



PUBLIC REVIEW DRAFT REPORT

EL DORADO HILLS COMMUNITY SERVICES DISTRICT

PRELIMINARY COMPREHENSIVE FISCAL  
ANALYSIS (PCFA)

Prepared by BERKSON ASSOCIATES

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[richard@berksonassociates.com](mailto:richard@berksonassociates.com) | 510.612.6906 | [www.berksonassociates.com](http://www.berksonassociates.com)

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# 1. INTRODUCTION

The El Dorado Hills Community Services District (EDHCSD), in response to resident interest, commissioned this Preliminary Comprehensive Fiscal Analysis (PCFA) of the incorporation of El Dorado Hills. The PCFA provides a preliminary assessment of the fiscal feasibility of a new City of El Dorado Hills in the currently unincorporated area. The PCFA identifies issues and opportunities facing a newly formed City. The report is intended to inform residents, decisionmakers, and public agencies about the prospects for cityhood.

If the community chooses to move forward, EDHCSD would apply to the El Dorado Local Agency Formation Commission (LAFCO). LAFCO would prepare a more detailed Comprehensive Fiscal Analysis (CFA) and decide whether a new city would be feasible and mitigate impacts on other agencies. If LAFCO approves the proposal for a new city, the residents of the future new city would vote on the proposal subject to LAFCO's Terms and Conditions.

## EL DORADO HILLS

As described in the Municipal Services Review (MSR) for the area,<sup>1</sup> El Dorado Hills is the most populated community in El Dorado County, occupied by approximately 46,000 residents. Large-scale master-planned subdivisions organized as single family residential “villages” comprise most of the land uses. Commercial areas include Town Center south of Highway 50, and various small neighborhood shopping strips. Major sales generators include a Mercedes-Benz dealership and a Target store. The community includes a 900-acre business park, which recently has experienced conversions of commercial land to residential due to a large supply of vacant land.<sup>2</sup> The population has been growing approximately one percent annually, with capacity to continue growing; its buildout population is estimated at 57,000.<sup>3</sup>

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<sup>1</sup> El Dorado Hills Community Services District Municipal Services Review and SOI Updates, May 2012 and updated August 2020, El Dorado Local Agency Commission (LAFCO).

<sup>2</sup> For example, see the Creekside Village Project, accessed 6/16/2021 at <https://www.creeksidevillage-edh.com/>

<sup>3</sup> EDHCSD Park and Recreation Facility Master Plan, June 2016.

EDHCSD is a community services district which was formed on May 21, 1962, by the County Board of Supervisors as an independent special district.<sup>4</sup> The District serves most of the community and primarily provides parks and recreation services. Two additional CSDs within the EDHCSD Sphere of Influence (SOI), Rolling Hills CSD and Marble Mountain Homeowners CSD, are presumed to become part of the new City.

Cityhood was last attempted in 2005. The 2005 proposal would have created the new City of El Dorado Hills, dissolved and reorganized the El Dorado Hills Community Services District ("EDHCSD") and Springfield Meadows Community Services District (SMCSD, now known as the Rolling Hills CSD or RHCSD) by combining their functions into the new city. In 2005 the voters of El Dorado Hills failed to approve a proposed incorporation, achieving a 43.6% "yes" vote, short of the required majority approval.

## METHODOLOGY

This PCFA is based on a review of relevant EDHCSD planning and financial documents, information provided by EDHCSD staff, input from El Dorado Hills stakeholders, and several public agencies. The PCFA format and analysis is consistent with State incorporation codes, LAFCO requirements and practices applicable to incorporation feasibility studies. Assumptions and calculations are described in the report and further documented in the appendices.

The current EDHCSD organizational structure and budget provide the foundation for the new City, which builds on existing staff and services. The PCFA budget assumes that current EDHCSD functions continue at similar levels. The PCFA shows the additional new City services, costs, and revenues.

The current report is intended to help guide the EDHCSD Board and the residents of El Dorado Hills in deciding whether to proceed with the incorporation process, and to identify issues requiring further detailed analysis in advance of and during the more detailed LAFCO incorporation review. Actual development activity, revenues and expenditures, and other key assumptions will vary from the forecasts in this report depending on future economic conditions and decisions to be made by EDHCSD and other public agencies.

All future dollar amounts are expressed in 2021 purchasing power. Inflation will affect each cost and revenue differently but is not anticipated to significantly change the feasibility findings.

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<sup>4</sup> El Dorado County Resolution No. 98-62, under Government Code Section 61600 (see 2020 EDHCSD MSR, pg. 1-7).

## 2. EXECUTIVE SUMMARY

### FEASIBILITY OF INCORPORATION

As described in CHAPTER 7, the new City's budget forecast shows adequate positive cash flows and reserves to fund service levels at least equal to or greater than EDHCSD and County service levels. The forecast shows the accumulation of contingency and reserve funds for short-term cash flow, emergency repairs or other unforeseen events, and to increase capital improvement funding and other reserves. The magnitude of positive cash flows depends, in part, on mitigations that may be required; for example, EDHFD could request that LAFCO require the new City to mitigate annual CAL FIRE contract costs for areas converted from State responsibility to local responsibility.

The analysis assumes that EDHCSD is dissolved, and its assets, liabilities and services shifted to the new City; alternatively, EDHCSD could become a subsidiary district to the new City – the City Council would serve as the subsidiary district's board, and other functions (including CC&R enforcement) would continue unchanged. A significant portion of the projected new City's net revenues and reserves are attributable to the operations of EDHCSD intended for recreation programs and capital improvements; these resources can help fund the transition to cityhood while the new City establishes its own reserves, although the provision of recreation services and facilities could be affected in the short-term. No significant increase in commercial development is assumed but continued residential growth and new retail and other commercial projects would improve the new City's long-term financial sustainability.

The feasibility of incorporations in California has been hurt in past years by legislative actions reducing revenues to new cities.<sup>5</sup> However, the ability to build upon staff and resources of an existing district provides advantages including the initial funding of new staff to facilitate new contracts and planning required of a new city. EDHCSD provides an existing governance structure that can facilitate cityhood.

As a new City with expanded service responsibilities and costs, the community will qualify for additional revenues and grants, for example, increased property taxes and property transfer taxes, sales taxes, gas taxes and other road-related funds, and CDBG grants.

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<sup>5</sup> For example, see "State Policy Disconnect: Fiscal Shifts Imperil New City Incorporations and Annexations of Developed Areas", CaliforniaCityFinance.com, March 14, 2014, at <http://www.californiacityfinance.com/SB89Problem140314.pdf>



No significant additional capital improvements are assumed to result from incorporation, other than improvements anticipated by EDHCS and other service providers. Existing service providers' operations, capital repair, replacement, and expansion of facilities will not be directly affected by incorporation.

As described in CHAPTER 5, Public Services Plan and Costs, this PCFA assumes no changes to the provision of fire services or water/wastewater services due to incorporation.

## FISCAL IMPACTS ON OTHER AGENCIES

The County's net costs to serve El Dorado Hills will be reduced by the incorporation, and revenues will be reduced by a similar amount. Incorporation will transfer certain current services and service costs to the new City and transfer a portion of County property taxes that fund those transferred services and shift other County tax revenues to the newly incorporated community. The estimates of fiscal impacts will be further refined and may change in a Comprehensive Fiscal Analysis prepared by LAFCO if EDHCS submits an incorporation application.

This PCFA assumes that the new City will contract with County departments to continue certain County services, for example those provided by the Sheriff's Department. In the future, the new City may choose to continue County contracts, contract with a private company or another agency (e.g., a neighboring city), or form a new City department. Contracts will be negotiated by the new City Council.

During the new City's initial transition year, the County is required by State law to continue services, reimbursed by City revenues during that year and/or by future City repayment. The PCFA assumes the County continues services during the transition year as contracts are developed, and that the County would be compensated by a corresponding amount of transition year tax revenue that would otherwise be shifted to the new City. This arrangement would be facilitated by the City's use of revenues and EDHCS reserves to pay for additional new City transition year costs thereby reducing future repayment obligations to the County. Depletion of EDHCS reserves could be restored by the new City to the extent future City revenues allow. However, the use of District reserves for City transition costs could adversely affect recreation funding in the short-term; alternatively, the new City may choose to utilize County services during the transition year and retain revenues, then repaying the County in future years.

Incorporation would convert State Responsibility Areas (SRAs) to Local Responsibility Areas (LRAs). This conversion could require EDHFD to pay for State fire-fighting resources deployed within the LRAs;<sup>45</sup> currently the State of California is financially responsible for costs in SRAs. The potential future costs for these fire-fighting resources in the event they are required by the new City, and potential offsetting emergency funding, are uncertain. Alternatively, an EDHFD contract

with CAL FIRE for LRAs within the new City could cost \$700,000 to \$800,000 annually but would relieve EDHFD of the financial risks of a major wildfire that requires CAL FIRE assistance. EDHFD could request that LAFCO require the new City to mitigate this financial impact.

No other significant impacts on other agencies have been identified.

## INCORPORATION PROCESS AND MILESTONES

FIGURE A-1 in APPENDIX A illustrates the incorporation process. The schedule shows July 1, 2025, as the effective date of the new City; an earlier effective date of July 1, 2024 (or a subsequent date) may be possible but would require an expeditious incorporation process with no significant delays and may incur additional costs. Funding the process, which could exceed \$100,000, is not identified in this PCFA but could come from several sources including community fund raising, EDHCSD reserves, and other agencies that may have an interest in the formation of the new City.

The schedule depends on LAFCO's timing for various tasks and meetings, and whether challenges to the CFA require a State Controller's review. The date when the new City becomes effective could differ from the illustrative schedule depending on the timing of the community process and LAFCO incorporation review and approval. Generally, the new City's start date is at the beginning of the fiscal year so that the transition year, and continued provision of County services, is nearly a full year.

1. **Preliminary Comprehensive Fiscal Analysis (PCFA)** – EDHCSD reviews and accepts PCFA. The PCFA will inform EDHCSD and the public about City financial feasibility and incorporation. This process may require multiple community meetings and public outreach.
2. **Initiate Incorporation Process** – An EDHCSD incorporation application can start the LAFCO process. If an application is initiated by residents,<sup>6</sup> EDHCSD could approve a resolution in support of incorporation and contribute funding for LAFCO fees and charges. The application requires a detailed boundary description which can add to the application time.
3. **Preparation of Comprehensive Fiscal Analysis (CFA)** – Following receipt of an incorporation application with a detailed boundary description, LAFCO will issue a consultant Request for Proposals (RFP) and commission preparation of a CFA. The CFA is

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<sup>6</sup> A petition may be submitted by "...Not less than 25 percent of the registered voters residing in the area to be incorporated" pursuant to Gov. Code 56764 (a).

a more detailed version of the current PCFA with extensive input and data from service providers, notably El Dorado County. The CFA will document the financial feasibility of the proposed new City and determine financial impacts, if any, on public agencies including the County. The CFA provides the basis for establishing a transfer of property tax from the County to the new City and for specifying revenue neutrality payments, if required, from the City to the County or other agencies.

The CFA should be completed during the fiscal year following the release of County financial information for the prior fiscal year. If the CFA process extends into another fiscal year, there is a risk that its data will require updating, creating additional cost and causing delays.

4. **Revenue Neutrality Negotiations** – Meetings will occur between the incorporation applicants and the County to agree upon revenue neutrality mitigations, if required, and other transition and Cityhood issues that may affect the County and the new City. The negotiations may also discuss repayment for transition year services provided by the County.
5. **LAFCO Hearings** – LAFCO will hold a series of hearings to review the application, the CFA, and the LAFCO Staff Report. If the proposal is approved, LAFCO approval will be accompanied by a set of “Terms and Conditions” applicable to the incorporation. For example, terms will specify the amount of property tax sharing between the County and the City and revenue neutrality payments for any impacts on the County and/or other agencies. Public input will be received during these meetings.
6. **Election** – Incorporation requires majority approval of the voters within the new City’s boundaries. The election ballot may include an election for council members, or the council may be elected on a separate ballot (but before the effective date of incorporation). Council members may be elected “at-large” or by district<sup>7</sup> within the new City as specified by the incorporation application and LAFCO’s Terms and Conditions.
7. **Formation** – LAFCO’s Terms and Conditions will specify the “effective date” of the new city, typically at the start of a new fiscal year on July 1. This date could be extended if necessary to allow time for certification of election results, required filings, and other transition actions, or due to delays or extensions required by the community and LAFCO

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<sup>7</sup> See Gov. Code Sec. 57378 re: district elections.

process. The timing of the election (e.g., at a general election vs. special election), may influence voter turnout and election costs.

8. **Transition Year** – If requested by the new City, the County is required to continue to provide services for the remainder of the City's first fiscal year. This transition allows time for the new City to hire staff and to contract for services, and to begin receiving new City revenues. Certain City revenues may require a State filing process which can delay the receipt of revenues. The new City will be required to repay the County for any County services provided during the transition year which are not otherwise reimbursed by revenues retained by the County during the transition period. The transition year is an opportunity for the new City to accrue reserves for future cash flow, contingencies, and capital improvements while establishing operations.

This report assumes that the new City reimburses the County during the Transition Year and therefore has no ongoing repayment obligation to the County for Transition Year services.

The timeline will be more fully detailed by LAFCO and will depend on issues raised during the incorporation process. For example, an affected party may call for review of the CFA by the State Controller's Office, which could delay the process by several months.

### 3. THE INCORPORATION PROPOSAL

If the community chooses to proceed with an incorporation, EDHCSD or its residents would apply to LAFCO and propose terms and conditions applicable to the new City. Ultimately the residents of the proposed city would vote on a refined proposal if approved by LAFCO. This chapter summarizes key elements of an incorporation proposal which are further described in this report.

#### BOUNDARIES

The new City's boundaries and Sphere of Influence (SOI)<sup>8</sup> are assumed to coincide with the current EDHCSD boundaries and SOI as shown in **FIGURE 1**, including the Rolling Hills CSD and the Marble Mountain Homeowners CSD. LAFCO will determine the boundaries and may consider several factors including existing and planned development patterns, boundaries of other agencies and service providers, and potential costs. An SOI will be established within one year from the start of the new City.

##### Boundary Options

The PCFA considers new City services currently provided by other districts which could affect City boundaries. As described in CHAPTER 5 PUBLIC SERVICES PLAN AND COSTS, several factors dictate against inclusion of these services upon formation of the new City. These districts and their services include:

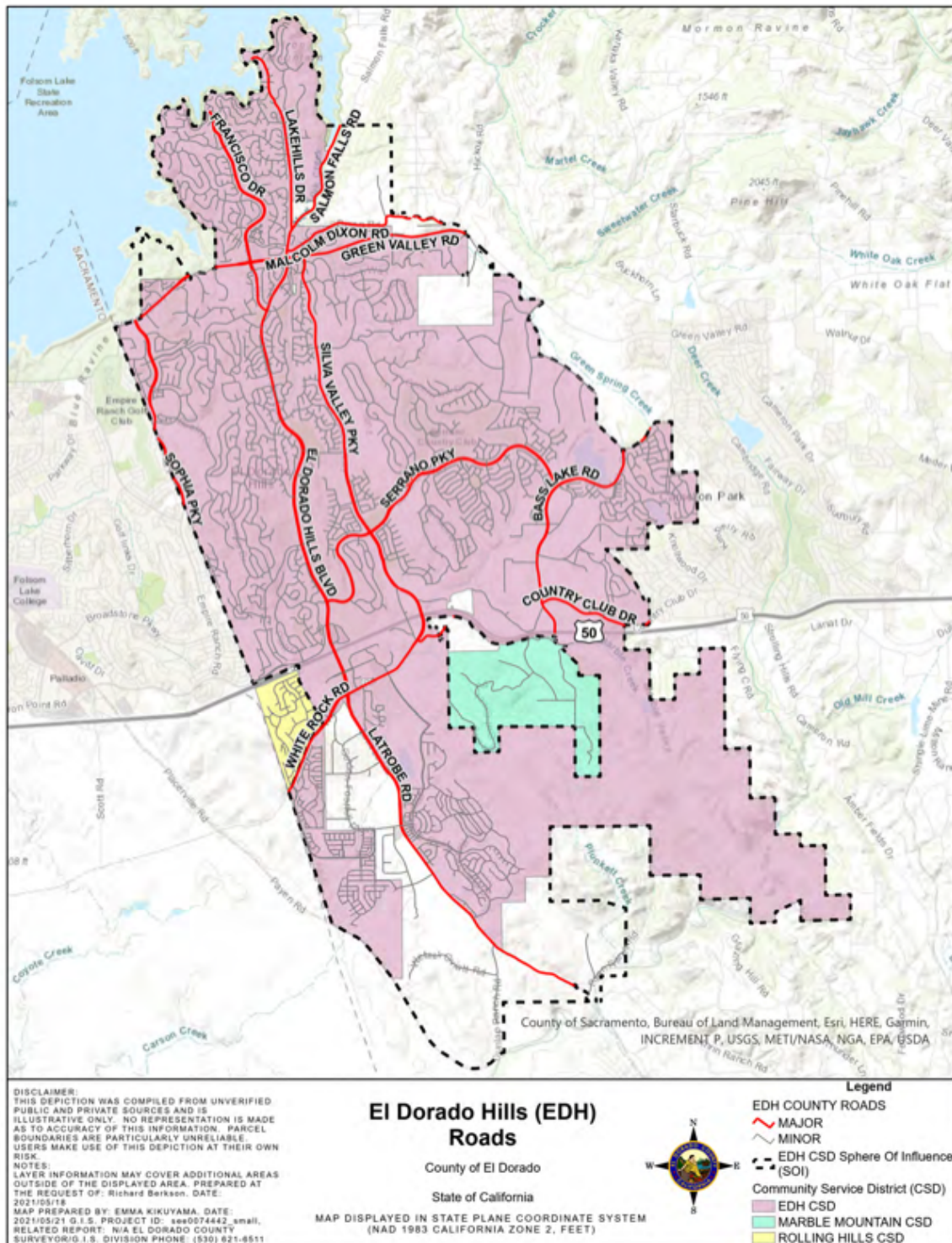
- 1. El Dorado County Water District (EDCWD, also known as El Dorado Hills Fire Department or EDHFD), the current fire service provider to the area** – Detachment of the portion of EDHFD serving El Dorado Hills would leave a smaller and potentially disconnected EDHFD service area, adversely affecting fire protection services in the region. Including the entire EDHFD boundary within the new City would encompass sparsely developed areas with minimal revenue base to help fund City services and would replace the EDHFD with the new City Council. Other concerns are described in the FIRE SUPPRESSION AND EMS section of CHAPTER 5.
- 2. El Dorado Irrigation District (EID), which provides water and wastewater services** – Detachment from the larger EID boundary will bisect water and wastewater infrastructure and require inter-agency agreements for continuing services, for example, provision of water, maintenance of water and wastewater facilities, and processing and disposal of wastewater. Other issues would have an adverse impact on EID and services to El Dorado Hills as described in the WATER AND WASTEWATER section of CHAPTER 5.

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<sup>8</sup> The City's SOI is the area of ultimate expansion of boundaries at buildout.



Figure 1 EDHCSD Boundary/Sphere of Influence and Other CSDs



## CITY SERVICES

The new City will provide a full range of municipal services directly or by contract with other providers. The new City will continue services currently provided by EDHCSD, including recreation and landscape maintenance, drainage maintenance, and oversight of solid waste collection and cable/internet services.

The new City will be responsible for funding and managing several local services currently provided by the County of El Dorado to the area including police protection, land use planning and road maintenance. The new City may choose to contract with the County for ongoing services, contract with another agency or private company, or form a city department. The City would develop and implement its own new General Plan rather than rely on County administration of the County General Plan, and determine the type, amount, and location of future development.

The new City may also provide services currently provided by other districts, including sewer, water, and fire protection; however, the PCFA does not recommend inclusion of these districts as noted in the preceding discussion of BOUNDARY OPTIONS and in CHAPTER 5. If included, these districts' services may be provided by City departments, or the district could become a city subsidiary district overseen by the new City Council if at least 70 percent of the districts' area and voters are within city boundaries.

## PUBLIC INFRASTRUCTURE, FACILITIES AND FUNDING

Incorporation is not expected to require changes to existing facilities or plans for new facilities different from current EDHCSD and other service providers' plans. Additional staff will be needed to handle increased City responsibilities, but Town Hall facilities should house the new City's additional staff.

No significant change is assumed to the current methods of funding facilities and services; special assessments will continue as currently charged and collected, including assessments and special taxes collected and dedicated to services in Rolling Hills CSD and Marble Mountain Homeowners CSD. New development will be required to annex to the CFD recently formed by EDHCSD.<sup>9</sup>

In addition to current EDHCSD revenues, the new City will receive a share of County property tax revenues generated within El Dorado Hills and will also gain other new revenues that EDHCSD

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<sup>9</sup> Additional legal review should be conducted to verify the applicability of the requirement for new development annexation to the CFD for all areas within the new City's boundary.

does not currently receive, e.g., gas taxes and other road-related taxes, sales taxes, property transfer taxes, and hotel taxes (if transient facilities are constructed in El Dorado Hills and the City adopts a hotel tax).

