but is not expected to exceed those costs.

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

RESPONSE: The reorganization appears to be consistent with LAFCO EID and EDH Fire policies and is in the best interests of the future residents of the Diamante Estates Subdivision by providing essential services to the proposed residential development. The reorganization is supported by the current landowners and both annexing agencies.

(Numbered items 13-17 relate to boundaries)

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

RESPONSE: The Diamante Estates project site is adjacent to the current district boundaries of both EID and EDH Fire. As previously noted, the adjacent La Canada and Malcolm Dixon Estates projects have been recently approved for annexation into EID and EDH Fire (MDE only); however, the applicants for those projects are still complying with conditions of approval before a certificate of completion is issued. Absent finalization of these prior annexations, Diamante Estates is still contiguous with both districts' boundaries; however, staff's analysis of newly created boundaries in this Section and Section 15 assume that the La Canada and Malcolm Dixon Estates annexations will comply with all conditions and be finalized.

Diamante Estates is contiguous to the EID service boundary to the south, and to the north, pending finalization of the above-mentioned annexations. Per EID, water lines are nearby and can be extended to the subject area without any foreseeable problems. The reorganization, as proposed, will create a single-parcel island within the EID service area (refer to Sections 6 and 15); however, that parcel is public agency property (owned by EID, contains the Salmon Falls Water Tank) and is classified as inactive and non-taxable. This EID parcel requires very little, if any, municipal services and no property taxes revenue is collected on its behalf.

Pending finalization of the above-mentioned annexations, Diamante Estates is part of a two-parcel island within the EDH Fire service area that is surrounded by EDH Fire boundaries on all sides. The reorganization, as proposed, will shrink the existing island within the EDH Fire service area (refer to Sections 6 and 15). EDH Fire supports the reorganization and has indicated that services can easily be extended to the project area.

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

RESPONSE: The project site is composed of oak savannah on sloping terrain and is situated at an elevation range of approximately 600 to 800 feet. Oak savannah is characterized by scattered oak trees above a variety of naturalized and native grasses and forbs. The project site generally slopes from the northeast to the southwest. The southern portion of the site borders Malcolm Dixon Road; surrounding land uses include rural residences, pasture land, an existing residential development to the northeast and oak savannah. There are no topographical features that will hinder service to this area.

Approximately 1.43 acres of the territory contains potential wetlands. Small tributaries flow through the western portion of the parcel to New York Creek and Dutch Ravine Creek originating in the southeastern portion of the parcel. According to flood zone information presented based on data derived from the FEMA Flood Information Rate Maps, the Diamante Estates project site is within Flood Zone X (Un-Shaded), 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: As noted in Section 13, the project site is contiguous with both districts' service areas and is surrounded by existing and approved residential subdivisions which are within EID and EDH Fire, or are in the process of annexing into the districts. As noted in Section 6, the reorganization, as proposed, will create a single-parcel island that is surrounded by EID's service boundary and shrink an existing two-parcel island that is surrounded by the EDH Fire service boundary.

El Dorado LAFCO Commission Policy 3.9.4 states:

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

The reorganization is inconsistent with LAFCO Policy 3.9.4 only as it applies to annexation into EID; the proposal will *create* an island in EID's service boundary and *shrink* an existing island in EDH Fire's service boundary. However, for reasons described in Section 6 and detailed below, inclusion of APN 126-100-25 in the reorganization will not provide any practical changes to the provision of service to the water tank parcel, nor will it provide either EID or EDH Fire with any additional property tax or assessment revenue, nor will it provide any administrative benefit.

As previously noted, the 1.32-acre parcel owned by EID (APN 126-100-25) contains EID's Salmon Falls Water Tank. The property is classified as public agency property, which is considered inactive and non-taxable; therefore, no property tax revenue is collected on behalf of the County or any other affected agencies. Services required by APN 126-100-25 are very limited and will not increase as a result of this reorganization. Neither EID, as both the landowner and annexing agency, nor EDH Fire, have requested the inclusion of the Salmon Falls Water Tank parcel in this reorganization application.

At the time of initiation of this project, the County Assessor's office was consulted to identify any islands or administrative parcels that should be included in the proposal; the Assessor did not identify APN 126-100-25 as requiring reorganization. APN 126-100-25 is one of 43 parcels within Tax Rate Area (TRA) 100-190, including the Diamante Estates parcel. Reorganization of APN 126-100-24 (Diamante Estates) will not eliminate the need for TRA 100-190; therefore, there is

no administrative benefit that would be gained by including the Salmon Falls Water Tank in this reorganization. No additional comments regarding APN 126-100-25 were received by the County Auditor's office.

For these reasons, LAFCO staff does not recommend amending the proposal to include APN 126-100-25. However, the Commission has the authority and the discretion to amend the proposal to include this parcel, if it sees fit.

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

RESPONSE: The boundaries of the proposed reorganization conform to the existing lines of assessment and ownership of APN 126-100-24. The proposal map has been reviewed by the County Surveyor and has 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 of the proposed reorganization are fully contained within both the EID and EDH Fire 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. The project site is located in a rural region to the east of the El Dorado Hills Community Region, which extends west to Salmon Falls Road. Diamante Estates is surrounded by a mix of existing (Arroyo Vista) and approved (Alto, La Canada, Malcolm Dixon Estates) developments. The proposed reorganization will primarily benefit only the future residents of Diamante Estates subdivision.

