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## El Dorado Hills' city plan gets lift

**Fiscal report says a new municipality would be able to stand on its own.**

**By Cathy Locke -- Bee Staff Writer**  
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El Dorado Hills incorporation proponents have received a boost from a fiscal study that concludes the proposed city could support itself.

"Projections show they've got the financial viability for a city in a range of scenarios and alternatives," said Rosanne Chamberlain, executive director of the El Dorado County Local Agency Formation Commission.

The incorporation process is on track to place a measure before voters in November, Chamberlain said.

LAFCO, which rules on government reorganizations in the county, opened hearings last week on the draft comprehensive fiscal analysis.

The study was prepared by Economic and Planning Systems of Sacramento, under contract with LAFCO. It examines how a proposed city of El Dorado Hills would fare based on various geographic boundaries, revenue sources and growth rates.

"It's the best scenario we could possibly hope for," said John Hidahl, president of the El Dorado Hills Incorporation Committee.

Cityhood proponents had anticipated that various worst-case scenarios, such as a 25 percent reduction in the projected growth rate, might show marginal viability. But even under those circumstances, the city would be financially stable, he said.

The fiscal analysis, issued March 11, followed release of the environmental impact report on incorporation. Hearings on both documents will continue Wednesday before LAFCO. The meeting will begin at 5:30 p.m. in the Building C hearing room, 2850 Fairlane Court, Placerville.

A shift in state revenue, which incorporation proponents had feared could derail their efforts, should not be lethal to the prospective city, according to the fiscal analysis. The projected revenue loss stemmed from changes in the amount and distribution of vehicle license fees to new cities as part of the state's 2004-05 budget.

Hidahl said El Dorado Hills is among six prospective cities, including Carmel Valley and Oakhurst, that are pursuing legislation to restore some of the funding to new cities.

Chamberlain said the analysis shows that even without that money, the city could compensate for an initial deficit within a year.

The analysis also examined the city's financial viability based on two options for city boundaries. One option matches boundaries of the El Dorado Hills County Water District/Fire District, as set forth in the incorporation proposal. The alternative boundaries correspond with those of the El Dorado Hills Community Services District.

The differences in the two boundary plans involve largely undeveloped areas, so differences in cost estimates are minimal, according to the study.

The fiscal analysis assumes the city would provide a level of service at least equal to that currently provided by the county and other agencies.

The study also notes that incorporation must be revenue-neutral, meaning a new city could take no more revenue from the county and other agencies than those agencies spent on services to the community before incorporation.

The incorporation committee is in revenue-neutrality negotiations with the county.

If the city paid the county and affected fire districts \$500,000 annually under the initially proposed boundary, the city would experience a \$1.3 million deficit in fiscal year 2007-08, but it would have annual surpluses ranging from \$40,000 to \$2 million during the remainder of the nine-year study period.

Under the alternative boundary, with compensation payments of \$550,000 annually, the city would have a \$1 million deficit in 2007-08. But fiscal surpluses for the remaining nine years would range from \$400,000 to \$2.8 million, the study says.

Hidahl said the proposed city could weather the first-year deficit because the county would provide services during that period and the city could spread repayment costs over five years.

A point of contention between the incorporation committee and El Dorado County supervisors is inclusion of the El Dorado Hills Business Park in the proposed city.

Supervisor Jack Sweeney contends that the county took the risk of selling bonds to establish the park in the early 1980s and that revenue from the park should benefit residents countywide. He also has argued that the park uses traffic capacity on Highway 50 that could have been allocated to developments elsewhere in the county.

Chamberlain said the study shows that excluding the park from incorporation would not dramatically undermine the proposed city's fiscal status. "But the business park is an island," she said. "If you removed it, the city would have a 'hole' in it."

LAFCO is prohibited from approving a new city with an unincorporated island, she said.

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## **What's next**

A hearing on the fiscal analysis and environmental impact report for the proposed El Dorado Hills incorporation:

**When:** 5:30 p.m. Wednesday

**Where:** Building C hearing room, 2850 Fairlane Court, Placerville.

**More information:**

- Print and CD-ROM copies of the draft are available from El Dorado County LAFCO, 550 Main St., Suite E, Placerville CA 95667.
- The studies also are available on the LAFCO Web site, [www.co.el-dorado.ca.us/lafco](http://www.co.el-dorado.ca.us/lafco)

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