## DEBTS AND OBLIGATIONS

The analysis assumes that all EDHCSD (and other CSDs) debts, obligations and assets and liabilities will transfer to the new City.



## 4. LAND USE AND DEMOGRAPHICS

The El Dorado Hills community encompasses a population of 46,593 and 16,189 residential units according to the American Community Survey.<sup>10</sup> The El Dorado Hills census designated place encompasses approximately 48.6 square miles<sup>11</sup> including the El Dorado Hills CSD and its Sphere of Influence (SOI), Rolling Hills CSD, Marble Mountain Homeowners CSD, and the El Dorado Hills Business Park further described below.

The exact boundaries of the new City will be included in the application to LAFCO and may be changed by LAFCO if an application for cityhood proceeds. The boundaries may differ from those generally described above; however, differences in population and employment are not anticipated to significantly change the feasibility findings in this report.

### EL DORADO HILLS CSD (EDHCSD)

The EDHCSD boundaries include 18,079 acres or 28 square miles;<sup>12</sup> its population of about 46,000 residents represents virtually the entire El Dorado Hills Census Designated Place (CDP). Population in El Dorado Hills CDP grew 1.3 percent annually from 2010 to 2018,<sup>13</sup> Growth forecasts for the County show a slight slowing from 2018 through 2027;<sup>14</sup> the PCFA assumes that the El Dorado Hills CDP growth will also slow over that period to a 1.0 percent annual growth rate. If growth is higher than 1.0 percent annually, then the new City's revenues and costs are likely to increase as well.

The EDHCSD Sphere of Influence (SOI), which are areas intended for eventual annexation, covers 21,316 acres or 33 square miles including current EDHCSD territory of 18,027 acres or about 28 square miles.<sup>15</sup>

In 2020 LAFCO approved additions to EDHCSD's SOI at its north end and south end, as shown in FIGURE 1 and described in the 2020 MSR. The northern "area of interest" has approved development not yet developed; projects include low-density residential development at La

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<sup>10</sup> U.S. Census, American Community Survey (ACS), 2019 5-year estimates, Table DP-02.

<sup>11</sup> [https://en.wikipedia.org/wiki/El\\_Dorado\\_Hills,\\_California](https://en.wikipedia.org/wiki/El_Dorado_Hills,_California) accessed 4/15/2021.

<sup>12</sup> El Dorado County Surveyors Office, 5/21/2021.

<sup>13</sup> The 2010 census reported a population of 42,108 growing to 46,593 in 2018 per the ACS, an annual average compound growth rate of 1.3 percent.

<sup>14</sup> California Dept. of Finance, Report P-2A: Total Population Projections, 2010-2060 (2019 Baseline).

<sup>15</sup> El Dorado County Surveyors Office, 5/21/2021.

Canada (140 acres), Vineyards at El Dorado Hills (115 acres), the Alto development (81 acres), and the Malcom Dixon Estate (40 acres).<sup>16</sup> The southern area of interest is an approximate 616 acres of vacant land adjacent to the southern boundary of the District. It is currently, planned as Rural Residential by the El Dorado County General Plan. It is adjacent to the Ryan Ranch Rd. and Latrobe Rd. intersection. No development is proposed in this area

The EDHCSD's 2016 Master Plan anticipates a population of 57,000 by the year 2035.

Development of areas within its SOI, for example in the northern "area of interest", will add to El Dorado Hills ultimate buildout population.

## ROLLING HILLS CSD (RHCS D)

The Rolling Hills CSD is assumed to be included within the new City's boundaries or its Sphere of Influence for future annexation to the new City.

The Rolling Hills Community Services District (RHCS D) was originally formed in 1978 as the Springfield Meadows Community Services District to provide services to the Springfield Meadows subdivision. The District now also serves the Stonebriar and Shadow Hills Estates subdivisions, which were built after 2000, and the Sierramonte subdivision, which was just completing construction as of 2018. In 2008, the District changed its name to Rolling Hills CSD to be representative of all the communities located within the District. The District's service area encompasses 405 parcels, covering approximately 252 acres. RHCS D serves an estimated population of 800-1,000 residents.<sup>17</sup>

RHCS D provides road maintenance services, drainage, street lighting and landscaping, weed abatement, and parks and recreation services. RHCS D maintains a total of 30 paved roads totaling eight miles of roadway, two parks, and a series of culverts, gutters, and storm drains.

RHCS D is financed primarily through property taxes and a voter-approved special assessment, which are relatively stable sources of income. District-wide, properties are assessed \$200 per parcel, annually.

## MARBLE MOUNTAIN HOMEOWNERS CSD (MMHCSD)

The Marble Mountain Homeowners CSD (MMHCSD) is assumed to be included within the new City's boundaries or its Sphere of Influence for future annexation to the new City.

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<sup>16</sup> EDHCSD MSR 2020, pg. 2-18.

<sup>17</sup> RHCS D acreage from the El Dorado County Surveyor, 5/21/2021; population and other descriptive information is from the RHCS D Municipal Services Review, September 2018.

Marble Mountain Homeowners Community Services District was formed in 1982 as a single-purpose special district to provide road maintenance services to approximately 7.5 miles of roadway within its boundaries that covers 848 acres and includes 136 registered voters.<sup>18</sup> MMHCSD is funded by property taxes and special taxes which vary by zone.

## COMMERCIAL LAND USES AND EMPLOYMENT

Employment in El Dorado Hills totals 14,523 jobs not including the self-employed, according to the census.<sup>19</sup> Future employment depends on the timing, magnitude and type of commercial development and number of new employees, as well as recent increases and trends in employees working from home. Growth in commercial space and employment will influence future City costs and revenues.

Commercial areas include Town Center south of Highway 50, and various small neighborhood shopping strips such as the Raley's center off Saratoga Way and the Safeway shopping center at the intersection of Green Valley Road and Francisco Drive. The total commercial space within the El Dorado Hills community is approximately 4 million square feet. However, this number includes the 900-acre Business Park (approximately 110 buildings and 2.6 million square feet) which lies just outside of the District's boundaries but is within the District's sphere of influence.<sup>20</sup> The Business Park has experienced some conversion of commercial land to residential due to the large supply of vacant commercial land and strong demand for new residential development.<sup>21</sup>

The El Dorado Hills Fire Department's website<sup>22</sup> provides information on pending commercial and retail projects that will affect the services and revenues of the new City. For example, a potential new hotel is identified, which would generate sales tax and hotel taxes. A new Costco,

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<sup>18</sup> MMHCSD acreage from the El Dorado County Surveyor, 5/21/2021; population and other descriptive information is from the MMHCSD Municipal Services Review, August 2017.

<sup>19</sup> U.S. Census OnTheMap, total all jobs, 2018.

<sup>20</sup> El Dorado Hills Community Services District Municipal Service Review, El Dorado Local Agency Formation Commission, May 2012 (approved May 23, 2012), pg. 9.

<sup>21</sup> For example, see the Creekside Village Project, accessed 6/16/2021 at <https://www.creeksidevillage-edh.com/>

<sup>22</sup> EDH Development Snapshot, at: <https://edhfire2019trial.maps.arcgis.com/apps/MapTour/index.html?appid=50fcf38540764e1fa54afea24e940e57>

which the site notes is in the “planning” stage and has not been approved, would create significant new sales taxes.

For purposes of assessing financial feasibility, the PCFA does not assume significant new commercial development. Depending on the timing of new commercial tax revenues, new revenues accruing to the County prior to incorporation represent additional lost revenue to the County upon subsequent new City formation. If the new development occurs following incorporation, the new City will benefit without a significant direct impact upon the County.

## 5. PUBLIC SERVICES PLAN AND COSTS

El Dorado Hills, as a city, will become responsible for many of the services currently provided by the County. El Dorado Hills residents and their elected council members will have an increased role in overseeing services such as planning and development approvals which currently the County manages. The provision of police services is another function provided by the County Sheriff that the new City will need to fund.

The new City could contract with the County for continued services, or with other agencies or private entities, or the District could consider hiring additional City personnel and creating new City departments. Ultimately, these decisions about services will be made by the elected city council following incorporation.

The following sections describe services and options summarized in TABLE 1. This chapter also notes key funding sources which CHAPTER 6 describes in more detail. If the community proceeds with an incorporation application to LAFCO, a more detailed CFA will be prepared that will further refine additional staffing, services and costs required by the new City.

### GOVERNANCE AND MANAGEMENT

The new City will be governed by five city council members who will function like the current EDHCSD Board, but with a greater range of responsibilities. The PCFA assumes that elections for council will be at-large, although the new City could choose to elect council members by district.

The new City will require a city manager. This manager will oversee all municipal operations in addition to those responsibilities of the current EDHCSD General Manager. The new City also has the option of a “city council/strong mayor” form of governance in lieu of a city manager, although this arrangement is less common in California and limited to a few large cities.

The new city will need a City Clerk. Currently the EDHCSD District Clerk serves the Board; it is assumed that this position will continue to provide similar functions for the new City Council.

No significant increase in current EDHCSD governance and management staff or related costs are assumed, although additional administrative staff may be needed to handle an expanded workload as described in the following sections. Staff and related costs will continue to be funded by the General Fund, augmented by “costs applied” from other activities for administrative support and overhead.

### ADMINISTRATIVE SERVICES

The new City will be supported by administrative functions currently provided by EDHCSD staff and contractors, including finance, customer service, accounting, human resources, risk

management, and legal services. Population growth and additional City functions will increase the need for additional staff and/or contracts to handle added City responsibilities.

The new City budget forecast assumes two to three additional staff to assist with increased administrative and finance workloads to handle added City responsibilities and respond to a growing community. Additional costs may be required for information systems for the new City's additional land use and permit approval functions, and furnishings and equipment for added staff and contractors, and space that may be required for locally based public agency contractors such as the Sheriff's Department. New staff are phased-in over the first two years; additional staff time will be needed to help during the new City's initial transition year to establish and contract for new City services, as well as to provide for ongoing support.

## CITY ATTORNEY

The new City will require additional legal services to supplement EDHCSD's current legal counsel due to the expanded scope of services including planning and land use development, and contracts for services such as Sheriff's patrol and related costs. The City Attorney will be responsible for drafting new City ordinances and other municipal matters.

The City budget in this PCFA supplements the current EDHCSD legal budget of \$161,000 with an additional \$300,000 annually and assumes these services will be required beginning in the initial transition year to assist with contracts and adoption of City ordinances and other organizational affairs. The total legal budget would total \$461,000 which is generally like comparable cities.

## ECONOMIC DEVELOPMENT

The new City may choose to fund economic development activities to facilitate growth in business activity in El Dorado Hills and attract businesses needed by the community, which in turn will support jobs and additional City tax revenues. City feasibility does not depend upon economic growth; however, the creation of a diverse economic base will improve the City's future financial sustainability and ability to improve services and facilities.

Depending on City priorities and the availability of City funds, initially this role may be filled by City management staff – no additional costs are assumed in the budget forecast. As the City grows, revenues may support a part- or full-time position and expenditures for economic development planning, business outreach, and marketing.

**Table 1 Summary of Current and Proposed Service Providers**

Service	Current Service Providers		Post-Incorporation Change in Services
	County of El Dorado/Other	El Dorado Hills CSD	
<b>General Government Administration</b>	County Supervisors oversees Countywide & local services; upon incorporation the County will not administer local services shifted to the City of El Dorado Hills.	EDHCSD Board oversees park and recreation services and facilities. District staff provide related administrative services.	New city council will oversee all local city services, provide administration (City manager, board clerk, attorney, human resources, finance, risk management, IT).
<b>Engineering, Planning and Development</b>	County development services include plan check/building permits, building inspection & building code enforcement.  Residents can serve on the El Dorado Community Advisory Committee to review & make recommendations to the County on land use planning, zoning & design review.	EDHCSD enforces codes, covenants and restrictions, and provides design review & planning for capital projects.	New city will be responsible for all planning/development services including capital projects. City may contract with County or private firm & receive revenues from permits and fees. City planning commission will advise council. CC&R enforcement continues.
<b>Economic Development</b>	No El Dorado Hills - specific economic development.	No EDHCSD economic development programs.	New city can undertake economic development and participate in CDBG programs.
<b>Animal Control</b>	County provides animal control services. Its shelter is located in Diamond Springs. Funding responsibility shifts to new city.	No EDHCSD services.	New city could contract with neighboring city or County for animal control and shelter services.
<b>Roads and Related Maintenance</b>	County Dept. of Transportation provides road maintenance (Road District).  Responsibility for roads shifts to new city.	No EDHCSD services. Rolling Hills CSD and Marble Mountain HCSD privately contract for road maintenance.	New city could contract with neighboring city, County, and/or private contract for road maintenance. City will qualify for regional funding and gas taxes.
<b>Transit</b>	Regional agencies provide transit services (El Dorado Transit).	No EDHCSD services.	New city will provide transit coordination and services, and may expand services depending on availability of funds.
<b>Police Protection</b>	County Sheriff provides police protection, CHP enforces traffic laws. Responsibility shifts to new city.	No EDHCSD services.	New city could contract with neighboring city, the County, or form its own department.

**Table 1 Summary of Current and Proposed Service Providers (cont'd)**

Service	Current Service Providers		Post-Incorporation Change in Services
	County of El Dorado/Other	El Dorado Hills CSD	
<b>Fire Protection and Emergency Medical Services</b>	Fire protection is provided by El Dorado Hills County Water District (El Dorado Fire). CSA 7 funds ambulance and EMS services.	No EDHCSD services.	No change assumed.
<b>Parks and Recreation</b>	No local County services.	EDHCSD organizes recreation events, oversees programs; provides pedestrian and bicycle paths, maintains parks, landscaping, and street lighting. Rolling Hills CSD maintains parks.	No change. New City's management will extend to CSDs.
<b>Libraries</b>	El Dorado Hills Library (CSA 10)	No EDHCSD services.	No change assumed.
<b>Wastewater</b>	El Dorado Irrigation District provides wastewater services.	No EDHCSD services.	No change assumed.
<b>Water</b>	El Dorado Irrigation District provides water services.	No EDHCSD services.	No change assumed.
<b>Storm Water</b>	County Dept. of Transportation provides drainage services (CSA 9).	EDHCSD maintains local drainage systems. Rolling Hills CSD maintains drainage system.	No change assumed.
<b>Solid Waste</b>	El Dorado Disposal Waste Connections	EDHCSD administers franchise agreement for solid waste collection by private providers.	City would grant franchise for solid waste collection, and receive franchise fee revenues.
<b>Cable T.V. and internet</b>	Comcast and AT&T U-Verse	EDHCSD administers franchise agreement for cable services by private providers	No change assumed.



## PLANNING AND BUILDING SERVICES

### Current County and CSD Services

The El Dorado County Planning and Building Department guides land use and development consistent with the General Plan, Building Codes, and related regulations. The El Dorado Hills Area Planning Committee (APAC) provides input to the County Supervisors on the El Dorado Hills Area Plan and development projects in the area. EDHCSD Staff provides direct review of projects within the District related to its authority and services provided, i.e., parks & recreation, solid waste, cable television, LLADs, CC&Rs, and capital projects.

As noted above, EDHCSD enforces Covenants, Conditions and Restrictions (CC&Rs) which are contractual limitations on property owners' rights. These restrictions are placed on the property deed, recorded with the County, and made a condition of the lot purchase. The restrictions pass to subsequent owners. In 1983, El Dorado Hills voters passed a ballot measure giving the El Dorado Hills CSD authority to enforce CC&Rs. Included was an assessment of up to \$10 per year per parcel to fund CSD enforcement of the CC&Rs. The CSD enforces two-thirds of more than 104 sets of CC&Rs in El Dorado Hills.<sup>23</sup>

### Proposed City Services

**Administration and Technical Support** – City administrative staff will provide management and financial services to support the Planning and Building Services Department, in addition to their support of other City departments. The new City could contract with the County for GIS and mapping services or contract with a private provider.

**Planning** – The new City will provide planning services including the preparation, periodic review, and revision as necessary, of the City's General Plan, and will implement the general plan through application of the development provisions of the City's Specific Plans, Zoning and Subdivision ordinances and other requirements. The new City will need to prepare its own General Plan within the first several years of its existence, building upon existing EDHCSD, County and Area plans. The proposed City budget adds approximately \$840,000 annually for planning and engineering staff costs/contracts (based on current Countywide average costs) in addition to current EDHCSD parks and recreation planning expenditures. Additional costs for a new City General Plan are spread over the first five years of the new City at a total cost of \$600,000 assuming the new City can utilize parts of existing EDHCSD, County and area plans and

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<sup>23</sup> EDHCSD website, accessed 5/16/2021, [https://www.eldoradohillscsd.org/residents/cc\\_rs/index.php](https://www.eldoradohillscsd.org/residents/cc_rs/index.php)

consolidate its General Plan efforts with EDHCSD recreation master plan updates; actual costs may be higher than estimated herein and require a longer time frame than shown.

The Planning and Building department will support the City's Planning Commission, City Council, and development and real estate professionals. The Department will coordinate the review of development proposals by City departments, public safety agencies, school districts, and County, State, and Federal Agencies to ensure compliance with applicable development rules and regulations. The Planning Division is also responsible for ensuring that all development proposals comply with the California Environmental Quality Act (CEQA). Planning, engineering, and other building services will be partially funded by fees and charges for services and building permits.

**Affordable Housing** – The new City will have the opportunity to apply for State planning grants to further affordable housing. The new City will need to plan for and comply with requirements for regional housing allocations. Services (and related costs) assumed part of planning staff activities.

**Community Development Block Grants (CDBG)** – CDBG is a funding source that helps address local housing and community development needs. Activities must first meet one of the following national objectives: address the needs of low-income persons; eliminate a slum or blighted condition; resolve an urgent need.

The new City will have the opportunity to participate in CDBG programs. Typically, smaller cities defer to County programs rather than undertake the substantial competitive grant process and compliance work on its own.<sup>24</sup> Each year allocations are available for CDBG, Home Investment Partnership (HOME), and Emergency Solutions Grant (ESG) funds from the U.S. Department of Housing and Urban Development. The amount that is available is dependent upon the amount of funds appropriated by Congress.

**Code Enforcement** – The Department will enforce zoning and building codes, but the new City will have limited authority to enforce specific CC&Rs. In its incorporation application to LAFCO, EDHCSD can consider retaining certain EDHCSD powers by reorganizing the EDHCSD as a subsidiary district to the new City for the purpose of CC&R enforcement.<sup>25</sup> Existing EDHCSD staff

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<sup>24</sup> For example, the City of Placerville's FY21 budget proposes to "...Review potential projects for CDBG funding, consider joint application with County for Housing Rehab." (pg. 64).

<sup>25</sup> The Mountain House CSD is in the process of applying to San Joaquin LAFCO to incorporate and proposes to reorganize the CSD as a subsidiary district to the new city to retain its authority to enforce CC&Rs. Further legal review is recommended to determine the new City's ability to continue current CC&R enforcement.

could continue to enforce the CC&Rs (funded by existing assessments for that purpose) supplemented by additional staff and/or contract services for zoning and building code enforcement.

**Building Services** – The new City will be responsible for various development services currently provided by the County, including project review, permit processing, and building inspection. It is assumed that these services would be provided under a contract with the County or with a private firm that would provide a building official, inspectors, and permit technicians. Alternatively, the City could expand its staff, however, year-to-year fluctuations in the volume of permit activity helps to justify the contract approach.

The new City could contract for services with a private firm based on a fee for a fixed number of staff. Another approach utilized by new cities involves contract payment of a “percent of fee revenue” that provides flexibility and reduced risk, particularly for cities with a high level of activity that can fluctuate annually. A “percent of fee revenue” approach typically involves a sliding scale ranging from 70 percent to 85 percent of fees paid to the contract firm, with the City retaining the balance to fund overhead and facilities.

The Planning and Building Services Department would collect impact fees currently charged by the County, including Park Development Impact Fees and Quimby Parkland Dedication In-Lieu Fees. These fees can be used for land acquisition and construction of parks and recreation facilities.<sup>26</sup> Other fees previously collected by the County but now by the new City would include fire impact fees and traffic impact fees, as well as other fees and charges for planning, zoning, and building services. City collection of park fees could reduce the current County reimbursement delays experienced by EDHCSD.

## REGIONAL PLANNING

The Sacramento Area Council of Governments (SACOG) provides transportation planning and funding for the region and serves as a forum for the study and resolution of regional issues. In addition to preparing the region’s long-range transportation plan, SACOG approves the distribution of affordable housing in the region and assists in planning for transit, bicycle networks, clean air, and airport land uses.<sup>27</sup>

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<sup>26</sup> EDHCSD MSR and SOI Update, August 2020.