Throughout the County approval process, neighbors and residents from the surrounding area protested the Malcolm Dixon area projects cumulatively 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 Diamante Estates 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 landowner supports the reorganization petition and has not indicated that any additional comments or information need to be given consideration beyond the customary application materials.

- 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 Diamante Estates 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 parcel is 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. CSA 9-Zone 17 does not collect a portion of the property taxes, but rather is a funding mechanism to collect Quimby parkland dedication in lieu fees at the time of final map filing.

The landowner is not requesting annexation into the El Dorado Hills CSD. 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 Diamante Estates homeowners will be paying higher admission fees for use of EDHCS D 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 Hills Community Services District
- El Dorado County Chief Administrative Office
- El Dorado County Representing CSAs 7, 9, 9 Zone 17, 10, and 10 Zone E
- El Dorado County Assessor's Office
- El Dorado County Auditor's Office
- El Dorado County Planning Department
- El Dorado County Surveyor's Office
- El Dorado County Elections Department
- 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 Sheriff's Department
- Farm Bureau
- U.S. Bureau of Reclamation

As part of the standard notification process, LAFCO sent a project notice requesting agency comments to all affected agencies in February 2014 and a project hearing notice in July 2014. LAFCO has not received any comments from the above affected agencies or the public in response to the proposed reorganization.

The El Dorado Hills CSD (EDHCSD) submitted a letter to the County Board of Supervisors back in 2008 requesting annexation of the Malcolm Dixon Road area projects into the CSD; a copy of the letter was sent to LAFCO as well. However, since the initiation of the Diamante Estates Reorganization in 2014, EDHCSD has not submitted any comments to LAFCO regarding this project, nor did the EDHCSD submit comments for any of the other Malcolm Dixon Road area projects that were processed by LAFCO in the past few years.

(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%)

The Diamante Estates project would assist the County with meeting the goals for moderate to high income levels.

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

RESPONSE: In September of 2009, the Board of Supervisors approved a request to change zoning of the Diamante Estates Subdivision site from Exclusive Agricultural (AE) to Estate Residential Five-Acre (RE-5). The land use designation is Low Density Residential (LDR). The reorganization and proposed development are consistent with the current zoning and land use designation.

- 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 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.". Upon completion of the Diamante Estates Subdivision development there will be 19 residential units, resulting in approximately 57 new residents (accounting for an average of three persons per home).

The Diamante Estates reorganization will contribute to a growth-inducing impact on the immediate area, along with the recently approved, adjacent residential developments. 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 Diamante Estates 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: Diamante Estates site is surrounded by existing and approved residential development: the developed 66-lot Arroyo Vista subdivision is to the east; the undeveloped but approved 23-lot Alto subdivision, 47-lot La Canada subdivision and 8-lot Malcolm Dixon Estates subdivision border Diamante Estates on the remaining 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 for additional information).

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

RESPONSE: The proposed subdivision is consistent with the zoning and land use designations of the subject parcels and surrounding existing and approved residential development.

Surrounding Area	Zoning	Land Use Designation	Current Land Use	Planned Land Use
Project Site: APN 126-100-24	RE-5	LDR	Residential: One existing single family residence; approved for further development	Residential: Diamante Estates, 19 lots (5- to 10-acre)
North/East:	RE-5/PD	LDR	Residential, vacant: approved for development	Residential: Malcolm Dixon Estates, 8 lots (5-acre) Alto, 23 lots (2- to 3-acre)
North/West:	RE-5/PD	LDR	Residential, vacant: approved for development	Residential: La Canada, 47 lots (1- to 4-acre)
West:	RE-5/PD	LDR	Residential development; Salmon Falls Road	No changes
East:	RE-5	LDR	Residential: Arroyo Vista, 66 lots; 5-acre residential parcels	No changes
South:	RE-5	HDR / MDR	Residential development; Malcolm Dixon Road	No changes

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 contains two soil types; Auburn silt loam 2 to 30% slopes and Auburn very rocky silt loam 2 to 30% slopes. There are not currently any agricultural activities in or near the project area, nor is it within an Agricultural District. The project site and neighboring properties are designated for low-density residential development. 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 reorganization and development of the Diamante Estates Subdivision will contribute to the County in meeting its Regional Housing Needs Assessment goals for moderate to high income levels. The proposal will increase available market rate housing for the northern El Dorado Hills area, and will contribute to a decrease in the total available land for lower income housing categories. The County, however, may be able to meet these lower income regional housing needs allocations elsewhere. See Section 22 for more detail regarding SACOG's RHNA goals.

ATTACHMENTS

- Attachment A: Landowner Application & Project Information
- Attachment B: Project Maps
- Attachment C: Malcolm Dixon Road Area Map
- Attachment D: BOS AB-8 Resolution
- Attachment E: El Dorado County Mitigated Negative Declaration for the Diamante Estates Subdivision
- Attachment F: LAFCO Draft Resolution L-2014-11