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Cityhood deadline Friday

El Dorado Hills incorporation vote awaits pact with county

By Cathy Locke -- Bee Staff Writer

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With time running out to place an incorporation measure before voters in November, El Dorado Hills cityhood proponents and El Dorado County officials were told they have until Friday to come up with a revenue-sharing agreement.

If they don't, the El Dorado County Local Agency Formation Commission will decide the issue. The agency, which rules on government reorganizations, would not necessarily consider the wishes of either side.

In addition, representatives of affected fire districts have raised concerns about revenues for wildland fire protection following incorporation.

As of last week, 11 negotiations sessions between cityhood proponents and the county had failed to yield an accord on revenue neutrality.

"I think we're at impasse," Norm Rowett, vice chairman of the El Dorado Hills Incorporation Committee, told LAFCO Wednesday.

"The offer we have in front of us is not even close to being acceptable to us," he said.

But County Counsel Louis Green said discussions last week produced a breakthrough and he believed that, given another week, consensus could be reached.

"I assure you, we are all working toward the same goal ... to get it on the ballot in November," Green said.

Under state law, a new city can take no more in revenue from the county and other agencies than those agencies spent on services to the community before incorporation. The details of how tax revenues will be divided in the years following incorporation typically are determined through negotiations.

Rowett said the parties had agreed not to discuss publicly the content of the negotiations. He indicated, however, that one sticking point is the duration of the revenue neutrality agreement, with incorporation proponents looking at 10 years and the county at 25.

A fiscal study concluded that using the boundary alternative favored by incorporation proponents and compensation payments of \$550,000 annually, the city would experience a \$1 million deficit in 2007-08. But fiscal surpluses for the remainder of the nine-year study period would range from \$400,000 to \$2.8 million.

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

Although LAFCO agreed last week to allow negotiations to continue, staff members were directed to prepare terms and conditions of incorporation for adoption should the county and cityhood proponents fail to reach an accord by Friday.

The Board of Supervisors would have to approve a negotiated agreement by the morning of June 1 so LAFCO could act on it that evening.

Board Chairman Charlie Paine, who with Supervisor Rusty Dupray represents the county on LAFCO, said he would call a special board meeting if necessary to meet the deadline.

Dupray said he was offended and disappointed by the commission staff's report because it implied the county was trying to prevent a November election by prolonging negotiations for the full 90-day period allowed under LAFCO policy. The Board of Supervisors has said from the outset that its goal is to place the measure on the November ballot, he said.

The incorporation drive, begun in 1998, was stalled for more than a year by funding issues and a lawsuit that was settled in 2003.

Although the county was not a party to the suit or the settlement agreement, Dupray, who represents part of El Dorado Hills, persuaded fellow supervisors in November 2003 to adopt a resolution that helped cityhood proponents restart the incorporation process without a petition drive.

In addition to resolving the revenue neutrality issue, representatives of the El Dorado Hills, Rescue and El Dorado County fire districts called attention to the need to ensure funding for wildland fire protection.

Incorporation, they noted, would shift that responsibility for property within the new city from the California Department of Forestry and Fire Protection to the respective fire districts.

Fire district representatives asked that a new city be required to allocate a percentage of its property tax revenue to provide a secure funding source for wildland fire protection.

"We want a secure source of funding so we don't have to have it implemented through the courts," said Bill Wright, an attorney for the Rescue and El Dorado County fire protection districts.

P. Scott Browne, LAFCO's attorney for the incorporation project, said the commission could require the city to fund the services, but it could not dictate the funding source.

John Hidahl, incorporation committee president, said the committee has offered a memorandum of understanding stating that a new city would pay for wildland fire protection.

Commission member Ted Long advised cityhood proponents to do whatever necessary to allay the fire districts' concerns, saying voters will want assurance of adequate fire protection. "If the fire departments don't endorse this cityhood," he said, "it's not going to happen."

What's next

The El Dorado County Local Agency Formation Commission will consider certifying the final environmental impact report for the El Dorado Hills incorporation project and approving incorporation.

When: 5:30 p.m. Wednesday

Where: El Dorado Hills Community Services District Administrative Building, 1021 Harvard Way, El Dorado Hills

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