<sup>27</sup> SACOG website, accessed 5/16/2021, <https://www.sacog.org/about-sacog>

### **Proposed City Services**

The new City will have the opportunity to participate in SACOG, an association of local governments in the six-county Sacramento region. Its members include the counties of El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba and 22 cities.

## **ROADS AND RELATED MAINTENANCE**

### **Current County and CSD Services**

Road maintenance in El Dorado Hills currently is the responsibility of the El Dorado County Department of Transportation. As described on the County's website, the Department's Maintenance and Operations Division manages repair, maintenance, and replacement of existing County roadway and drainage infrastructure.<sup>28</sup> This unit is responsible for the maintenance of 1,083 centerline miles of roadway. Responsibilities include roadway, bridge and guardrail maintenance, drainage, roadside ditching, snow removal, and ice control, roadside spraying and vegetation control, roadway emergency response, erosion control, and stormwater quality, traffic engineering, traffic signals, roadway striping, signs and markings, brushing, pavement, curb, gutter and sidewalk repair, and dead animal removal.

The County reports it spent \$10,003,263 in FY2019 on "Patching, Overlays, Other Maintenance",<sup>29</sup> an average of about \$9,200 per centerline mile. Significant additional costs are incurred for administrative and engineering expenses, new roads and road reconstruction, storm drains, pedestrian ways and bike paths, and other road-related costs. For reference, the Rolling Hills CSD (RHCS D) budget show average expenditures per centerline of \$6,000 to \$7,000;<sup>30</sup> the RHCS D roads do not carry the same level or type of traffic or suffer the extent of weather damage as average County roads, and the budgeted costs do not include the full range of costs borne by the County.

Landscaping and street lighting services are provided by EDHCS D in 25 active Landscape and Lighting Assessment Districts (LLADs).<sup>31</sup> The infrastructure is owned by the District, but maintenance on streetlights is performed by PG&E. The parks' staff oversee the landscape

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<sup>28</sup> El Dorado County website, accessed 5/14/2021, <https://www.edcgov.us/Government/dot/Maintenance>

<sup>29</sup> California State Controller's Office, Counties Road Financial Data, raw data downloaded from file: RD\_EachDataSet\_FY2018-FY2019\_20200409\_v4.xlsx obtained at: <https://bythenumbers.sco.ca.gov/Raw-Data/County-Road-Raw-Data-for-Fiscal-Years-2017-18-to-2/3dkq-ugr6>

<sup>30</sup> See Rolling Hills CSD budgets; average costs shown include drainage, road maintenance, lighting, and road projects.

<sup>31</sup> EHCS D MSR and SOI Update, August 2020.

maintenance contract of streetlights, sidewalks, medians, and streetscapes as well as irrigation repairs, encroachment permit management and repair or new construction contracts.

In Rolling Hills, the Rolling Hills CSD (RHCSD) provides road maintenance services, drainage, street lighting and landscaping, weed abatement, and parks and recreation services. RHCSD maintains a total of 30 paved roads totaling eight miles of roadway, two parks, and a series of culverts, gutters, and storm drains.<sup>32</sup> Services are funded by property taxes and special taxes paid by property owners.

In Marble Mountain, the Marble Mountain Homeowners CSD (MMHCSD) provide road maintenance services to approximately 7.5 miles of roadway within its boundaries.<sup>33</sup> MMHCSD owns major pieces of equipment for roadway repairs. Maintenance activities are completed by both volunteers and licensed contractors. Services are funded by property taxes and special taxes paid by property owners within two different zones of benefit.

### **Proposed City Services**

According to the County Surveyor, there are approximately 307 centerline miles of road in EDHCSD and its Sphere of Influence, Rolling Hills CSD, and Marble Mountain CSD.<sup>34</sup> The new City will be responsible for roads and related maintenance and may contract with the County for continued services or with private contractors. The new City may also maintain a crew to handle ongoing routine maintenance.

The primary source of funding will be various road-related revenues including gas taxes and SB1 funds supplemented by City General Fund revenues at the discretion of the City Council. The new City's revenues will also include property tax revenues transferred from the County Road District to the new City. Road-related revenues are further described in CHAPTER 6 CITY REVENUE ESTIMATES.

City services will be provided to the areas currently managed by the Rolling Hills CSD and Marble Mountain Homeowners CSD. Special taxes collected within the CSDs are assumed to continue and to be directed only to services within the CSDs, along with CSD property taxes transferred to the new City. Current services funding from the CSDs will be supplemented by funding provided by the new City (e.g., gas taxes and road district property tax revenues transferred to the new City).

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<sup>32</sup> Rolling Hills Community Services District Municipal Service Review and SOI Update, September 2018.

<sup>33</sup> Marble Mountain Homeowners Community Services District Municipal Service Review and SOI Update FINAL, August 2017.

<sup>34</sup> Correspondence with the El Dorado County Surveyor's Office, May 19, 2021.

Based on the County's average costs for "Patching, Overlays, Other Maintenance" of \$9,200 per centerline mile, the 307 centerline miles in El Dorado Hills (including the CSDs and SOI) would cost \$2.8 million annually, before including additional costs for other road-related maintenance, engineering, and reconstruction. Actual costs for road maintenance may differ from the County average due to the condition of El Dorado Hills roads compared to the County average, and the level and type of deterioration caused by traffic and weather conditions. The Comprehensive Fiscal Analysis (CFA) will more precisely determine road-related costs specific to El Dorado Hills.

In addition to gas taxes and County road district property taxes transferred to the new city for ongoing maintenance, major road improvements will be funded from various sources including Traffic Impact Fees, State and Federal funds. The allocation of these funds is coordinated among multiple regional agencies including the El Dorado County Transportation Commission, the City of Placerville, El Dorado County, El Dorado County Transit Authority (EDCTA), Sacramento Area Council of Governments (SACOG), and State Department of Transportation (Caltrans).

## TRANSIT

El Dorado County Transit Authority (El Dorado Transit) provides bus services along the Western Slope of the County from Pollock Pines to El Dorado Hills, and further connections continuing to Folsom and Sacramento. El Dorado Transit operates under authority of a Joint Powers Agreement (JPA) with the County of El Dorado and the City of Placerville. It is likely that the new City would participate in the JPA to assure input into transit planning and services. In addition to fare revenues, operations and capital are funded by State and federal funds.

## STORMWATER AND DRAINAGE

The new City will be responsible for stormwater and drainage services. County Service Area (CSA) 9 collects assessments and special taxes to pay for drainage services. The PCFA assumes that these assessments will continue to be collected by (and/or directed to) the new City and administered for the benefit of each district without incurring a financial cost or benefit on the new City. The new City may need to facilitate consideration of assessment and special tax increases, subject to property owner and voter approval, to adequately fund required maintenance and services. Assessments currently collected within CSDs and used for drainage maintenance are assumed to continue. Road revenues received by the new City can also be used for drainage facilities associated with roadway maintenance and repair.

## PARKS AND RECREATION

### Current EDHCSD Services

The District is responsible for management of 448 acres of developed and undeveloped public parkland. With parks ranging from 0.6 acres to 40 acres in size, El Dorado Hills parkland includes neighborhood, village, and community parks, trails and open spaces, special use areas and facilities. The District also operates and maintains a variety of facilities that include sports fields, basketball, tennis and bocce ball courts, playgrounds, a dog park, a gymnasium, a pool, and the teen and senior center. The central recreation facilities and programs are centralized at the El Dorado Hills' Community Park and Community Activities Complex; although, Oak Knoll Park has a small clubhouse where some programs and activities can be held. The District also includes 15 private parks owned and managed by Homeowner's Associations (HOAs).<sup>35</sup> The District is in the process of updating its Master Plan and anticipates further planning for additional capital improvements that may include a community center and an aquatics facility.

### Proposed City Services

The new City is assumed to continue parks and recreation services and facilities as currently operated and maintained by the EDHCSD. The PCFA budget forecast assumes recreation costs grow as population grows. The new City Council will provide oversight and direction. Park maintenance conducted by RHCSO is assumed to continue under the direction of the new City, funded by ongoing special taxes collected within the CSD for that purpose.

## LIBRARY

The El Dorado County library system operates libraries throughout the County, including El Dorado Hills. Services are funded by CSA-10 assessments which vary by zone according to benefit.<sup>36</sup> Incorporation will have no effect on library services.

## POLICE

### Current County Services

The El Dorado County Sheriff's Office provides a range of law enforcement services to unincorporated areas as well as to the entire County. In addition to law enforcement services,

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<sup>35</sup> EHCSD MSR and SOI Update, August 2020, pg. 2-3. See also the EDHCSD Park and Recreation Facility Master Plan, June 2016.

<sup>36</sup> LAFCO website, accessed 5/17/2021 at <https://www.edlafco.us/files/25946cec4/CountyServiceArea10.pdf>

the Sheriff's Office provides other services such as a live scan, CCW permits, civil service such as eviction and paper services. The County's General Plan includes minimum service standards for public safety; the minimum Sheriff standard is an 8-minute response to 80% of the population. The County's budget reports 138 deputies<sup>37</sup> or about 0.9 deputies per 1,000 unincorporated population. In addition to the 138 sworn deputies, there are 26 Sergeants, seven Lieutenants, three Captains and an Undersheriff and Sheriff (176 total sworn). The Sheriff's Office employs 23 dispatchers and an additional 84 people as support staff.

El Dorado Hills is part of Sheriff's Zone 21 which primarily includes developed areas. The number of deputies in the El Dorado Hills area varies depending on the time of day and need for services. In 2020 the Sheriff's Office responded to an average of 1,300 calls for service per month in Zone 21.<sup>38</sup> Of those 1,300 calls for service, on average, 118 required a report<sup>39</sup>. In addition to patrol deputies, the Sheriff's Office provides a range of services to the El Dorado Hills community, including a primary and support detective assigned to the zone. The Sheriff's Office also provides School Resource Officers (SROs) under agreement with the school districts.

Sheriff's services to unincorporated areas include Administration, Custody and Bailiff, Operations and Support Services. Custody and Bailiff services will not be directly affected if El Dorado Hills becomes a city, however, a share of other services will effectively become the City's responsibility. County services<sup>40</sup> that will be partially shifted to the new City include:

**Sheriff's Administration** – Administration is responsible for the overall management of the Sheriff's Office and includes the office of the Sheriff, Undersheriff, Captains, Sheriff's Executive Secretary, and the Fiscal Services. The new City will be responsible for funding and provision of administrative tasks related to police protection, either through a contract payment or direct provision.

**Sheriff's Operations** – Operations provides Patrol Services and is responsible for County-wide law enforcement patrol activities; responding to calls for service; recording crime reports from citizens and handling investigations of crimes; making arrests where there is a violation of local, State, or Federal laws, codes, or ordinances; assisting other agencies during emergencies. The new City will provide or contract for patrol deputies and investigation services. Currently the

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<sup>37</sup> Excludes correctional officers and limited term deputies; El Dorado County Budget, June 2020, pg. 373.

<sup>38</sup> Interview with Captain Falkenstein, El Dorado County Sheriff's Dept., April 30, 2021.

<sup>39</sup> Interview with Captain Falkenstein, El Dorado County Sheriff's Office., April 30, 2021; Does not include Supplemental reports or Detective follow up.

<sup>40</sup> For further description of Countywide Sheriff's services, refer to the El Dorado County 2020-21 Recommended Budget, June 2020, pg. 117.



California Highway Patrol provides traffic enforcement, although Sheriff's deputies could be trained to handle those services; the new City will need to fund traffic enforcement that may include specialized officers and equipment (e.g., motorcycle patrol, radar).

Included within the Sheriff's Patrol Services Division are the Crime Scene Investigators and Detective Units that are responsible for county-wide investigation of criminal cases, narcotics investigations and follow-up investigation of crimes referred by the Patrol Deputies, cases from the District Attorney and/or Probation Departments, and the coordination of investigations with multi-jurisdictional task forces. Additionally, Fleet, Bomb Squad, Search & Rescue, SWAT, K-9, the Dive Team, the Crisis Negotiation Team, the Sheriff's Honor Guard, Reserves, Explorers, Office of Emergency Services, the Public Information Officer, and the Sheriff's substations come under the Patrol Services Division. Those services are typically funded by cities on an "as needed" basis when contracting for services.

A portion of the city will have Folsom Lake access. Currently the Sheriff's Office provides patrol and law enforcement services on Folsom Lake using various watercraft.

**Sheriff's Support Services** – Sheriff's Support manages public records and property, the office of the Coroner, civil process, Vehicle Abatement, the Range/Armory, the Radio Shop, and Information Technology support to the Sheriff's Office. Also included within the Support Services Division are the Sheriff's Training section, Dispatch, the Professional Standards and Background Investigative Unit, Radio Communications staff, the Sheriff's Team of Active Retiree (STAR) program, and the Assistant Public Administrator. A portion of the cost of support services is typically included in contracts for Sheriff services.

### **Proposed City Services**

The new City will be responsible for providing police services to its residents. In addition to patrol and related administration and support services, the new City will enforce traffic laws currently the responsibility of the California Highway Patrol (CHP). The new City will need to prepare an Emergency Operations Plan every 3-4 years for State approval.

During the new City's initial Transition Year, the County and CHP will continue to provide services. In subsequent years the City may choose to contract with the County, contract with another city (e.g., Folsom), or form its own department.

Most newly formed cities contract to continue County services. Forming a new police department can be very costly, and a relatively small department would be less cost-effective relative to a much larger Sheriff's Office. The Sheriff's Office also offers specialized services and expertise that are difficult for a small department to provide, for example, crime scene investigation, homeless outreach, crisis negotiation, a marine unit, air squadron, and high-tech investigations. According to the Sheriff's Office, several of their deputies live in El Dorado Hills.

A County contract would reflect the costs for specific services provided to El Dorado Hills in accord with the direction of the new City Council. The contract costs may or may not include all the services currently funded by the County, for example, the "Dive Team", STAR program, and other services that generally benefit all County residents. During the CFA process, if incorporation moves forward, sample contract terms and costs will be requested from the County Sheriff's Office; this contract will exclude certain costs which, by law, are not directly attributable to the provision of contract services.<sup>41</sup> A small amount of revenues will accrue from police-related permits and fees to partially offset costs.

Estimates of El Dorado Hills police costs are based on net County costs per unincorporated resident for administration, operations, and support services. The actual contract will be negotiated between the new City and the Sheriff's Office based on minimum levels of service required by the Sheriff's Office, and additional services desired by the community. As noted above, services and costs will vary depending on the level and type of traffic enforcement desired, number of deputies, and allowable administrative charges. The estimated cost is less than a similar "per resident" cost of police in the City of Folsom.

## ANIMAL CONTROL

Animal Control services in El Dorado Hills are provided by El Dorado County Animal Services. The County's animal shelter for the West Slope is in Diamond Springs.

The new city will be responsible for animal control and could investigate a contract with the County for continuing services, a neighboring city such as Folsom, which provides its own animal control field and shelter services. The estimated cost in the projected new City budget, increased with population growth, is based on the City of Folsom's per capita costs that are like current County costs per capita.

## FIRE SUPPRESSION AND EMS

The El Dorado Hills County Water District (EDHCWD) provides fire protection and emergency medical services (EMS) to El Dorado Hills, Latrobe, and Rescue. As described on the EDHCWD

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<sup>41</sup> By law, a county that provides services to a city pursuant to a contract is required to charge the city all costs that are incurred in providing the service. (Government Code section 51350, commonly referred to as the Gonsalves Bill.) In making this calculation the section provides for the exclusion of certain "overhead" costs. Specifically, "The county shall not charge, either as a direct or indirect overhead charge, any portion of those costs (1) which are attributable to services made available to all portions of the county, as determined by resolution of the board of supervisors, or (2) which are general overhead costs of operation of the county government."

website (also referred to as the El Dorado Hills Fire Department, or “EDHFD”) in 1963, the El Dorado Hills County Water District was formed to provide water and sewer services to the community of El Dorado Hills. In the same year, the Fire Department was established under the County Water District. The citizens of El Dorado Hills voted in 1973 to have the water and sewer systems operated by El Dorado Irrigation District, therefore, leaving only fire protection under the direction of the County Water District Board.<sup>42</sup>

EDHFD is governed by a five-member board of directors. EDH operates from five stations including its administrative headquarters, and a separate training facility. Dispatch is provided through a contract by CAL FIRE’s Camino Emergency Command Center. One of the EDH stations (Station 91) is in Latrobe, which was added when EDH annexed the Latrobe Fire Protection District in 2014. The annexation increased EDHFD’s jurisdiction from about 40 square miles to 94 square miles<sup>43</sup> with the addition of Latrobe.

If city incorporation does not involve reorganization of fire suppression and EMS services, these services would be unchanged and have no impact on services to El Dorado Hills residents.

The community could consider reorganizing fire suppression and EMS services under the umbrella of the new City. A new City fire department would utilize administrative services provided by the new City; however, additional City staff may be required to handle management, administration, human resources, and legal functions of the current EDHFD. The new City fire department would be responsible for all debts and unfunded obligations including pensions, and retiree health of the EDHFD. The City fire department would be subject to competing City financial and service priorities and would be overseen by a city council with less expertise and focus specific to fire protection compared to a fire district board.<sup>44</sup>

Inclusion of the entire boundaries of EDHFD in the new City would virtually double the area served by the new City, and the additional area would add relatively little additional developed area, population and assessed value growth. The larger boundary could incur in excess of \$2 million of CAL FIRE contract costs to cover increased Local Responsibility Areas (LRAs).

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<sup>42</sup> El Dorado Hills Fire Department website, accessed April 9, 2021, at <https://www.edhfire.com/about-us/2013-03-27-00-10-22/history>

<sup>43</sup> LAFCO summary profile of EDHCWD, accessed 4/14/2021, reports 60,000 acres [https://www.edlafco.us/files/87fe0f394/EDHCWaterDistrict\\_2019.pdf](https://www.edlafco.us/files/87fe0f394/EDHCWaterDistrict_2019.pdf)

<sup>44</sup> EDHFD currently does not contribute a share of its property tax to the State’s Education Revenue Augmentation Fund (ERAF); if the new City took over fire protection services, the new City also would not contribute to ERAF and therefore there should be no net loss of property tax revenues for fire protection.

EDHFD has managed the Rescue Fire Protection District (RFPD) through a shared services agreement. Both Boards have adopted Letters of intent to annex. This annexation will result in EDHFDs jurisdiction increasing by 45 square miles of rural communities in a high fire threat area. If completed, this annexation will further expand the boundaries of the new City encompassing a large area with poor water supply and high fire threat.

If the boundaries of the new City are not expanded to include the entirety of EDHFD, this change would require the residents to vote to separate from EDHFD and form a new fire department and this change would require a division of assets, liabilities and create impacts on current staffing and levels of service.<sup>45</sup> Given the County's, Grand Jury, and LAFCO's focus on fire service sustainability, an application to create a new, smaller fire department would not support this focus nor would there be sufficient revenue.<sup>46</sup>

Incorporation would convert State Responsibility Areas (SRAs) to Local Responsibility Areas (LRAs). This conversion could require EDHFD to pay for State fire-fighting resources deployed within the LRAs;<sup>45</sup> currently the State of California is financially responsible for costs in SRAs. The potential future cost for these fire-fighting resources in the event they are required, and potential offsetting emergency funding, is uncertain. Alternatively, an EDHFD contract with CAL FIRE for LRAs within the new City could cost \$700,000 to \$800,000 annually but would relieve EDHFD of the financial risks of a major wildfire that requires CAL FIRE assistance.<sup>47</sup> EDHFD could request that LAFCO require the new City to mitigate this financial impact.

## WATER AND WASTEWATER

The El Dorado Irrigation District (EID) provides water and wastewater services to El Dorado Hills and other areas of the County. EID's total service area covers 140,800 acres or 220 square miles. The EID was formed in 1925 with an emphasis on irrigation. It now treats water at five plants and distributes water to over 41,000 accounts via 1,245 miles of pipeline.<sup>48</sup> EID began treating wastewater in 1960 when it assumed operation and maintenance of Cameron Park's sewer system and now treats wastewater at four plants. EID produces recycled water from its Deer Creek and El Dorado Hills wastewater treatment plants. A separate piped system delivers the

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<sup>45</sup> Chief Johnson, 8/8/2021.

<sup>46</sup> EDHFD comments 7/27/2021.

<sup>47</sup> Area of proposed new City is approximately 22,416 acres times \$35/acre equals \$784,560.

<sup>48</sup> Interview with EID, April 29, 2021.

recycled water to approximately 5,000 homes as well as to commercial and public landscapes.<sup>49</sup> EID also sells hydroelectric power and utilizes solar power to reduce its costs.

If city incorporation does not involve reorganization of water and wastewater services, these services would be unchanged and have no impact on services to El Dorado Hills residents.

