

October 27, 2005

Dear El Dorado Hills Resident,

The County and their special interests are opposed to Cityhood because the County wants to keep our community's money; and the special interests and County want to control what happens in El Dorado Hills.

El Dorado County currently has over \$300 million of unfunded liabilities according to their own documents. This includes unfunded liabilities related to retirement and health benefit plans of \$99 million, deferred road maintenance of \$133 million, and an under funded road improvement program of \$77 million. The County needs our community's tax dollars to subsidize their \$300 million of unfunded liabilities and to spend in other parts of the County.

Cityhood opponents are led by County officials funded by special interests using scare tactics and misinformation in their mailers but they never show the incorporation study results – **the City is always financially feasible and can provide higher levels of services** (see attached summary findings for all scenarios analyzed).

The independent Comprehensive Fiscal Analysis (CFA) clearly indicates the new City of El Dorado Hills will have positive fund balance in the millions of dollars each year in all scenarios that were analyzed. This means more money for improved roads, law enforcement, and parks and recreation. It is obvious looking around at the high-end nature of this community and growing commercial base these results make sense.

As our community has tripled in population from 10,000 in 1992 to 33,000 today, the County has failed to build roadways and provide services to meet the growth. Who believes the County is good at managing traffic and road improvements, or believes a police response to a priority 1 crime in progress call of ten to forty minutes is good?

A City Council of El Dorado Hills residents will be much more concerned about our community than five County Board of Supervisors, none of whom live in El Dorado Hills.

Keep our money here, put El Dorado Hills residents in charge, and improve services. Please vote "YES" on Measure P!

Joe Chinn  
El Dorado Hills Community Services District Board President

**Table 1**  
**El Dorado Hills Incorporation**  
**Comprehensive Fiscal Analysis**  
**Summary of Feasibility Findings**

| Boundary                      | Feasibility Findings<br>Before Mitigation Payments |                            |                                |                            | Feasibility Findings<br>After Mitigation Payments |                            |                                |                            |
|-------------------------------|--|----------------------------|--------------------------------|----------------------------|---|----------------------------|--------------------------------|----------------------------|
|                               | Current VLF Methodology [1]                        |                            | Historical VLF Methodology [2] |                            | Current VLF Methodology [1]                       |                            | Historical VLF Methodology [2] |                            |
|                               | Base Growth<br>Rate                                | Reduced<br>Growth Rate [3] | Base Growth<br>Rate            | Reduced<br>Growth Rate [3] | Base Growth<br>Rate                               | Reduced<br>Growth Rate [3] | Base Growth<br>Rate            | Reduced<br>Growth Rate [3] |
| LAFCO<br>Approved<br>Boundary | Feasible   | Feasible                   | Feasible                       | Feasible                   | Feasible  | Feasible                   | Feasible                       | Feasible                   |

"matrix"

Source: EPS.

[1] Current VLF methodology means the VLF-revenue allocation based on formulas for new cities formed after August 5, 2004.

[2] Historical VLF methodology means the VLF-revenue allocation based on formulas for new cities formed before August 5, 2004.

[3] Assumes a 25% overall reduction in the base growth rate of residential and nonresidential development as estimated in the CFA.