The community could consider reorganizing water and sewer services under the umbrella of the new City. Some cities provide water and/or wastewater services to their residents, and contract with other agencies as necessary for additional services such as treatment, disposal, water recycling, etc. As an “enterprise”, utilities can charge rates and other fees as necessary to fund the costs of maintenance, operation, and capital improvements. A portion of utility revenues can also fund a share of city administration and overhead costs that are directly related to utility operations and be compliant with Proposition 218.

Re-organizing water, wastewater, and/or recycled water services would require “detaching” or de-annexing from EID. This process would involve addressing several issues. Most notably, this includes import of water from EID’s two eastern supplies within its contiguous water system that are necessary to meet El Dorado Hills customers’ demands, particularly during seasons with high demand, but also provide required redundancy year-round and during scheduled and unscheduled maintenance and repairs when diversions from Folsom Reservoir or reduced or precluded.

Other factors that must be considered in the event of the new City’s detachment include a federal contract for diversion of water from Folsom Reservoir held by EID; transfer of water rights that are provided to supplies originating outside of El Dorado Hills (Placerville and points east) and delivered to Folsom Reservoir through the South Fork American River; debt and debt service obligations; existing staff and related benefit obligations, including pension liabilities; pending grant applications; existing assets and reserves. The feasibility of utility operation by the new City would need to be established and approved by LAFCO, and any adverse impacts upon EID would need to be mitigated by the new City. Additionally, EID would need to agree to a water supply contract assignment and water right(s) transfer, which would have potential impacts to EID’s customers located outside of El Dorado Hills. Finally, there are state approvals required when transferring utility operations to another entity. The state regulators would require a city to demonstrate it has the technical, managerial, and financial capacity to operate the systems in a safe and reliable manner and can comply with water and wastewater regulations.

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<sup>49</sup> “Serving El Dorado County since 1925 - A Brief History of El Dorado Irrigation District,” Dec. 2011.

While many cities operate utilities, recent examples also exist where cities transferred their water and wastewater utilities to special districts to relieve the city of operational burdens and allow larger, specialized districts to benefit from economies of scale, better able to weather drought conditions, cost fluctuations, and emergencies.

The current system would be difficult to divide between a new city and the remaining EID. A smaller city system would have less access to financial resources and the ability to obtain alternate sources of water, particularly under drought conditions and/or periods of scheduled and unscheduled maintenance. Similarly, the recycled water system would be difficult to bifurcate. Divisions would require a series of agreements for service and would reduce current economies of scale. Smaller water and wastewater systems would have access to less expertise and staff resources, and reduced focus compared to the larger EID. A new city water/wastewater enterprise would be subject to competing city service and financial priorities. A new city would also be required to assume the debt and financial obligations for the new service area.

## OTHER PUBLIC FACILITIES AND BUILDINGS

The City will continue to maintain EDHCSD buildings and future new public buildings. No significant additional public facilities are assumed to be required by the new City, other than additional space for planning desk and offices, and space for contractors (e.g., Sheriff).

## OTHER CITY EXPENDITURES

### Reserves

Financial sustainability of the new City requires that adequate reserves be established and maintained. Additional City responsibilities and expenditures demand that current EDHCSD reserves, which will be transferred to the new City, be augmented. EDHCSD maintains the following reserve accounts:<sup>50</sup>

- Capital Deficiency Reserve
- Deferred Maintenance Reserve
- Contingency Reserve
- Operating Reserve

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<sup>50</sup> EDHCSD FY21 Budget, pg. 9-10.

- Compensated Absences Reserve

Reserve levels, specifically Operating Reserves, appear to be adequately funded; Operating Reserves of \$4.3 million represent approximately 52 percent of General Fund operating expenditures, a level generally considered “high”<sup>51</sup> and consistent with District policy.

### **Long-Term Debt**

EDHCSD has no outstanding bond debt. The District does act as agent for improvement bonds secured by payment of assessments levied on property owners in the Wild Oaks Park Assessment District. This responsibility would transfer to the new City.

No new long-term debt is assumed in the new City’s budget forecast as a direct result of incorporation, although in the future the City may choose to pursue long-term debt for capital improvements or other purposes at the direction of the City Council.

### **Capital Expenditures**

No significant increases in capital spending above existing EDHCSD capital expenditures are assumed in the budget forecast for the new City. Current and planned expenditures will vary each year depending on specific projects and are not anticipated to be affected by incorporation.

### **Pension Obligations**

EDHCSD participates in the defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). As of June 30, 2020, the District reported a net pension liability in the amount of \$2,859,592.<sup>52</sup> The EDHCSD plan is approximately 75 percent funded.<sup>53</sup> This level of funding represents a “moderate” level of risk.<sup>54</sup> The new City would assume these liabilities and continue to fund the pension obligations.

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<sup>51</sup> Micropolicypress.com, accessed 5/20/2021, <https://www.micropolicypress.com/reserve-indicators-overview/>

<sup>52</sup> EDHCSD Comprehensive Annual Financial Report, June 30, 2020, Note 5, pg. 60 and Note 8, pg. 61.

<sup>53</sup> Miscellaneous Plan of the El Dorado Hills Community Services District, Annual Valuation Report as of June 30, 2019, pg. 6; the PEPR plan is about 90 percent funded.

<sup>54</sup> Micropolicypress.com, accessed 5/19/2021, <https://www.micropolicypress.com/pension-indicators-overview/>

**Other Post-Employment Benefit (OPEB) Obligations**

The District provides certain health care benefits for eligible retired employees through the California Public Employees' Retirement System (CalPERS). As of June 30, 2020, the District reported a net OPEB liability in the amount of \$774,869.<sup>55</sup> The new City would assume these liabilities and continue to fund the OPEB obligations.

**OTHER MUNICIPAL, PUBLIC AND UTILITY SERVICES**

No significant changes are anticipated to the provision of other public services by other agencies, including postal services, schools, and utilities. The new City will continue to collaborate with other agencies, for example, the school district, in planning expansions and new facilities, shared facilities and activities, and other joint planning actions. Other public utilities will continue to be provided without change, for example, electricity, cable, and internet. The new City will, in some cases, oversee utility providers and collect franchise fees for the use of public rights-of-way.

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<sup>55</sup> EDHCSD Comprehensive Annual Financial Report, June 30, 2020, Note 5, pg. 60 and Note 9, pg. 66.



## 6. CITY REVENUE ESTIMATES

In addition to new municipal revenues, the City will continue to collect the same revenues EDHCSD currently receives, including property taxes, assessments for landscape and lighting services, franchise fees, various charges for services and lease revenues, and CFD special taxes for services required by new development. Property taxes and assessments from other CSDs that merge services with the new City are assumed to be managed by the new City for the benefit of the assessed areas and provide the same or greater levels of service.

As a new City, its revenues will increase its tax revenues as it will be entitled to a share of property taxes shifted from the County. The new City also will receive new municipal revenues unavailable to EDHCSD including property transfer taxes, sales taxes, planning and building fees, hotel taxes, and various other revenues such as gas taxes and road-related revenues.

These increased revenues will help to offset additional City service responsibilities and could help to fund increased levels of services and new services. CHAPTER 7 compares revenues to costs to determine the financial feasibility of the new City.

### GROWTH AND DEVELOPMENT

CHAPTER 4 provides an overview of land use and development. Depending on future levels of new development, City revenues could increase correspondingly. This PCFA assumes El Dorado Hills residential growth of approximately 1.0 percent annual. If growth is higher than 1.0 percent annually, then the new City's revenues and costs are likely to increase as well. The new City should be able to weather a recessionary period if it maintains adequate reserves and does not commit one-time growth-related revenues (e.g., impact fees) to ongoing operations. Contracts for services such as planning and building can help the new City manage growth cycles without long term staffing commitments.

For purposes of assessing financial feasibility, the PCFA does not assume significant new commercial development. New commercial development is generally assumed to follow residential trends, although major projects could increase commercial growth at rates that differ from residential growth year to year.

As described in CHAPTER 4, the impact of new commercial development on the new City partially depends on the timing of new commercial; new revenues accruing to the County prior to incorporation represent additional lost revenue to the County upon subsequent new City formation. If the new development occurs following incorporation, the new City will benefit without a significant direct impact upon the County.

## LLAD SPECIAL ASSESSMENTS AND CFD SPECIAL TAXES

Currently EDHCSD collects and administers assessments from 25 Landscape and Lighting Assessment Districts. According to the FY21 EDHCSD budget, “Several of the LLADs continue to struggle and have to rely on a drawdown of their various Reserve accounts to operate under the assessments assigned by the Engineer’s Report.”<sup>56</sup> The PCFA assumes that these assessments will continue to be collected by the new City and administered for the benefit of each district without incurring a financial cost or benefit on the new City. The new City may need to facilitate consideration of assessment increases, subject to property owner approval, to adequately fund required maintenance and services.

As described in EDHCSD’s budget, “In March 2020, the District finalized formation of a Master Community Facilities District (CFD) 2019-01. The purpose of the Master CFD is to provide a maintenance funding mechanism to provide the for future facilities’ maintenance, such as community centers and aquatic facilities. All future developments within the boundaries of the District, which require entitlements from the County, will be required to annex into the CFD. As developments are annexed and constructed, CFD funds will be collected (similar to LLAD assessments), and a detailed report will be provided in the annual budget report.”<sup>57</sup> The PCFA assumes the CFD requirements will apply to all areas within the new City’s boundary.<sup>58</sup>

## PROPERTY TAX

Currently EDHCSD receives approximately 10.5 percent of each property tax dollar generated from one percent of assessed value, or about \$7.6 million annually (FY20-21). This revenue and a share of property tax growth will transfer to the new City in addition to other property taxes described below.

Property taxes from the County Road District of about 2.6 percent, an estimated \$2.5 million, will transfer to the new City. These revenues are assumed to continue to fund road-related maintenance at current costs and service levels. Property tax to the Rolling Hills CSD of \$98,000 (FY20-21 approved) is assumed to continue to fund RHCSO services in addition to RHCSO special assessments of \$79,800 (FY20-21) and other new City revenues. Marble Mountain Homeowners CSD does not receive a share of property tax, but its assessments are assumed to continue to

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<sup>56</sup> EDHCSD FY21 Approved Budget, pg. 3.

<sup>57</sup> EDHCSD FY21 Approved Budget, pg. 29.

<sup>58</sup> Additional legal review should be conducted to verify the applicability of the requirement for new development annexation to the CFD for all areas within the new City’s boundary.

fund MMHCSD services. The projected new City budget does not show RHCSO and MMHCSD funds since they are assumed to offset those districts' costs.

In addition to transferred property taxes described above, the new City will receive a share of County property taxes. Upon incorporation the County will transfer an ongoing share of its property tax to the new City proportionate to the net cost of services shifted from the County to the City. The proportionate share transferred is termed the "Auditor's Determination" (or "Auditor's Ratio"), which is the ratio of total County property taxes to total County "revenues available for general purposes" (including property taxes). This ratio, or portion of costs funded by property tax, is estimated to be about 57 percent. The estimated cost of County services to El Dorado Hills (e.g., police services, planning, etc.) of \$13.7 million times the "Auditor's Determination" of 57 percent equals \$7.85 million of property tax transferred from the County to the new City, adjusted to the new City's effective date. The precise amount of property tax transferred will be determined by LAFCO based on the detailed CFA analysis.

Assessed value is equal to the sales price of property plus the value of any additional improvements and is increased by CPI but no more than two percent annually (unless sold and reassessed at the sales price). Commercial property similarly increases no more than two percent annually unless and until the property sells or is improved. If property values improve over time, the new City's assessed values and property taxes should equal or exceed inflation.

The precise amount of property tax to the new City will vary each year and will also consist of a share of the "supplemental roll" which includes transactions and property value added during the year. Unsecured property (e.g., commercial furnishings and fixtures, computers, machinery, and other equipment) is also taxed and will add to revenues. The additional supplemental and unsecured property tax revenues are uncertain; the unsecured has been estimated as 1.5 percent of secured value based on a review of tax rolls.<sup>59</sup> The exact transfer of property tax base and increment will be determined in greater detail during the preparation of the CFA if incorporation proceeds through the LAFCO process.

## PROPERTY TRANSFER TAX

Currently the County receives a tax on the sale of real property equal to \$1.10 per one thousand dollars of the transaction's value. This tax is collected upon the sale of new property and the resale of existing property. Following incorporation, the new City will share half of the transfer tax with the County and will receive \$0.55 per one thousand dollars of each transaction.

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<sup>59</sup> County of El Dorado Auditor Certified Values by Tax Base/TRA Detail, 2020, file: RTC601AVdetail2020-21.pdf

## SALES TAX

The County currently receives one percent of taxable transactions for General Fund operations. Following incorporation this one percent will shift to the new City from the County. In addition, the new City will receive a proportionate share of “pooled sales tax revenues” at the County and State level from taxable sales without a geographic point of sale; FY19 County information indicates that the pooled revenues represent about 23 percent in addition to the direct onsite (or “situs”) sales.<sup>60</sup> According to the El Dorado Auditor-Controller’s Office, in 2019 El Dorado Hills generated \$2,994,342 in County revenue from its 1% sales tax.<sup>61</sup>

Only a portion of retail sales in certain stores, e.g., grocery stores, is taxable; the amount received from other retail activity will depend upon the level of sales activity which will vary by store type and by business. Services are not taxed, although certain types of businesses, for example hair salons, may sell taxable items ancillary to their primary businesses. Some types of office and industrial businesses can generate taxable “point-of-sale” transactions; however, the number of such businesses and their taxable sales volume can be difficult to predict, and therefore are excluded from the present analysis.

Internet sales occurring in California, and sales in California by out-of-state retailers (by retailers whose sales exceed \$500,000), are taxed. The taxes are allocated as “pooled revenues”. District sales taxes paid by internet retailers are remitted to the corresponding district.

## FRANCHISE FEES

EDHCSD currently collects franchise fees budgeted at \$926,400 in FY20-21 paid by Comcast for cable services. The District also collects wireless tower lease revenues from AT&T of \$66,300, which is assumed to continue with the new City.

Cities and counties are allowed to adopt franchise fees which are collected from refuse collectors, cable television companies and utilities for the use of city rights-of-way. Some franchise charges are limited by statute. The County currently receives franchise fees from water, gas, electric and cable service providers from unincorporated areas outside of EDHCSD. The new City is assumed to adopt franchise fees at rates comparable to those currently collected by the County.

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<sup>60</sup> County sales tax pool percentage from FY19 (El Dorado County Sales Tax Update).

<sup>61</sup> Correspondence with Joe Harn, El Dorado Auditor-Controller, May 28, 2021. 2019 revenues are reported because of impacts of COVID-19 on subsequent years.

Revenue from franchise fees is estimated based on current County average per capita amounts and are assumed to generally increase as population increases in El Dorado Hills. Revenues will vary depending on the specific fees and amounts charged, as well as levels of utility consumption by residents and by different types of businesses.

## TRANSIENT OCCUPANCY TAX (TOT)

Transient Occupancy Tax (TOT), also known as Hotel Tax, is a tax collected on revenues from transient lodging facilities. The current rate in unincorporated El Dorado County is ten percent. In Placerville the rate also is 10 percent.

Currently there is one hotel in El Dorado Hills.<sup>62</sup> For purposes of estimating TOT to the new City, the analysis assumes an average rate of \$140 per night, 93 rooms, and 70 percent occupancy. Actual rates and revenues will vary by season, type of room, and other factors. Future hotel development will increase the estimated TOT revenues to the new City.

## FEES AND CHARGES

The new City will continue to collect various fees and charges currently received by EDHCSD, as well as a range of other fees for new City activities such as planning and development.

Recreation fees are assumed to increase as population grows and partially offset growing recreation costs. These fees and charges are required by law to not exceed the cost of providing the services.

Currently the County reviews and processes applications for business licenses.<sup>63</sup> The new City would charge business license fees and review business license applications to assure consistency with local ordinances and environmental regulations. The new City's revenues are assumed comparable to current County fees, although the new City may choose to amend the fee schedule.

## FINES AND PENALTIES

The new City will receive fine and penalty revenue for infractions of City ordinances, for example, parking fines, late fees, etc. The amount is likely to be relative minor and is not included in the City budget forecast.

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<sup>62</sup> Holiday Inn at Hotel & Suites, 4360 Town Center Blvd,

<sup>63</sup> El Dorado County Ordinance §5.04.030.

## ROAD-RELATED REVENUES

The new City will be entitled to a share of gas taxes allocated by the State, as well as revenues allocated by SACOG for transit and road-related purposes. Revenues include:

9. **Gas Taxes** – approximately \$43 per resident would go to the new City for road maintenance and improvements, including funding from SB-1.
10. **Local Transportation Funds (LTF)** – This revenue derives from a State ¼ percent sales tax.
11. **County Road District** – The County Road District collects a share of property tax; this would be transferred to the new City and is assumed to continue to fund road maintenance and improvements in El Dorado Hills. The Road District receives about 2.6 percent of property taxes or about \$2.5 million in the El Dorado Hills area. The tax will grow as assessed value grows.
12. **Other State and Federal Funds** – SACOG distributes State and Federal funding for road-related projects. Funding includes State Transportation Improvement Program (STIP), Surface Transportation Block Grant Program, and State Transit Assistance Funds.

The amounts potentially allocated to a new City depend on several factors, including future population levels; changes to allocation percentages and formulas, and agreements between agencies; priorities and the outcome of the allocation process among multiple entities competing for grant funds; the amount of available funds.

The new City budget forecast estimates that gas taxes and Road District property taxes from the County will generate approximately \$5.2 million annually (increasing by population and assessed value), which provides an average funding of \$16,900 per centerline mile for a total 307 centerline miles in El Dorado Hills. The new City will also have access to regional, State, and federal funds for road maintenance and related costs. As noted in the CHAPTER 5 section on Roads and Related Maintenance, County costs for “Patching, Overlays, Other Maintenance” average \$9,200 per centerline mile before adding costs for reconstruction, engineering, administration, and other road related costs. By comparison, Rolling Hills CSD budgeted about \$6,000 to \$7,000 in its recent budgets.

## OTHER CITY REVENUES

### Interest and Investment Earnings

The new City will accrue interest earnings on its reserves and cash flows. The budget forecast assumes a minimal increase in interest earnings as cash flows and reserves increase.

## 7. CITY BUDGET FORECAST & FISCAL FEASIBILITY

### CITY OPERATING BUDGET

The new City's budget forecast summarized in TABLE 2 and detailed in APPENDIX B (TABLE B-6) shows adequate positive cash flows and reserves to fund service levels at least equal to or greater than current EDHCSD and County service levels. The forecast shows the accumulation of contingency and reserve funds to pay for short-term cash flow requirements, emergency repairs or other unforeseen events, and to increase capital improvement funding and other reserves.

Increased costs and revenues are described in CHAPTER 5 and CHAPTER 6, and assumptions further documented in APPENDIX B. Current EDHCSD property tax revenues are assumed to grow with new development, and future CSD property taxes are assumed to offset additional costs to serve new development. Recreation program costs are assumed to grow with additional population and LLAD expenditures will be covered by LLAD revenues in the future. New City revenues and expenditures are added to projected EDHCSD-related budget items to estimate the combined City budget. EDHCSD may be dissolved or become a subsidiary district and the City Council would serve as its board – no significant financial implications are anticipated with either option, although the subsidiary district may restrict the use of EDHCSD revenues to recreation purposes. All figures are expressed in terms of 2021 purchasing power (inflation will affect both costs and revenues but is not shown in the “constant dollar” forecast).

A significant portion of the projected net revenues and reserves are attributable to the operations of EDHCSD and intended for recreation programs and capital improvements; these resources can help fund the transition to cityhood in the short-term while the new City establishes its own reserves; however, the use of EDHCSD reserves could constrain their intended use for recreation services and facilities until repaid by City funds. These funds are assumed available to the new City whether the EDHCSD is dissolved or becomes a subsidiary district to the new City.

No significant increase in commercial development is assumed but continued residential growth and any new retail and other commercial projects would improve the new City's prospects.

As a new City with expanded service responsibilities and costs, the community will qualify for additional revenues and grants, for example, increased property taxes and property transfer taxes, sales taxes, gas taxes and other road-related funds, and CDBG grants.

No significant additional capital improvements are assumed to result from incorporation, other than improvements anticipated by EDHCSD and other service providers. Existing service providers' operations, capital repair, replacement, and expansion of facilities will not be directly affected by incorporation.

As described in CHAPTER 5, Public Services Plan and Costs, this PCFA assumes no changes to the provision of fire services or water/wastewater services due to incorporation.

APPENDIX B includes key assumptions and calculations. The budget forecasts are comprised of an EDHCSD base forecast; a second forecast table shows a City budget forecast that summarizes the base EDHCSD revenues and expenditures that will continue with the new City and adds additional revenues and expenditures specific to the new City.

## CONTINGENCIES & RESERVES

State guidelines and “best practices” require that a new City plan for contingencies and reserves. Current EDHCSD reserves are adequate for ongoing EDHCSD operations (or the equivalent City/subsidiary district operations) and net revenues from a new City should increase these reserves over time. If the new City chooses to retain revenues during its transition year rather than fund County services in that year, its balance will increase; however, the new City will need to repay the County for the unfunded transition year services.

Contingencies and reserves create a cushion to fund any unforeseen cost increases that may be associated with new facilities and to deal with unanticipated expenses or emergencies. Future City reserves may also be used to improve current levels of service and fund capital improvements.

## REVENUE NEUTRALITY PAYMENTS

The City’s budget forecast does not include annual revenue neutrality payments as described further in CHAPTER 8 because County revenue reductions are offset by County expenditure reductions. The actual impact depends on detailed data collection to be conducted in the CFA and will be specified in “revenue neutrality” negotiations to occur during the CFA process.

## REPAYMENT TO COUNTY FOR TRANSITION YEAR SERVICES

The new City may request that the County continue to provide services during the new City’s initial Transition Year, and the City will be required to repay the County for the cost of these services. Based on the current forecast, no loan for interim County services is required; however, the CFA will provide a more detailed transition-year analysis based on the timing of specific revenues to determine the need for repayment, and terms will be negotiated as part of revenue neutrality discussions. The timing of specific revenues to the new City will depend on the timing of required filings necessary to receive certain revenues directly from the State; the County may receive those revenues on behalf of the City and credit them towards transition year services or revenue neutrality if required.



**Table 2 Summary of City Budget Forecast**

Item	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<b>REVENUES</b>	Transition Yr						
Subtotal EDHCSD Revenues to City	\$11,552,000	\$11,706,000	\$11,861,000	\$12,015,000	\$12,169,000	\$12,324,000	\$12,478,000
Subtotal, New City Revenues	<i>transition</i>	\$15,184,000	\$15,566,000	\$15,666,000	\$15,765,000	\$15,865,000	\$15,963,000
<b>Total EDHCSD &amp; New City Revenues</b>	<b>\$11,552,000</b>	<b>\$26,890,000</b>	<b>\$27,427,000</b>	<b>\$27,681,000</b>	<b>\$27,934,000</b>	<b>\$28,189,000</b>	<b>\$28,441,000</b>
<b>EXPENDITURES (exc. transfers)</b>							
Subtotal EDHCSD Expenditures to City	8,475,000	8,494,000	8,514,000	8,533,000	8,553,000	8,573,000	8,592,000
Subtotal New City Expenditures	500,000	14,328,000	14,754,000	14,759,000	14,765,000	14,771,000	14,776,000
<b>Total EDHCSD &amp; New City Expenditures</b>	<b>8,975,000</b>	<b>22,822,000</b>	<b>23,268,000</b>	<b>23,292,000</b>	<b>23,318,000</b>	<b>23,344,000</b>	<b>23,368,000</b>
<b>ANNUAL NET SURPLUS (SHORTFALL)</b>	<b>\$2,577,000</b>	<b>\$4,068,000</b>	<b>\$4,159,000</b>	<b>\$4,389,000</b>	<b>\$4,616,000</b>	<b>\$4,845,000</b>	<b>\$5,073,000</b>
Net Surplus (Shortfall) due to EDHCSD	\$3,077,000	\$3,212,000	\$3,347,000	\$3,482,000	\$3,616,000	\$3,751,000	\$3,886,000
Net Surplus (Shortfall) due to New City	(\$500,000)	\$856,000	\$812,000	\$907,000	\$1,000,000	\$1,094,000	\$1,187,000
<b>Road Fund (10)</b>							
Road District Property Tax (from County)	<i>transition</i>	\$3,117,100	\$3,206,457	\$3,295,813	\$3,385,170	\$3,474,527	\$3,563,883
Gas Taxes	<i>transition</i>	<u>\$2,172,508</u>	<u>\$2,192,812</u>	<u>\$2,213,116</u>	<u>\$2,233,419</u>	<u>\$2,253,723</u>	<u>\$2,274,027</u>
Total	\$0	\$5,289,608	\$5,399,268	\$5,508,929	\$5,618,589	\$5,728,250	\$5,837,910

**Notes**

- (1) Former EDHCSD Revenues to City see Table B-5.
- (2) New City Revenues see Table B-7.
- (3) Planning & Building Fees based on Table B-7, Note 6 of Planning, Bldg., Code Compliance costs, per current County ratio (see Table B-11).
- (4) 2-3 additional staff phased in over first two years to handle additional City responsibilities and contracts.
- (5) Police costs assume contract with Sheriff at current cost per resident for administration, operations, and support services (see Table B-11).
- (6) Animal control costs assume contract with County at current cost per resident (see Table B-11).
- (7) Additional City costs based on review of comparable cities and County costs.
- (8) Planning costs in addition to EDHCSD recreation planning, & phased in over first years. General Plan assumed developed over five years, based on EDHCSD and County plans.
- (9) Code compliance costs (in addition to EDHCSD CC&R enforcement) based on County costs.
- (10) Road Fund revenues assumed to be fully utilized for road-related costs. Additional grants and other State and Federal funding available will be available for improvements.

5/28/21

## 8. IMPACTS ON OTHER AGENCIES

### COUNTY REVENUE NEUTRALITY

The current analysis estimates no adverse annual fiscal impact on the County. Property tax, sales tax and other revenue reductions are offset by County expenditure reductions since the County will no longer be required to provide municipal services except by contract to the new City.

The CFA will calculate a more detailed estimate of the potential impact on the County resulting from a reduction in revenues due to incorporation, net of County cost reductions.

The actual amount of the revenue neutrality payments, if required, depends on the County impacts calculated in the CFA and on repayment terms to be negotiated between the County and the proposed new City. Negotiated terms can differ from a fixed annual payment; e.g., the number of years of repayment can be limited, and the amounts of the payments can vary.

### COUNTY TRANSITION YEAR SERVICES

State law provides for continued County services to the new City during the City's initial "transition year". The new City will be required to repay the County for costs during the year not otherwise reimbursed by revenues retained by the County during the transition year.

No transition year repayment is included in the analysis, since the County's services during the transition year are assumed to be reimbursed by City transition year revenues. However, the CFA will provide a more detailed transition-year analysis based on the timing of specific revenues to determine the need for repayment, and the need to build City reserves, and terms for repayment will be negotiated as part of revenue neutrality discussions.

### IMPACTS ON OTHER AGENCIES

Incorporation would convert State Responsibility Areas (SRAs) to Local Responsibility Areas (LRAs). This conversion would require EDHFD to pay for State fire-fighting resources deployed within the LRAs;<sup>64</sup> currently the State of California is financially responsible for costs in SRAs. The potential future cost for these fire-fighting resources in the event they are required, and potential offsetting emergency funding, is uncertain. Alternatively, an EDHFD contract with CAL FIRE for LRAs within the new City could cost \$700,000 to \$800,000 annually but would relieve EDHFD of the financial risks of a major wildfire that requires CAL FIRE assistance.<sup>65</sup> EDHFD could request that LAFCO require the new City to mitigate this financial impact.

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<sup>64</sup> Interview with Chief Johnson, April 26, 2021.

<sup>65</sup> Area of proposed new City is approximately 22,416 acres times \$35/acre equals \$784,560.

## APPENDIX A

### PRELIMINARY INCORPORATION SCHEDULE

**Figure A-1**  
**Preliminary Incorporation Schedule**  
**El Dorado Hills Incorporation Feasibility Analysis**

Task	2021			2022				2023	
	Apr-June	Jul-Sept	Oct-Dec	Jan-Mar	Apr-June	Jul-Sept	Oct-Dec	Jan-Mar	Apr-June
<b>Incorporation Feasibility Analysis (PCFA)</b>									
PCFA Completion/Hearings		+							
<b>Initiate Incorporation Process</b>									
Petition/Application Submitted by EDHCSD					+				
Submittal of PCFA with Incorporation					+				
CSD Resolution in Support of Application					+				
LAFCO prepares/adopts Incorporation Policies					+				
<b>Comprehensive Fiscal Analysis</b>									
LAFCO issues RFP/engages CFA consultant					+				
County releases recent year budget data									
Consultant distributes Requests for Information						+			
Consultants receives responses/followup							+		
County Auditor determines Property Tax Ratio							+		
LAFCO determines boundary scenarios					+				
Admin Draft CFA prepared									
Admin Draft CFA previewed w/Proponents,							+		
LAFCO releases Public Review CFA								+	
Public Hearing CFA Prepared/Released									+
<b>Revenue Neutrality/Transition Negotiations</b>									
Proponents meet with County									
Revenue Neutrality Agreement Finalized								+	
<b>Other Actions</b>									
EDHCSD prepares legal description									
LAFCO prepares environmental review									+
LAFCO staff report w/Terms & Conditions,									+
<b>LAFCO Hearings</b>									
LAFCO Hearing on Public Review CFA									+
LAFCO Hearing on Incorporation Proposal*									+
<b>Election Process</b>									
County calls for an election									
Election (at least 88 days later)									
<b>Cityhood</b>									
Effective Date of City: July 1, 2023**									
Transition Period (continued County services)									
- July 1, 2025 through June 30, 2026									

Note: schedule is preliminary overview and subject to further review/revision by LAFCO.

\* Multiple LAFCO hearings may be required; schedule assumes that State Controller review of the CFA is not requested, which could delay the process up to 3 months.

\*\* Start Date of new city will depend on certification of election results and required filings.

**Figure A-1**  
**Preliminary Incorporation Schedule**  
**El Dorado Hills Incorporation Feasibility Analysis**

Task	2023		2024				July 1, 2025
	Jul-Sept	Oct-Dec	Jan-Mar	Apr-June	Jul-Sept	Oct-Dec	Effective Date of Cityhood
<b>Incorporation Feasibility Analysis (PCFA)</b> PCFA Completion/Hearings  <b>Initiate Incorporation Process</b> Petition/Application Submitted by EDHCS Submittal of PCFA with Incorporation CSD Resolution in Support of Application LAFCO prepares/adopts Incorporation Policies  <b>Comprehensive Fiscal Analysis</b> LAFCO issues RFP/engages CFA consultant County releases recent year budget data Consultant distributes Requests for Information Consultants receives responses/followup County Auditor determines Property Tax Ratio LAFCO determines boundary scenarios Admin Draft CFA prepared Admin Draft CFA previewed w/Proponents, LAFCO releases Public Review CFA Public Hearing CFA Prepared/Released  <b>Revenue Neutrality/Transition Negotiations</b> Proponents meet with County Revenue Neutrality Agreement Finalized  <b>Other Actions</b> EDHCS prepares legal description LAFCO prepares environmental review LAFCO staff report w/Terms & Conditions,  <b>LAFCO Hearings</b> LAFCO Hearing on Public Review CFA LAFCO Hearing on Incorporation Proposal*  <b>Election Process</b> County calls for an election Election (at least 88 days later)  <b>Cityhood</b> Effective Date of City: July 1, 2023** Transition Period (continued County services) - July 1, 2025 through June 30, 2026							
	+		+	Primary or General Election		+	Election Date Mar/Nov 2024  Effective Date July 1, 2025

*Note: schedule is preliminary overview and subject to further review/revision by LAFCO.*

\* Multiple LAFCO hearings may be required; schedule assumes that State Controller review of the CFA is not requested, which could delay the process u

\*\* Start Date of new city will depend on certification of election results and required filings.

## APPENDIX B

### BUDGET ESTIMATES AND FISCAL ASSUMPTIONS

## List of Incorporation Feasibility Tables

### El Dorado Hills Preliminary Comprehensive Fiscal Anal (constant 2021 \$'s)

Table 1	Public Services Before and After City Incorporation	
Table B-2	Current and Projected Housing, Population and Employment	
Table B-3	Assessed Value	
Table B-4	EDHCSD Budget - GF Expenditures	
Table B-5	EDHCSD Budget - GF Revenues	
Table B-6	City Budget Forecast Summary	
Table B-7	City Revenue Notes	
Table B-8	City Property Tax Summary	
Table B-9	Change in County Costs and Revenues	
Table B-10	Property Tax Transfer from County to the City of El Dorado Hills	
Table B-11	Base Year Net County Cost for Services Transferred (FY21)	
Table B-12	County Auditor's Ratio: Countywide Property Tax % of General Purpose Revenue	
Table B-13	County Budget Detail	
Table B-14a	Review of Comparable Cities - Selected Costs and Revenues	Placerville
Table B-14b	Review of Comparable Cities - Selected Costs and Revenues	Folsom
Table B-14c	Review of Comparable Cities - Selected Costs and Revenues	Lincoln

**Table 1**  
**Public Services Before and After City Incorporation**

Service	Current Service Providers		Post-Incorporation Change in Services
	County of El Dorado/Other	El Dorado Hills CSD	
<b>General Government Administration</b>	County Supervisors oversee Countywide & local services; upon incorporation the County will not administer local services shifted to the City of El Dorado Hills.	EDHCSD Board oversees park and recreation services and facilities. District staff provide related administrative services.	New city council will oversee all local city services, provide administration (City manager, board clerk, attorney, human resources, finance, risk management, IT).
<b>Engineering, Planning and Development</b>	County development services include plan check/building permits, building inspection & building code enforcement.  Residents can serve on the El Dorado Community Advisory Committee to review & make recommendations to the County on land use planning, zoning & design review.	EDHCSD enforces codes, covenants and restrictions, and provides design review & planning for capital projects.	New city will be responsible for all planning/development services including capital projects. City may contract with County or private firm & receive revenues from permits and fees. City planning commission will advise council. CC&R enforcement continues.
<b>Economic Development</b>	No El Dorado Hills - specific economic development.	No EDHCSD economic development programs.	New city can undertake economic development and participate in CDBG programs.
<b>Animal Control</b>	County provides animal control services. Its shelter is located in Diamond Springs. Funding responsibility shifts to new city.	No EDHCSD services.	New city could contract with neighboring city or County for animal control and shelter services.
<b>Roads and Related Maintenance</b>	County Dept. of Transportation provides road maintenance (Road District).  Responsibility for roads shifts to new city.	No EDHCSD services. Rolling Hills CSD and Marble Mountain HCSD privately contract for road maintenance.	New city could contract with neighboring city, County, and/or private contract for road maintenance. City will qualify for regional funding and gas taxes.
<b>Transit</b>	Regional agencies provide transit services (El Dorado Transit).	No EDHCSD services.	New city will provide transit coordination and services, and may expand services depending on availability of funds.
<b>Police Protection</b>	County Sheriff provides police protection, CHP enforces traffic laws. Responsibility shifts to new city.	No EDHCSD services.	New city could contract with neighboring city, the County, or form its own department.



**Table 1**  
**Public Services Before and After City Incorporation**

Service	Current Service Providers		Post-Incorporation Change in Services
	County of El Dorado/Other	El Dorado Hills CSD	
<b>Fire Protection and Emergency Medical Services</b>	Fire protection is provided by El Dorado Hills County Water District (El Dorado Fire). CSA 7 funds ambulance and EMS services.	No EDHCSD services.	No change assumed.
<b>Parks and Recreation</b>	No local County services.	EDHCSD organizes recreation events, oversees programs; provides pedestrian and bicycle paths, maintains parks, landscaping, and street lighting. Rolling Hills CSD maintains parks.	No change. New City's management will extend to CSDs.
<b>Libraries</b>	El Dorado Hills Library (CSA 10)	No EDHCSD services.	No change assumed.
<b>Wastewater</b>	El Dorado Irrigation District provides wastewater services.	No EDHCSD services.	No change assumed.
<b>Water</b>	El Dorado Irrigation District provides water services.	No EDHCSD services.	No change assumed.
<b>Storm Water</b>	County Dept. of Transportation provides drainage services (CSA 9).	EDHCSD maintains local drainage systems. Rolling Hills CSD maintains drainage system.	No change assumed.
<b>Solid Waste</b>	El Dorado Disposal Waste Connections	EDHCSD administers franchise agreement for solid waste collection by private providers.	City would grant franchise for solid waste collection, and receive franchise fee revenues.
<b>Cable T.V. and internet</b>	Comcast and AT&T U-Verse	EDHCSD administers franchise agreement for cable services by private providers	No change assumed.

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**Table B-2**  
**Current and Projected Housing, Population and Employment**  
**El Dorado Hills Preliminary Comprehensive Fiscal Analysis (PCFA)**

Item	Factor	Base FY19-20	Transition Yr											
			0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<b><u>Residential Units</u></b>														
New Units (1,2)		162	162	162	162	162	162	162	162	162	162	162	162	162
Cumulative Units (1)	16,027	16,189	16,351	16,513	16,675	16,837	16,998	17,160	17,322	17,484	17,646	17,808	17,970	18,132
			1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b><u>Population</u></b>														
New Residents (1)	2.88	466	466	466	466	466	466	466	466	466	466	466	466	466
Cumulative Residents	46,127	46,593	47,059	47,525	47,991	48,457	48,923	49,389	49,855	50,320	50,786	51,252	51,718	52,184
<b><u>Employees (3)</u></b>														
New Employees														
Public/Non-Profit & Other		<u>14,523</u>	<u>145</u>	<u>144</u>	<u>142</u>	<u>141</u>	<u>140</u>	<u>138</u>	<u>137</u>	<u>136</u>	<u>134</u>	<u>133</u>	<u>132</u>	<u>131</u>
Total New		14,523	145	144	142	141	140	138	137	136	134	133	132	131
Cumulative Employees		14,523	14,668	14,812	14,954	15,095	15,235	15,373	15,510	15,646	15,781	15,914	16,046	16,177
<b><u>Service Population</u></b>														
Residents	100%	46,593	47,059	47,525	47,991	48,457	48,923	49,389	49,855	50,320	50,786	51,252	51,718	52,184
Employees (24/7 equivalent)	25%	<u>3,631</u>	<u>3,667</u>	<u>3,703</u>	<u>3,739</u>	<u>3,774</u>	<u>3,809</u>	<u>3,843</u>	<u>3,878</u>	<u>3,912</u>	<u>3,945</u>	<u>3,978</u>	<u>4,011</u>	<u>4,044</u>
Total		50,224	50,726	51,228	51,729	52,231	52,731	53,232	53,732	54,232	54,732	55,231	55,730	56,228

(1) Units and population from U.S. Census, American Community Survey, DP05 2019 5-year data profile.

(2) New units based on average annual population change from 2010 to 2018 per EDHCSD MSR (Tb. 2-4, pg. 2-14).

(3) Employment is from OnTheMap, Total All Jobs, El Dorado Hills.

5/25/21

**Table B-3**  
**Assessed Value**  
**El Dorado Hills Preliminary Comprehensive Fiscal Analysis (PCFA)**

Item	Factor (3)	Base Year FY20-21	0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	Transition Yr	6 FY27
								5 FY26	
<b><u>New Residential Assessed Value</u></b>	new units:	162	162	162	162	162	162	162	162
<b>Cumulative New Residential A.V. (start of yr)</b>		126,274,200	252,548,400	378,822,600	505,096,800	631,371,000	757,645,200	883,919,400	1,010,193,600
New Residential A.V. (3)	\$780,000	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200
<b>TOTAL ASSESSED VALUE</b>									
Total Assessed Value (start of year) (1)		11,265,446,672	11,393,614,985	11,521,783,298	11,649,951,611	11,778,119,924	11,906,288,237	12,034,456,550	12,162,624,863
New A.V. (residential)		126,274,200	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200
Other (new unsecured as %) (2)	1.50%	1,894,113	1,894,113	1,894,113	1,894,113	1,894,113	1,894,113	1,894,113	1,894,113
TOTAL, End of Year	\$11,265,446,672	11,393,614,985	11,521,783,298	11,649,951,611	11,778,119,924	11,906,288,237	12,034,456,550	12,162,624,863	12,290,793,176
		101.1%	101.1%	101.1%	101.1%	101.1%	101.1%	101.1%	101.1%

Table B-3

## Assessed Value

El Dorado Hills Preliminary Comprehensive Fiscal Analysis

(cont'd)

Item	Factor (3)	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<b><u>New Residential Assessed Value</u></b>	new units:	162	162	162	162	162
<b>Cumulative New Residential A.V. (start of yr)</b>		1,136,467,800	1,262,742,000	1,389,016,200	1,515,290,400	1,641,564,600
New Residential A.V. (3)	\$780,000	126,274,200	126,274,200	126,274,200	126,274,200	126,274,200
<b>TOTAL ASSESSED VALUE</b>						
Total Assessed Value (start of year) (1)		12,290,793,176	12,418,961,489	12,547,129,802	12,675,298,115	12,803,466,428
New A.V. (residential)		126,274,200	126,274,200	126,274,200	126,274,200	126,274,200
Other (new unsecured as %) (2)	1.50%	1,894,113	1,894,113	1,894,113	1,894,113	1,894,113
TOTAL, End of Year	\$11,265,446,672	12,418,961,489	12,547,129,802	12,675,298,115	12,803,466,428	12,931,634,741
		101.0%	101.0%	101.0%	101.0%	101.0%

5/25/21

**Table B-4**  
**EDHCSD Budget - GF Expenditures**  
**(constant 2021 \$'s)**

			Adopted Budget FY20-21	Transition Yr					
Item	Estimator	Factor	FY20-21	1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27
EDHCSD EXPENDITURES (1)									
Administration & Finance	change not est'd		2,953,987	2,953,987	2,953,987	2,953,987	2,953,987	2,953,987	2,953,987
Parks and Facilities	change not est'd		3,445,290	3,445,290	3,445,290	3,445,290	3,445,290	3,445,290	3,445,290
Recreation	per resident	\$42.03	1,977,711	1,997,292	2,016,874	2,036,455	2,056,036	2,075,617	2,095,199
Total General Operating Expenditures			\$8,376,988	\$8,396,569	\$8,416,151	\$8,435,732	\$8,455,313	\$8,474,894	\$8,494,476
% increase (constant 2021 \$'s)				0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Transfers Out			\$4,912,770	\$4,912,770	\$4,912,770	\$4,912,770	\$4,912,770	\$4,912,770	\$4,912,770
TOTAL GENERAL FUND EXPENDITURES			\$13,289,758	\$13,309,339	\$13,328,921	\$13,348,502	\$13,368,083	\$13,387,664	\$13,407,246
GF Operating Revenues			\$10,780,795	\$10,935,081	\$11,089,367	\$11,243,652	\$11,397,938	\$11,552,224	\$11,706,510
Transfers in			\$5,509,333	\$5,509,333	\$5,509,333	\$5,509,333	\$5,509,333	\$5,509,333	\$5,509,333
NET CHANGE IN GF FUND BALANCE			\$3,000,370	\$3,135,074	\$3,269,779	\$3,404,483	\$3,539,188	\$3,673,892	\$3,808,597

**Notes to Table B-4**

(1) EDHCSD Expenditures, see Adopted FY21 Budget, pg. 12 and pg. 17.

**Table B-4**  
**EDHCSD Budget - GF Expenditures**  
**(constant 2021 \$'s)**

(cont'd)

Item	Estimator	Factor	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<b>EDHCSD EXPENDITURES (1)</b>							
Administration & Finance	change not est'd		2,953,987	2,953,987	2,953,987	2,953,987	2,953,987
Parks and Facilities	change not est'd		3,445,290	3,445,290	3,445,290	3,445,290	3,445,290
Recreation	per resident	\$42.03	2,114,780	2,134,361	2,153,943	2,173,524	2,193,105
<b>Total General Operating Expenditures</b>			<b>\$8,514,057</b>	<b>\$8,533,638</b>	<b>\$8,553,220</b>	<b>\$8,572,801</b>	<b>\$8,592,382</b>
% increase (constant 2021 \$'s)			0.2%	0.2%	0.2%	0.2%	0.2%
<b>Transfers Out</b>			<b>\$4,912,770</b>	<b>\$4,912,770</b>	<b>\$4,912,770</b>	<b>\$4,912,770</b>	<b>\$4,912,770</b>
<b>TOTAL GENERAL FUND EXPENDITURES</b>			<b>\$13,426,827</b>	<b>\$13,446,408</b>	<b>\$13,465,990</b>	<b>\$13,485,571</b>	<b>\$13,505,152</b>
<b>GF Operating Revenues</b>			<b>\$11,860,795</b>	<b>\$12,015,081</b>	<b>\$12,169,367</b>	<b>\$12,323,653</b>	<b>\$12,477,938</b>
<b>Transfers in</b>			<b>\$5,509,333</b>	<b>\$5,509,333</b>	<b>\$5,509,333</b>	<b>\$5,509,333</b>	<b>\$5,509,333</b>
<b>NET CHANGE IN GF FUND BALANCE</b>			<b>\$3,943,301</b>	<b>\$4,078,006</b>	<b>\$4,212,710</b>	<b>\$4,347,415</b>	<b>\$4,482,119</b>

**Notes to Table B-4**

(1) EDHCSD Expenditures, see Adopted FY21 Budget, pg. 12 and pg. 17.

**Table B-5**  
**EDHCSD Budget - GF Revenues**  
**(constant 2021 \$'s)**

Item	Estimator	Factor	Adopted	Adopted	Transition Yr				
			Budget FY19-20	Budget FY20-21	1 FY22	2 FY23	3 FY24	4 FY25	5 FY26
GENERAL REVENUES (1)									
Property Tax	see Table B-8			7,600,000	7,734,577	7,869,153	8,003,730	8,138,307	8,272,884
Franchise Fees	per resident	\$19.69		926,400	935,572	944,745	953,917	963,089	972,261
Park & Facility Rentals	change not est'd			269,909	269,909	269,909	269,909	269,909	269,909
Reimbursements	change not est'd			501,726	501,726	501,726	501,726	501,726	501,726
Recreation Program Revenue	per resident	\$22.61		1,064,213	1,074,750	1,085,287	1,095,823	1,106,360	1,116,897
Other Misc. Income & Leases	change not est'd			418,547	418,547	418,547	418,547	418,547	418,547
					0	0	0	0	0
Total General Operating Revenues			0	10,780,795	10,935,081	11,089,367	11,243,652	11,397,938	11,552,224
% increase (constant 2021 \$'s)					1.4%	1.4%	1.4%	1.4%	1.4%
Transfers In	change not est'd			5,509,333	5,509,333	5,509,333	5,509,333	5,509,333	5,509,333
TOTAL GENERAL FUND REVENUES				16,290,128	16,444,414	16,598,700	16,752,985	16,907,271	17,061,557

**Notes to Table B-5**

(1) EDHCSD Revenue, see Adopted FY21 Budget, pg. 12.

**Table B-5**  
**EDHCSD Budget - GF Revenues**  
**(constant 2021 \$'s)**

Item	Estimator	Factor	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<b>GENERAL REVENUES (1)</b>								
Property Tax	see Table B-8		8,407,460	8,542,037	8,676,614	8,811,190	8,945,767	9,080,344
Franchise Fees	per resident	\$19.69	981,434	990,606	999,778	1,008,950	1,018,123	1,027,295
Park & Facility Rentals	change not est'd		269,909	269,909	269,909	269,909	269,909	269,909
Reimbursements	change not est'd		501,726	501,726	501,726	501,726	501,726	501,726
Recreation Program Revenue	per resident	\$22.61	1,127,434	1,137,970	1,148,507	1,159,044	1,169,581	1,180,117
Other Misc. Income & Leases	change not est'd		418,547	418,547	418,547	418,547	418,547	418,547
			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total General Operating Revenues</b>			<b>11,706,510</b>	<b>11,860,795</b>	<b>12,015,081</b>	<b>12,169,367</b>	<b>12,323,653</b>	<b>12,477,938</b>
% increase (constant 2021 \$'s)			1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
<b>Transfers In</b>	change not est'd		<b>5,509,333</b>	<b>5,509,333</b>	<b>5,509,333</b>	<b>5,509,333</b>	<b>5,509,333</b>	<b>5,509,333</b>
<b>TOTAL GENERAL FUND REVENUES</b>			<b>17,215,843</b>	<b>17,370,128</b>	<b>17,524,414</b>	<b>17,678,700</b>	<b>17,832,986</b>	<b>17,987,271</b>

**Notes to Table B-5**

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(1) EDHCSD Revenue, see Adopted FY21 Budget, pg. 12.



**Table B-6**  
**City Budget Forecast Summary**  
**(constant 2021 \$'s)**

Item	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<b>REVENUES</b>							
	Transition Yr						
<b>Former EDHCSD Revenues to City (1)</b>							
Property Tax	\$8,273,000	\$8,407,000	\$8,542,000	\$8,677,000	\$8,811,000	\$8,946,000	\$9,080,000
Other GF Revenues (exc. transfers in)	<u>3,279,000</u>	<u>3,299,000</u>	<u>3,319,000</u>	<u>3,338,000</u>	<u>3,358,000</u>	<u>3,378,000</u>	<u>3,398,000</u>
Subtotal EDHCSD Revenues to City	<b>\$11,552,000</b>	<b>\$11,706,000</b>	<b>\$11,861,000</b>	<b>\$12,015,000</b>	<b>\$12,169,000</b>	<b>\$12,324,000</b>	<b>\$12,478,000</b>
<b>New City Revenues (2)</b>							
Additional Property Tax	<i>transition</i>	\$8,614,000	\$8,703,000	\$8,793,000	\$8,882,000	\$8,972,000	\$9,061,000
Sales Tax	<i>transition</i>	3,683,000	3,683,000	3,683,000	3,683,000	3,683,000	3,683,000
Transient Occupancy Tax	<i>transition</i>	333,000	333,000	333,000	333,000	333,000	333,000
Real Property Transfer Tax	<i>transition</i>	664,000	670,000	675,000	681,000	686,000	692,000
Franchise Fees	<i>transition</i>	399,000	402,000	406,000	410,000	414,000	417,000
Planning & Building Fees (3)	<i>transition</i>	1,234,000	1,516,000	1,516,000	1,516,000	1,516,000	1,516,000
Business Permits	<i>transition</i>	177,000	177,000	177,000	177,000	177,000	177,000
Vehicle License Fees	<i>transition</i>	18,000	18,000	19,000	19,000	19,000	19,000
Investment Earnings		<u>62,000</u>	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	<u>65,000</u>	<u>65,000</u>
Subtotal, New City Revenues	<i>transition</i>	<b>\$15,184,000</b>	<b>\$15,566,000</b>	<b>\$15,666,000</b>	<b>\$15,765,000</b>	<b>\$15,865,000</b>	<b>\$15,963,000</b>
<b>Total EDHCSD &amp; New City Revenues</b>	<b>\$11,552,000</b>	<b>\$26,890,000</b>	<b>\$27,427,000</b>	<b>\$27,681,000</b>	<b>\$27,934,000</b>	<b>\$28,189,000</b>	<b>\$28,441,000</b>
<b>EXPENDITURES (exc. transfers)</b>							
<b>Former EDHCSD GF Expenditures to City</b>							
Administration & Finance	2,954,000	2,954,000	2,954,000	2,954,000	2,954,000	2,954,000	2,954,000
Parks and Facilities	3,445,000	3,445,000	3,445,000	3,445,000	3,445,000	3,445,000	3,445,000
Recreation	<u>2,076,000</u>	<u>2,095,000</u>	<u>2,115,000</u>	<u>2,134,000</u>	<u>2,154,000</u>	<u>2,174,000</u>	<u>2,193,000</u>
Subtotal EDHCSD Expenditures to City	<b>8,475,000</b>	<b>8,494,000</b>	<b>8,514,000</b>	<b>8,533,000</b>	<b>8,553,000</b>	<b>8,573,000</b>	<b>8,592,000</b>
<b>New City Expenditures</b>							
Admin/Finance (4)	200,000	400,000	400,000	400,000	400,000	400,000	400,000
City Attorney (plus CSD att'y cost) (7)	300,000	300,000	300,000	300,000	300,000	300,000	300,000
City Planning and Engineering (8)	<i>transition</i>	420,000	840,000	840,000	840,000	840,000	840,000
City General Plan (8)	<i>begin in 2nd yr</i>	100,000	100,000	100,000	100,000	100,000	100,000
Permits & Building Inspection (7)	<i>transition</i>	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000
Building Code Compliance (9)	<i>transition</i>	275,000	275,000	275,000	275,000	275,000	275,000
Police (5)	<i>transition</i>	\$11,088,000	\$11,088,000	\$11,088,000	\$11,088,000	\$11,088,000	\$11,088,000
Animal Control (6)	<i>transition</i>	<u>598,000</u>	<u>604,000</u>	<u>609,000</u>	<u>615,000</u>	<u>621,000</u>	<u>626,000</u>
Subtotal New City Expenditures	<b>500,000</b>	<b>14,328,000</b>	<b>14,754,000</b>	<b>14,759,000</b>	<b>14,765,000</b>	<b>14,771,000</b>	<b>14,776,000</b>
<b>Total EDHCSD &amp; New City Expenditures</b>	<b>8,975,000</b>	<b>22,822,000</b>	<b>23,268,000</b>	<b>23,292,000</b>	<b>23,318,000</b>	<b>23,344,000</b>	<b>23,368,000</b>
<b>ANNUAL NET SURPLUS (SHORTFALL)</b>	<b>\$2,577,000</b>	<b>\$4,068,000</b>	<b>\$4,159,000</b>	<b>\$4,389,000</b>	<b>\$4,616,000</b>	<b>\$4,845,000</b>	<b>\$5,073,000</b>
Net Surplus (Shortfall) due to EDHCSD	<b>\$3,077,000</b>	<b>\$3,212,000</b>	<b>\$3,347,000</b>	<b>\$3,482,000</b>	<b>\$3,616,000</b>	<b>\$3,751,000</b>	<b>\$3,886,000</b>
Net Surplus (Shortfall) due to New City	<b>(\$500,000)</b>	<b>\$856,000</b>	<b>\$812,000</b>	<b>\$907,000</b>	<b>\$1,000,000</b>	<b>\$1,094,000</b>	<b>\$1,187,000</b>
<b>Road Fund (10)</b>							
Road District Property Tax (from County)	<i>transition</i>	\$3,117,100	\$3,206,457	\$3,295,813	\$3,385,170	\$3,474,527	\$3,563,883
Gas Taxes	<i>transition</i>	<u>\$2,172,508</u>	<u>\$2,192,812</u>	<u>\$2,213,116</u>	<u>\$2,233,419</u>	<u>\$2,253,723</u>	<u>\$2,274,027</u>
Total	\$0	\$5,289,608	\$5,399,268	\$5,508,929	\$5,618,589	\$5,728,250	\$5,837,910

**Notes**

- (1) Former EDHCSD Revenues to City see Table B-5.
- (2) New City Revenues see Table B-7.
- (3) Planning & Building Fees based on Table B-7, Note 6 of Planning, Bldg., Code Compliance costs, per current County ratio (see Table B-11).
- (4) 2-3 additional staff phased in over first two years to handle additional City responsibilities and contracts.
- (5) Police costs assume contract with Sheriff at current cost per resident for administration, operations, and support services (see Table B-11).
- (6) Animal control costs assume contract with County at current cost per resident (see Table B-11).
- (7) Additional City costs based on review of comparable cities and County costs.
- (8) Planning costs in addition to EDHCSD recreation planning, & phased in over first years. General Plan assumed developed over five years, based on EDHCSD and County plans.
- (9) Code compliance costs (in addition to EDHCSD CC&R enforcement) based on County costs.
- (10) Road Fund revenues assumed to be fully utilized for road-related costs. Additional grants and other State and Federal funding available will be available for improvements.

5/28/21

**Table B-7**  
**City Revenue Notes**  
**(constant 2021 \$'s)**

(cont'd)

Item	Assumptions		Base Year FY19-20	0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	Transition Yr
	Amount or Factor	Notes							5 FY26
<b><u>General Revenues</u></b>									
<b>1 Property Tax (1)</b>									
Total Assessed Value (mill\$, start of year)		Table B-3	\$11,265 mill.	\$11,394 mill.	\$11,522 mill.	\$11,650 mill.	\$11,778 mill.	\$11,906 mill.	\$12,034 mill.
1% Property Tax (all agencies)			\$112,654,467	\$113,936,150	\$115,217,833	\$116,499,516	\$117,781,199	\$119,062,882	\$120,344,566
Growth in 1% Tax to all Agencies (Start of Yr vs. prior)				\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683
Base Property Tax to City (prior yr)		Table B-8							\$16,663,085
Share of Tax Increment to City (change from prior yr)									
Net Property Tax to City									\$16,663,085
Increase above EDHCSD									\$8,524,778
<b>1a Road Fund</b>									\$3,027,744
<b>2 Sales Tax (2)</b>									
New Retail Sales from New Commercial									
Prior Yr Retail Taxable Sales									<u>299,434,200</u>
Total Taxable Sales	\$299,434,200								\$299,434,200
1% Sales Tax to County/City	\$2,994,342								\$2,994,342
City share of unallocated pool	23%	<u>\$688,699</u>							<u>\$688,699</u>
Net Sales Tax to County/City	\$3,683,041								\$3,683,041
<b>3 Transient Occupancy Tax (1)</b>									
Hotel Rooms (cumulative)			93	93	93	93	93	93	93
Total Room Revenues	70%	\$140	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610
Total Transient Occupancy Tax		10.0%	\$332,661						\$332,661
<b>4 Real Property Transfer Tax</b>									
New Residential Assessed Value		Table B-3	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200
Transfer Tax from New A.V.		\$1.10/\$1,000	\$138,902	\$138,902	\$138,902	\$138,902	\$138,902	\$138,902	\$138,902
Transfer Tax from New A.V. to City		\$.55/\$1,000							\$69,451
Total Homes			16,189						17,160
Resale value from turnover (2)	80%	\$624,000	10%	\$1,010,193,600					\$1,070,805,216
Transfer Tax from Turnover		\$1.10/\$1,000	\$1,111,213						\$1,177,886
Transfer Tax to City from Turnover		\$.55/\$1,000							\$588,943
Transfer Tax to City from New A.V. and Turnover									\$658,394

**Table B-7**  
**City Revenue Notes**  
**(constant 2021 \$'s)**

(cont'd)

Item	Assumptions		Base Year FY19-20	0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	Transition Yr
	Amount or Factor	Notes							5 FY26
<b>5 Franchise Fees</b>									
Total New Franchise Fees	\$372,663	\$8.00 per resident (in addition to current EDHCSD franchise revenues)							\$395,023
<b>6 Planning and Building Fees (3)</b>									
City Planning and Engineering									transition
Permits & Building Inspection									transition
Building Code Compliance									<u>transition</u>
Total Expenditures									0
Fees	67%								0
<b>7 Business Permits (4)</b>	\$177,000								transition
<b>8 State Motor Vehicle License Fees (5)</b>	\$0.37 per resident								transition
<b>9 Investment Earnings</b>									
Annual Revenues (City)									
Interest on Cash Flow	1.0% interest	25% of annual revenues							
Expenditures (City)									
Reserves (City)	17% reserve								
Interest on Reserves (City)	1.0% interest								
Total Interest									
<b>10 Gas Taxes (6)</b>	\$43.58 per resident		\$2,030,381	\$2,050,685	\$2,070,989	\$2,091,293	\$2,111,596	\$2,131,900	\$2,152,204

**Notes to Table B-7**

- (1) Berkson Associates estimates; see Table B-8.  
BA assumptions for sale price, discount for resale price, and turnover.
- (2) County sales tax pool percentage from FY19 (El Dorado County Sales Tax Update).  
Taxable sales from El Dorado County Auditor-Controller, May 28, 2021 for 2019.
- (3) Planning & Building Fees based on % of Planning, Bldg., Code Compliance costs, per current County ratio (see Table B-11).
- (4) Business permits based on current County per capita.
- (5) State Motor Vehicle License Fees represents the non-property tax in lieu component. Amount based on City of Folsom budget (pg. II-11).
- (6) Gas Tax based on Placerville budget.

**Table B-7**  
**City Revenue Notes**  
**(constant 2021 \$'s)**

Item	Assumptions		6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
	Amount or Factor	Notes						
<b>General Revenues</b>								
<b>Property Tax (1)</b>								
Total Assessed Value (mill\$, start of year)		Table B-3	\$12,163 mill.	\$12,291 mill.	\$12,419 mill.	\$12,547 mill.	\$12,675 mill.	\$12,803 mill.
1% Property Tax (all agencies)			\$121,626,249	\$122,907,932	\$124,189,615	\$125,471,298	\$126,752,981	\$128,034,664
Growth in 1% Tax to all Agencies (Start of Yr vs. prior)			\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683
Base Property Tax to City (prior yr)		Table B-8	\$0	\$0	\$0	\$0	\$0	\$0
Share of Tax Increment to City (change from prior yr)			<u>\$223,933</u>	<u>\$223,933</u>	<u>\$223,933</u>	<u>\$223,933</u>	<u>\$223,933</u>	<u>\$223,933</u>
Net Property Tax to City			\$223,933	\$223,933	\$223,933	\$223,933	\$223,933	\$223,933
Increase above EDHCSD			\$8,614,135	\$8,703,492	\$8,792,848	\$8,882,205	\$8,971,561	\$9,060,918
Road Fund			\$3,117,100	\$3,206,457	\$3,295,813	\$3,385,170	\$3,474,527	\$3,563,883
<b>Sales Tax (2)</b>								
New Retail Sales from New Commercial								
Prior Yr Retail Taxable Sales			<u>299,434,200</u>	<u>299,434,200</u>	<u>299,434,200</u>	<u>299,434,200</u>	<u>299,434,200</u>	<u>299,434,200</u>
Total Taxable Sales	\$299,434,200		\$299,434,200	\$299,434,200	\$299,434,200	\$299,434,200	\$299,434,200	\$299,434,200
1% Sales Tax to County/City	\$2,994,342		\$2,994,342	\$2,994,342	\$2,994,342	\$2,994,342	\$2,994,342	\$2,994,342
City share of unallocated pool	23%	<u>\$688,699</u>	<u>\$688,699</u>	<u>\$688,699</u>	<u>\$688,699</u>	<u>\$688,699</u>	<u>\$688,699</u>	<u>\$688,699</u>
Net Sales Tax to County/City	\$3,683,041		\$3,683,041	\$3,683,041	\$3,683,041	\$3,683,041	\$3,683,041	\$3,683,041
<b>Transient Occupancy Tax (1)</b>								
Hotel Rooms (cumulative)			93	93	93	93	93	93
Total Room Revenues	70%	\$140	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610	\$3,326,610
Total Transient Occupancy Tax		10.0%	\$332,661	\$332,661	\$332,661	\$332,661	\$332,661	\$332,661
<b>Real Property Transfer Tax</b>								
New Residential Assessed Value		Table B-3	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200	\$126,274,200
Transfer Tax from New A.V.		\$1.10/\$1,000	\$138,902	\$138,902	\$138,902	\$138,902	\$138,902	\$138,902
Transfer Tax from New A.V. to City		\$.55/\$1,000	\$69,451	\$69,451	\$69,451	\$69,451	\$69,451	\$69,451
Total Homes			17,322	17,484	17,646	17,808	17,970	18,132
Resale value from turnover (2)	80%	\$624,000	10%	\$1,080,907,152	\$1,091,009,088	\$1,101,111,024	\$1,111,212,960	\$1,121,314,896
Transfer Tax from Turnover		\$1.10/\$1,000	\$1,188,998	\$1,200,110	\$1,211,222	\$1,222,334	\$1,233,446	\$1,244,559
Transfer Tax to City from Turnover		\$.55/\$1,000	\$594,499	\$600,055	\$605,611	\$611,167	\$616,723	\$622,279
Transfer Tax to City from New A.V. and Turnover			\$663,950	\$669,506	\$675,062	\$680,618	\$686,174	\$691,730

**Table B-7**  
**City Revenue Notes**  
**(constant 2021 \$'s)**

Item	Assumptions		6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
	Amount or Factor	Notes						
Franchise Fees								
Total New Franchise Fees	\$372,663	\$8.00	\$398,750	\$402,477	\$406,203	\$409,930	\$413,656	\$417,383
Planning and Building Fees (3)								
City Planning and Engineering			420,000	840,000	840,000	840,000	840,000	840,000
Permits & Building Inspection			1,147,000	1,147,000	1,147,000	1,147,000	1,147,000	1,147,000
Building Code Compliance			275,000	275,000	275,000	275,000	275,000	275,000
Total Expenditures			1,842,000	2,262,000	2,262,000	2,262,000	2,262,000	2,262,000
Fees	67%		1,234,140	1,515,540	1,515,540	1,515,540	1,515,540	1,515,540
Business Permits (4)	\$177,000		\$177,000	\$177,000	\$177,000	\$177,000	\$177,000	\$177,000
State Motor Vehicle License Fees (5)	\$0.37	per reside	\$18,327	\$18,498	\$18,669	\$18,840	\$19,012	\$19,183
Investment Earnings								
Annual Revenues (City)			\$15,122,000	\$15,502,000	\$15,602,000	\$15,701,000	\$15,800,000	\$15,898,000
Interest on Cash Flow	1.0%	interest 25%	\$37,805	\$38,755	\$39,005	\$39,253	\$39,500	\$39,745
Expenditures (City)			\$14,328,000	\$14,754,000	\$14,759,000	\$14,765,000	\$14,771,000	\$14,776,000
Reserves (City)	17%	reserve	\$2,435,760	\$2,508,180	\$2,509,030	\$2,510,050	\$2,511,070	\$2,511,920
Interest on Reserves (City)	1.0%	interest	\$24,358	\$25,082	\$25,090	\$25,101	\$25,111	\$25,119
Total Interest			\$62,163	\$63,837	\$64,095	\$64,353	\$64,611	\$64,864
Gas Taxes (6)	\$43.58	per resident	\$2,172,508	\$2,192,812	\$2,213,116	\$2,233,419	\$2,253,723	\$2,274,027

**Notes to Table B-7**

(1) Berkson Associates estimates; see Table B-8.

BA assumptions for sale price, discount for resale price, and tax

(2) County sales tax pool percentage from FY19 (El Dorado County)

Taxable sales from El Dorado County Auditor-Controller, May 20

(3) Planning & Building Fees based on % of Planning, Bldg., Code C

(4) Business permits based on current County per capita.

(5) State Motor Vehicle License Fees represents the non-property t

(6) Gas Tax based on Placerville budget.

5/25/21

**Table B-8**  
**City Property Tax Summary**  
**(constant 2021 \$'s)**

Item	Amount or Factor	0 FY21	1 FY22	2 FY23	3 FY24	4 FY25
<b>EDHCSD</b>						
<b>Property Tax</b>						
Total Assessed Value (mill\$, start of year)		\$11,265 mill.	\$11,394 mill.	\$11,522 mill.	\$11,650 mill.	\$11,778 mill.
1% Property Tax (all agencies)		\$113,936,150	\$115,217,833	\$116,499,516	\$117,781,199	\$119,062,882
Growth in 1% Tax to all Agencies (Increment Start of Yr vs. prior)			\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683
<u>Increment to EDHCSD (share of change from prior)</u>						
EDHCSD	10.50%		\$134,577	\$134,577	\$134,577	\$134,577
<u>Base Property Tax (prior yr)</u>						
EDHCSD		\$7,600,000	\$7,600,000	\$7,734,577	\$7,869,153	\$8,003,730
<b>Net Property Tax to EDHCSD</b>		\$7,600,000	\$7,734,577	\$7,869,153	\$8,003,730	\$8,138,307
<b>CITY</b>						
<u>Increment to City (share of change from prior)</u>						
from EDHCSD	10.50%					
from County Gen'l Fund	<u>6.97%</u>					
Total	17.47%					
<u>Base Property Tax (prior yr)</u>						
EDHCSD						
from County Gen'l Fund	Table B-10					
Total						
<b>Net Property Tax to City (w/increment)</b>						
Change from Prior Year						
<b>Net to City vs. EDHCSD</b>						
<b>Road Fund</b>						
Base Property Tax						
Increment from Road District	2.60%					
<b>Net Road Property Tax to City</b>						

**Table B-8**  
**City Property Tax Summary**  
**(constant 2021 \$'s)**

(cont'd)

Item	Amount or Factor	Transition Yr	5	6	7	8	9	10	11
		FY26	FY27	FY28	FY29	FY30	FY31	FY32	
<b>EDHCSD</b>									
<b>Property Tax</b>									
Total Assessed Value (mill\$, start of year)		\$11,906 mill.	\$12,034 mill.	\$12,163 mill.	\$12,291 mill.	\$12,419 mill.	\$12,547 mill.	\$12,675 mill.	
1% Property Tax (all agencies)		\$120,344,566	\$121,626,249	\$122,907,932	\$124,189,615	\$125,471,298	\$126,752,981	\$128,034,664	
Growth in 1% Tax to all Agencies (Increment Start)		\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	\$1,281,683	
<u>Increment to EDHCSD (share of change from prior</u>									
EDHCSD	10.50%	\$134,577	\$134,577	\$134,577	\$134,577	\$134,577	\$134,577	\$134,577	
<u>Base Property Tax (prior yr)</u>									
EDHCSD		\$8,138,307	\$8,272,884	\$8,407,460	\$8,542,037	\$8,676,614	\$8,811,190	\$8,945,767	
<b>Net Property Tax to EDHCSD</b>		\$8,272,884	\$8,407,460	\$8,542,037	\$8,676,614	\$8,811,190	\$8,945,767	\$9,080,344	
<b>CITY</b>									
<u>Increment to City (share of change from prior)</u>									
from EDHCSD	10.50%	\$134,577	\$134,577	\$134,577	\$134,577	\$134,577	\$134,577	\$134,577	
from County Gen'l Fund	<u>6.97%</u>		<u>\$89,357</u>	<u>\$89,357</u>	<u>\$89,357</u>	<u>\$89,357</u>	<u>\$89,357</u>	<u>\$89,357</u>	
Total	17.47%	\$134,577	\$223,933	\$223,933	\$223,933	\$223,933	\$223,933	\$223,933	
<u>Base Property Tax (prior yr)</u>									
EDHCSD		\$8,272,884							
from County Gen'l Fund	Table B-10	<u>\$8,390,202</u>							
Total		\$16,663,085							
<b>Net Property Tax to City (w/increment)</b>		\$16,797,662	\$17,021,595	\$17,245,529	\$17,469,462	\$17,693,395	\$17,917,329	\$18,141,262	
Change from Prior Year			101.3%	101.3%	101.3%	101.3%	101.3%	101.2%	
<b>Net to City vs. EDHCSD</b>		\$8,524,778	\$8,614,135	\$8,703,492	\$8,792,848	\$8,882,205	\$8,971,561	\$9,060,918	
<b>Road Fund</b>									
Base Property Tax		\$3,027,744							
Increment from Road District	2.60%		\$89,357	\$89,357	\$89,357	\$89,357	\$89,357	\$89,357	
<b>Net Road Property Tax to City</b>		\$3,027,744	\$3,117,100	\$3,206,457	\$3,295,813	\$3,385,170	\$3,474,527	\$3,563,883	

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**Table B-9**  
**Change in County Costs and Revenues**  
**(constant 2021 \$'s)**

Item	FY21 Amount	Comments
<b>Revenue Reductions</b>		
Property Tax	\$8,390,000	Table B-10 Item B.5
Property Transfer Tax	625,000	Table B-7, Note 4
Sales and Use Tax	3,680,000	Table B-7, Note 2
Transient Occupancy Tax	333,000	Table B-7, Note 3
Franchise Fees (1)	<u>373,000</u>	Table B-7, Note 5
<b>Total Revenue Reductions</b>	\$13,401,000	
<b>Expenditure Reductions</b>		
County Sheriff (2)	\$11,088,000	Table B-11
Building and Planning	2,027,000	Table B-11
Animal Services	<u>559,000</u>	Table B-11
<b>Total Expenditure Reductions</b>	\$13,674,000	
<b>Net Gain (or loss) to County General Fund</b>	\$273,000	
<b>Road Fund (3)</b>		
Road District Property Tax	\$2,830,000	Table B-10 Item A.4a

(1) County franchise fees include "0250 Public Utility \$437,500" and "0251 Garbage \$840,000".

(2) Impact based on per capita net County cost for Sheriff's Administration, Operations, and Support Services.

(3) Loss of Road Fund revenues offset by corresponding County expenditures.

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**Table B-10**  
**Property Tax Transfer from County to the City of El Dorado Hills**  
**(constant 2021 \$'s)**

Item	Notes	Amount	Comments
<b>A. Transfer of Property Tax Base</b>			
A.1 Total Net Expenditures Subject to Transfer	(1)	\$13,674,330	See Table B-11
A.2 County Auditor's Determination (Ratio)	(2)	57.4%	See Table B-12.
A.3 Property Tax Transferred from County to City (A.1 * A.2)		\$7,854,062	
A.4 Property Tax Transferred from EDHCSD	(3)	\$7,600,000	FY20-21 Budget, pg. 12.
A.5a Total Property Tax Base - County and EDHCSD		<span style="border: 1px solid black;">\$15,454,062</span>	
A.5b Property Tax Transferred from Road District		\$2,834,269	Estimated proportionate to EDHCSD tax * Road District/EDHCSD tax factors
<b>B. Estimate of Tax Allocation Factor</b>			
B.1 Assessed Value (FY21)		\$11,265,446,672	See Table B-3.
B.2 Assessed Value (FY26) Transition Year		\$12,034,456,550	
B.3 Change from FY21 to FY26 = (B.2 / B.1) - 1		6.8%	
B.4 Property Tax FY21 Transferred from County to City = A.3		\$7,854,062	
B.5 Cnty Property Tax Transferred Adjusted to Transition Year (FY26) = (1 + B.3) * B.4		\$8,390,202	
B.6 Total Property Tax Collected (all agencies) = 1% * B.2		\$120,344,566	
<u>Tax Allocation Factor</u>			
B.7 Estimated Tax Allocation Factor from County = B.5a / B.6		7.0%	
B.8a Tax Allocation Factor from EDHCSD		10.5%	TAF varies by TRA.
B.9 Assumed Tax Allocation Factor from County & EDHCSD = B.7 + B.8b		<span style="border: 1px solid black;">17.5%</span>	Excludes Road District shown separately in budget
B.9a Tax Allocation Factor from Road District		2.6%	TAF varies by TRA.

(1) See Table B-11  
(2) See Table B-12.  
(3) FY20-21 Budget, pg. 12.

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**Table B-11**

**Base Year Net County Cost for Services Transferred (FY21)  
(Constant 2021\$'s)**

Department/Function	Total	Total Cnty Cost per Capita (1)	Revenues & Fees & Charges		Net County Cost per Capita (1)	El Dorado Hills Net County Cost (2)
				Net County Cost		
Building and Planning (3)						
Administration	\$77,809		\$231,809	(\$154,000)	(\$0.96)	(\$44,920)
Building Services	\$6,860,786	\$42.95	\$7,626,180	(\$765,394)	(\$4.79)	(\$223,280)
Current Planning Serv.	\$3,629,719	\$22.73	\$1,402,000	\$2,227,719	\$13.95	\$649,850
Long Range Planning	\$3,328,933	\$20.84	\$1,143,500	\$2,185,433	\$13.68	\$637,520
Economic Development	\$1,763,692	\$11.04		\$1,763,692	\$11.04	\$514,490
Code Enforcement	\$1,554,636	\$9.73	\$100,200	\$1,454,436	\$9.11	\$424,280
Commercial Cannabis	<u>\$431,181</u>	\$2.70	<u>\$194,000</u>	<u>\$237,181</u>	<u>\$1.48</u>	<u>\$69,190</u>
Subtotal	\$17,646,756		\$10,697,689	\$6,949,067	\$43.51	\$2,027,130
			67%			
Sheriff (5)						
Administration	\$3,976,120		\$225,000	\$3,751,120	\$23.49	\$1,094,250
Operations	\$33,059,399		\$12,877,432	\$20,181,967	\$126.36	\$5,887,340
Support Services	<u>\$14,526,602</u>		<u>\$449,200</u>	<u>\$14,077,402</u>	<u>\$88.14</u>	<u>\$4,106,560</u>
Subtotal	\$51,562,121		\$13,551,632	\$38,010,489	\$237.98	\$11,088,150
Animal Services (6)	\$3,433,566		\$1,517,117	\$1,916,449	\$12.00	\$559,050
TOTAL	\$72,642,443		\$25,766,438	\$46,876,005	\$293	\$13,674,330

(1) Unincorporated County population 1/1/20 is 159,722.

(2) El Dorado Hills population FY21 estimated to be 46,593.

(3) Excludes cemetery costs.

(4) Operations cost per unincorporated population is estimated at \$24.89 including a share of Sheriff's administration and support se

(5) Total current Sheriff cost estimated based on FY21 unincorporated cost per resident; excludes Bailiff, Custody and Commissary.

(6) Based on unincorporated cost per capita (net of revenues) per FY21 Recommended Budget, pg. 173.

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**Table B-12****County Auditor's Ratio: Countywide Property Tax % of General Purpose Revenue  
(Constant 2021\$'s)**

Item	FY19-20 Adopted Amount	Comments
A.1 Property Tax Revenue to the County (1)	\$76,060,058	Excludes "Property Tax in-lieu of VLF"
A.2 Other General Purpose Revenue	<u>\$56,364,452</u>	
A.3 Total Net Revenue Available for General Purposes (A.1 + A.2)	\$132,424,510	
A.4 Property Tax as % of Total Revenue Available for General Purposes (A.1 / A.3)	57.4%	

(1) "Property Tax in-Lieu of VLF" excluded from property tax per State Controller's Office Review of the Proposed Incorporation of the Town of Olympic Valley (Placer County), October 2015, which cited Revenue and Tax Code §93(b).

Note: "Other Financing Sources, 2020 Operating Transfers In" assumed not to be available for general purposes (to be determined by Auditor).

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Table B-13  
County Budget Detail

FUND NAME	FINANCING SOURCE CATEGORY	FINANCING SOURCE ACCOUNT	2020-2021 ADOPTED BY BOARD OF SUPERVISORS	PROPERTY TAXES	REVS AVAIL FOR GEN'L PURPOSES
<b>GENERAL FUNDS</b>					
<b>10001</b>	<b>GENERAL</b>				
100		Property Taxes - Current Secured	73,631,048		
110		Property Taxes - Current Unsecured	1,279,010		
120		Property Taxes - Prior Secured	-		
130		Property Taxes - Prior Unsecured	-		
140		Supplemental Property Taxes - Current	725,000		
150		Supplemental Property Taxes - Prior	425,000		
		SUBTOTAL, PROPERTY TAX	76,060,058	<b>76,060,058</b>	<b>76,060,058</b>
160		Sales and Use Tax	10,281,600		10,281,600
162		In-Lieu Local Sales and Use Tax			
		SUBTOTAL, SALES TAXES	10,281,600		10,281,600
171		Hotel and Motel Occupancy Tax	3,735,000		3,735,000
172		Property Transfer Tax	2,600,000		2,600,000
174		Timber Yield Tax	108,292		108,292
178		Tax Loss Reserve	1,150,310		1,150,310
179		Property Tax In-Lieu of Vehicle License Fee	22,865,673		22,865,673
180		Cannabis Activities Tax	384,000		384,000
		SUBTOTAL, OTHER TAXES	30,843,275		30,843,275
		<b>TOTAL TAXES</b>	<b>117,184,933</b>		<b>117,184,933</b>
		<b>LICENSES, PERMITS AND FRANCHISES</b>			
		<b>TOTAL LICENSES, PERMITS AND FRANCHISES</b>	<b>12,598,118</b>		<b>12,598,118</b>
		<b>FINES, FORFEITURES AND PENALTIES</b>			
		<b>TOTAL FINES, FORFEITURES AND PENALTIES</b>	<b>958,859</b>		<b>958,859</b>
		<b>REVENUE FROM USE OF MONEY AND PROPERTY</b>			
		<b>TOTAL REVENUE FROM USE OF MONEY AND PROPERTY</b>	<b>1,012,600</b>		<b>1,012,600</b>
		<b>INTERGOVERNMENTAL REVENUES - STATE</b>			
540		State - Motor Vehicle In-lieu Tax	60,000		60,000
820		State - Homeowners' Property Tax Relief	610,000		610,000
880		State - Other	25,313,781		0
		Other Intergovernmental - State	24,094,379		0
		<b>TOTAL INTERGOVERNMENTAL REVENUES - STATE</b>	<b>50,078,160</b>		<b>670,000</b>
		<b>INTERGOVERNMENTAL REVENUES - FEDERAL</b>			
		<b>TOTAL INTERGOVERNMENTAL REVENUES - FEDERAL</b>	<b>51,098,909</b>		<b>0</b>
		<b>INTERGOVERNMENTAL REVENUES - OTHER</b>			
		<b>TOTAL INTERGOVERNMENTAL REVENUES - OTHER</b>	<b>9,076,362</b>		<b>0</b>
		<b>CHARGES FOR SERVICES</b>			
		<b>TOTAL CHARGES FOR SERVICES</b>	<b>20,392,041</b>		<b>0</b>
		<b>MISCELLANEOUS REVENUES</b>			
		<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>2,298,271</b>		<b>0</b>
		<b>TOTAL</b>	<b>264,698,253</b>	<b>76,060,058</b>	<b>132,424,510</b>
		Estimated "Auditor's Determination"			<b>57.4%</b>
		<b>OTHER FINANCING SOURCES</b>	<b>45,463,836</b>		
		<b>GRAND TOTAL</b>	<b>310,162,089</b>		

(1) "Property Tax in-Lieu of VLF" excluded from property tax per State Controller's Office Review of the Proposed Incorporation of the Town of Olympic Valley (Placer County), October 2015, which cited Revenue and Tax Code §93(b). Note: "Other Financing Sources, 2020 Operating Transfers In" assumed not to be available for general purposes (to be determined by Auditor).

Source: El Dorado County, Detail of Additional Financing Sources by Fund and Account Governmental Funds, Fiscal Year 2020-21, Schedule 6 (file: "(B) Lead Schedules.pdf")

**Table B-14a**  
**Review of Comparable Cities - Selected Costs and Revenues**

	2020 Pop:	10,980				46,593
Item		Placerville Cost	Dept'l Revenues	Net Cost	per capita	El Dorado Hills Equivalent
<u>Expenditures</u>						
Elected Officials		\$122,811	\$0	\$122,811	\$11.18	\$521,141
City Administration	(4)					
City Manager		\$383,298	\$44,950	\$338,348	\$30.81	\$1,435,760
City Attorney		\$70,070	\$2,500	\$67,570	\$6.15	\$286,729
Information Services		\$431,476	\$290,052	\$141,424	\$12.88	\$600,125
Human Resources		\$132,323	\$0	\$132,323	\$12.05	\$561,505
City Clerk		\$6,900	\$6,900	\$0	\$0.00	\$0
Financial Management		\$482,785	\$2,358	\$480,427	\$43.75	\$2,038,664
Utility Billing		<u>\$539,636</u>	<u>\$270,143</u>	<u>\$269,493</u>	<u>\$24.54</u>	<u>\$1,143,578</u>
Total Administration		\$2,046,488	\$616,903	\$1,429,585	\$130.20	\$6,066,362
Police	(1)	\$4,839,218	\$1,964,678	\$2,874,540	\$261.80	\$12,197,946
Engineering	(3)	\$2,888,241	2,669,555	\$218,686	\$19.92	\$927,981
<u>Public Works</u>						
Streets and Roads		\$656,246	\$340,417	\$315,829	\$28.76	\$1,340,202
Water and Sewer Lines		\$1,311,723	\$1,311,723	\$0	\$0.00	\$0
Water Acquisition and Delivery		\$858,771	\$858,771	\$0	\$0.00	\$0
Downtown Parking		<u>\$120,918</u>	<u>\$118,463</u>	<u>\$2,455</u>	<u>\$0.22</u>	<u>\$10,418</u>
Subtotal Public Works		\$2,947,658	\$2,629,374	\$318,284	\$28.99	\$1,350,620
<u>Development Services</u>						
Administration		\$240,751		\$240,751	\$21.93	\$1,021,613
Planning		\$197,553		\$197,553	\$17.99	\$838,305
Permits & Building Inspection		\$270,196		<u>\$270,196</u>	<u>\$24.61</u>	<u>\$1,146,561</u>
Subtotal Development Services		\$635,370		\$635,370	\$57.87	\$2,696,156
Community Services		\$2,023,178	1,853,294	\$169,884	\$15.47	\$720,893
Non-Departmental		\$4,326,402	3,399,278	\$927,124	\$84.44	\$3,934,197
TOTAL		\$19,829,366	\$13,133,082	\$6,696,284	\$610	\$28,415,297
<u>Selected Revenues</u>						
Property Tax	(6)		\$300,000		\$27.32	
1% Sales Tax	(2)		\$5,422,200		\$493.83	
Other Sales Taxes	(5)		\$4,386,113		\$399.46	
Fines, Forfeitures and Penalties			\$66,208		\$6.03	
Licenses and Permits			\$124,220		\$11.31	
Gas Tax			\$478,475		\$43.58	

(1) Placerville budget reports 19,500 calls for service FY20 & 11 police officers (p. 88).

Police revenues include Measure J.

(2) Sales taxes 1% City share; do not include additional sales tax measures.

(3) Engineering revenues include transfers from enterprise and other funds, and other charges.

Engineering costs include water reclamation facility.

(4) Administrative revenues include transfers from enterprises.

(5) Other sales taxes include voter-approved Measures J, L, H.

(6) Property tax not delineated in budget; amount shown estimated from FY19 financial rpt.

**Table B-14b**  
**Review of Comparable Cities - Selected Costs and Revenues**

Item	2020 Pop:	81,610				46,593
		Folsom	Dept'l	Net Cost	per capita	El Dorado Hills
		Cost	Revenues			Equivalent
<b><u>Expenditures</u></b>						
<b>Elected Officials</b>		\$126,140		\$126,140	\$1.55	\$72,016
<b>City Administration</b>						
City Manager		\$1,311,117		\$1,311,117	\$16.07	\$748,546
City Attorney		\$1,056,421		\$1,056,421	\$12.94	\$603,135
City Clerk		\$682,889		\$682,889	\$8.37	\$389,877
Management and Budget		\$5,064,434		\$5,064,434	\$62.06	\$2,891,400
Human Resources		<u>\$863,321</u>		<u>\$863,321</u>	<u>\$10.58</u>	<u>\$492,890</u>
Subtotal City Administration		\$8,978,182		8,978,182	\$110.01	5,125,848
<b>Police</b>		\$24,102,280		\$24,102,280	\$295.33	\$13,760,538
<b>Fire</b>		\$20,315,946		\$20,315,946	\$248.94	\$11,598,834
<b>Public Works</b>		\$6,146,811		\$6,146,811	\$75.32	\$3,509,354
<b>Community Development</b>		\$5,730,003		\$5,730,003	\$70.21	\$3,271,389
<b>Library</b>		\$2,023,607		\$2,023,607	\$24.80	\$1,155,323
<b>Parks and Recreation</b>		\$12,850,197		\$12,850,197	\$157.46	\$7,336,469
<b>Non-Departmental</b>						
Fleet Management		\$1,244,023		\$1,244,023	\$15.24	\$710,241
Other Non-Departmental		\$4,866,406		\$4,866,406	\$59.63	\$2,778,342
Subtotal Non-Departmental						
<b>TOTAL</b>		\$95,361,777		\$95,361,777	\$1,168.51	\$54,444,201
<b><u>Selected Revenues</u></b>						
VLF (non-in lieu component)			\$30,000		\$0.37	\$17,128

**Table B-14c**  
**Review of Comparable Cities - Selected Costs and Revenues**

Item	2020 Pop: 49,317	46,593		
	Lincoln Cost	Net Cost	per capita	El Dorado Hills Equivalent
<b>Expenditures</b>				
<b>Elected Officials (Council, Treasurer)</b>	\$229,041	\$229,041	\$4.64	\$216,390
<b>City Administration</b>				
City Manager	\$379,378	\$379,378	\$7.69	\$358,423
Economic Development	\$305,588			
City Attorney	\$515,021	\$515,021	\$10.44	\$486,574
City Clerk	\$424,314	\$424,314	\$8.60	\$400,877
Management and Budget		\$0	\$0.00	\$0
Human Resources	\$428,479	\$428,479	\$8.69	\$404,812
Information Tech/GIS	\$1,397,234	\$1,397,234	\$28.33	\$1,320,058
Other Admin (Public Info)	<u>\$12,470</u>	<u>\$12,470</u>	<u>\$0.25</u>	<u>\$11,781</u>
Subtotal Administration	\$3,462,484	\$3,156,896	\$64.01	\$2,982,526
<b>Finance</b>	3,693,790	\$3,693,790	\$74.90	\$3,489,765
<b>Police</b>	\$6,700,030	\$6,700,030	\$135.86	\$6,329,957
<b>Fire</b>	\$5,422,811	\$5,422,811	\$109.96	\$5,123,285
<b>Public Works</b>				
Administration	\$1,124,474	\$1,124,474	\$22.80	\$1,062,364
Engineering	\$2,188,674	\$2,188,674	\$44.38	\$2,067,784
Water	\$12,236,967	\$12,236,967	\$248.13	
Wastewater	\$9,021,040	\$9,021,040	\$182.92	
Solid Waste	\$4,249,749	\$4,249,749	\$86.17	
Streets	\$2,535,297	\$2,535,297	\$51.41	\$2,395,261
Parks	\$2,954,790	\$2,954,790	\$59.91	\$2,791,584
Transit	\$660,000	\$660,000	\$13.38	\$623,545
Airport	\$994,015	\$994,015	\$20.16	
Facilities	\$1,406,649	\$1,406,649	\$28.52	\$1,328,953
Fleet	<u>\$1,362,245</u>	<u>\$1,362,245</u>	<u>\$27.62</u>	<u>\$1,287,002</u>
Subtotal Public Works	\$38,733,900	\$38,733,900	\$785.41	\$11,556,493
<b>Community Development</b>				
Administration	\$586,868	\$586,868	\$11.90	\$554,453
Planning	\$531,010	\$531,010	\$10.77	\$501,680
Building	\$472,749	\$472,749	\$9.59	\$446,637
Engineering	<u>\$447,825</u>	<u>\$447,825</u>	<u>\$9.08</u>	<u>\$423,090</u>
Subtotal Community Development	\$2,038,452	\$2,038,452	\$41.33	\$1,925,859
<b>Library</b>	\$808,829	\$808,829	\$16.40	\$764,154
<b>Recreation</b>	\$878,285	\$878,285	\$17.81	\$829,773
<b>Non-Departmental (Operations)</b>				
Administration	\$60,000	\$60,000	\$1.22	\$56,686
Insurance	\$904,789	\$904,789	\$18.35	\$854,813
Debt Service	1,712,724	\$1,712,724	\$34.73	\$1,618,123
Capital Outlay	56,700	\$56,700	\$1.15	\$53,568
Transfers Out	12,128,874	\$12,128,874	\$245.94	\$11,458,942
<b>TOTAL</b>	\$121,065,545	\$121,065,545	\$2,454.84	\$114,378,550

(1) Lincoln budget reports 18 police officers (p. 139).





**Berkson  
Associates**

Urban Economics  
Policy Forensics & Forecasting  
Planning & Policy Analysis

## FREQUENTLY ASKED QUESTIONS

### EL DORADO HILLS COMMUNITY SERVICES DISTRICT

## PRELIMINARY COMPREHENSIVE FISCAL ANALYSIS (PCFA)

Prepared by BERKSON ASSOCIATES  
May 28, 2021

## FREQUENTLY ASKED QUESTIONS (FAQS)

### 1. WHAT IS A “PRELIMINARY COMPREHENSIVE FISCAL ANALYSIS”?

**A Preliminary Comprehensive Fiscal Analysis, or “PCFA”, evaluates whether a new city can be financially feasible.**


The PCFA provides the community with information to better understand the advantages and disadvantages of becoming a city, and whether it will be financially feasible. Incorporating a new city may also have financial impacts on other agencies and these impacts must be mitigated by the new city; the PCFA describes those potential impacts.



If the community decides to proceed with incorporation, the El Dorado Local Agency Formation Commission (LAFCO) will prepare a more detailed Comprehensive Fiscal Analysis (CFA) as a basis for determining feasibility, property tax sharing between the new city and the County and required mitigations (if any). If LAFCO determines that a new city will be feasible, it can then place the question of forming a city on the ballot for residents to decide by majority vote.

### 2. HAS EL DORADO HILLS PREVIOUSLY TRIED TO FORM A CITY?

**In 2005 the voters of El Dorado Hills failed to approve a proposed incorporation, achieving a 43.6% “yes” vote, short of the required majority.**

El Dorado County, CA		November 8, 2005 Election
	<b>Measure P</b>	
	<b>Incorporation</b>	
	<b>Proposed City of El Dorado Hills</b>	
	Initiative regarding Incorporation as city - Majority Approval Required	
	Fail: 5092 / <b>43.6%</b> Yes votes ..... 6565 / <b>56.3%</b> No votes	

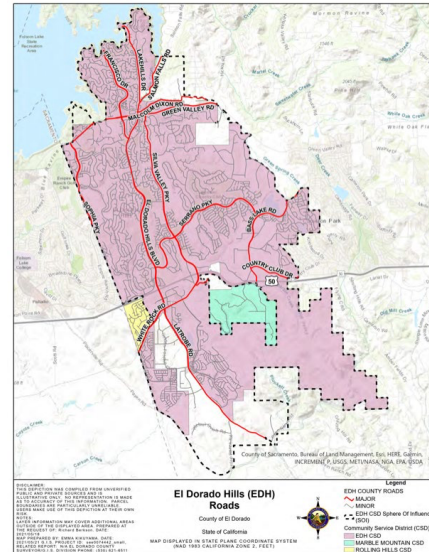
The 2005 proposed incorporation would have created the new City of El Dorado Hills, dissolved and reorganized the El Dorado Hills Community Services District ("EDHCSD") and Springfield Meadows Community Services District (SMCSD, now known as the Rolling Hills CSD or RHCSD) by combining their functions into the new city, and detached the territory to be incorporated from County Service Area 9.

### 3. WHAT WOULD BE THE CITY'S BOUNDARIES?

**The boundaries will generally follow EDHCSD limits, as modified by the community & LAFCO.**

The boundaries are assumed to include the current EDHCSD boundaries and its Sphere of Influence and incorporate the Rolling Hills CSD and the Marble Mountain Homeowners CSD.

If the community moves forward with a LAFCO incorporation application, the boundaries would be further evaluated by LAFCO with public input.



### 4. WHAT SERVICES WILL A CITY PROVIDE?

**The City will provide a full range of city services directly or by contract with other providers.**

The new City will continue services currently provided by EDHCSD, including recreation and landscape maintenance, drainage maintenance, and oversight of solid waste collection and cable/internet services.

The new City will be responsible to fund and manage several local services currently provided by the County of El Dorado to the area, including police protection, land use planning and road maintenance. The city may choose to contract with the County for ongoing services, contract with another agency or private company, or form a city department. New services that could be provided by the city include economic development to attract desired businesses and create jobs. The City would develop and implement its own new General Plan rather than rely on County administration of the County General Plan and approval of new development.

The new City may also provide services currently provided by other districts. Services may be merged with the city, or a district could become a City subsidiary district if its boundaries partially extend no more than 30 percent beyond the city's boundaries. The City Council would act as the board of the subsidiary district. Question #9 further addresses sewer, water and fire protection districts currently serving the area.

## 5. DOES INCORPORATION CREATE AN ADDITIONAL LAYER OF GOVERNMENT?

**A new City will effectively consolidate current government activities into a single agency.**

The new City will integrate current activities of the El Dorado Hills CSD including parks and recreation and landscape maintenance. The CSD may be merged into the new City's structure, or may remain as a subsidiary district run by the City to continue to enforce subdivision covenants, conditions and restrictions, including architecture and design review.

The new City will shift services currently provided by the County, EDHCSD, RHCSO and MMHCSD to the oversight of a locally elected city council and become responsible for local management of police, planning, animal control and other services. The County will continue to provide health and human services and other Countywide services.

## 6. WILL INCORPORATION INCREASE TAXES?

The PCFA assumes no new taxes beyond those currently paid by residents and businesses in the community. Incorporation shifts certain existing revenues and taxes from the County to the new City to pay for city services. Certain taxes currently collected by the County in unincorporated areas are assumed to be collected by the new City at the same rates, although voter approval may be required (e.g., hotel taxes). Voters in El Dorado Hills would need to approve any new taxes adopted by the new City.

## 7. HOW WILL THE NEW CITY BE FUNDED?

**The new City's budget will be funded by property tax and other revenues the County currently uses to fund local services to El Dorado Hills plus other municipal revenues.**

In addition to current El Dorado Hills revenues (CSD property tax, assessments), the new City will receive a share of County property tax to help fund local services transferred from the County to the new City. The County Road Fund property tax generated within El Dorado Hills will be administered by the City Council for the benefit of local roads.

Other revenues currently accruing to the County will shift to the new City to fund City services currently provided by the County. Revenues include sales tax and hotel tax generated within the City's boundaries. Federal, State, and regional road-related revenues will be allocated to the new City.

No new taxes are assumed to be imposed on residents and visitors. City residents may choose to adopt new taxes, however, El Dorado Hills voter approval will be required (majority or 2/3's approval, depending on the specific tax).

## 8. WILL THE NEW CITY RELY ON COMMERCIAL DEVELOPMENT AND INCREASED RESIDENTIAL DENSITY FOR TAX REVENUE GROWTH?

**The PCFA's feasibility analysis requires feasibility within three years; new development is not assumed to be a significant factor.**

The PCFA will base its findings on the initial years of the new City and will consider trends affecting future city budgets including eventual buildout of residential and commercial land. Increased development could improve budgetary conditions and services; however, a financially sustainable city should not depend on revenues from future, uncertain development.

The new City Council, its planning commission and staff, and City residents will determine development densities and patterns in its General Plan and oversee ongoing development.

## 9. WILL THE NEW CITY PROVIDE WATER, SEWER, & FIRE PROTECTION?

**The PCFA will review the opportunities and constraints to the new City providing water, sewer and fire protection, in addition to basic city services.**

During the LAFCO incorporation process, or following the formation of a new City, consolidation of the city with other agencies can be further evaluated and considered in detail. Any reorganization of existing districts will need to demonstrate to LAFCO that the changes will result in equal or improved services and financial conditions compared to the status quo. Changes may also be subject to voter protest/approval.

## 10. WILL THERE BE AN ADVERSE IMPACT ON THE COUNTY?

**State law requires that any adverse impacts on the County and other agencies, to be determined by LAFCO, will be mitigated by the new City.**

Incorporation will shift revenues from the County to the new City to help pay for services transferred from the County. The PCFA compares potential County revenue reductions to the County's reduction in service costs; preliminary analysis indicates that County revenue reductions are offset by cost reductions.

State law requires that adverse impacts on the County must be mitigated by the new City, for example by sharing tax revenues. This sharing, if required, would be negotiated during the incorporation process, and affirmed by LAFCO prior to the residents' vote on the incorporation.

## 11. HOW WILL ROLLING HILLS CSD AND MARBLE MOUNTAIN HOMEOWNERS CSD BE AFFECTED BY INCORPORATION?

**Services provided by the CSDs are expected to continue under City direction at current or improved levels.**

RHCSD and MMHCSD are both assumed included in the proposed boundary and reorganized as part of the new City. The new City Council will manage, and direct services currently provided by the CSDs. The new City may establish resident committees to advise the City Council about services to the former CSDs. Property taxes and assessments currently collected by the CSDs are assumed to continue to be directed to services within the CSDs. Assessments within the CSDs can be supplemented by funding provided by the new City (e.g., road district property taxes and gas taxes received by the new City, and other State and federal funds available for road purposes).



## EL DORADO HILLS

COMMUNITY SERVICES DISTRICT

### NEWS RELEASE

Date of Release - TBD

Kevin A. Loewen  
General Manager  
(916) 614-3212  
kloewen@edhcsd.org

#### INCORPORATION/CITYHOOD ANALYSIS RESULTS

Did you know El Dorado Hills is not a city, town, or other municipality? Instead, the area known as El Dorado Hills is part of the overall County governance, also known as the Unincorporated area of the County. This means that El Dorado Hills is governed by four other representatives not from its villages (or its community). The future of El Dorado Hills is determined by representatives from the East (Tahoe area); the North (Georgetown area), and Southeast (Somerset area). Should El Dorado Hills be *incorporated* it would then become a city/town of its own.

The topic of incorporation (i.e.: cityhood or town-hood) has presented itself periodically in El Dorado Hills throughout its history. This is no surprise, as the population of El Dorado Hills has grown significantly over time; been the primary location for housing allocated by the County; property values are robust, which fund a substantial portion of the operations and services of the County; has many commercial/retail opportunities, such as Town Center, a very large business park and the interests of other large retailers (e.g.: Costco); a location on the very fringe of the County, abutting a bustling community – Folsom, and; likely many other reasons which are driving forces for interests of incorporation. Many times, a community seeks to enhance services such as a law enforcement presence, or to gain greater local control over their land use destiny.

Whatever the specific reason(s), the topic has arisen again across 2019-2020 when local citizens came to the District urging us to explore cityhood again. As the local government entity most closely aligned with the community for a variety of services – and for the availability to provide nearly all municipality services – the Community Services District (District) took on a leadership role in seeking the answer to this question, “Does incorporation for El Dorado Hills pass the fatal flaw test of a high level financial feasibility analysis?” Or, put differently, “Would cityhood result in the community being financially sound or not?”

In collaboration with other agencies (such as EDH Fire, EID, and the El Dorado County Sheriff's Office), District Management solicited proposals from several consultant firms for incorporation feasibility analysis at the preliminary – or fatal flaw – level of analysis. The question to answer was whether or not incorporation is financially feasible. In other words, could a new City of El Dorado Hills adequately provide the necessary functions of government and the community with a positive/neutral cash flow, and what services would the city provide versus other agency providers. If incorporation is not financially feasible, then there is no path to cityhood.

**Per the results of the analysis from Berkson & Associates: Incorporation (i.e. Cityhood) is financially feasible at the high-level analysis performed, with many uncertainties such as, revenue neutrality negotiations with the County.**

### **Next Steps**

The District is producing the preliminary financial feasibility report for public consumption, to answer the question at-hand, and would seek a community groundswell of support to collaboratively pursue an incorporation effort. Typical cityhood efforts are in part co-lead by the local Chambers of Commerce due to the positive economic impact cityhood would have on their community. In order for the cityhood effort to move forward, it would require community members and the business community to be involved in both a steering committee and funding/fundraising equal to half of the anticipated costs, i.e., estimate of \$800,000. Should the community be able to raise the prerequisite funding in the amount of \$400,000 and transfer to the District, then an incorporation committee will be formed by the District to pursue further.

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