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FINAL REPORT

COMPREHENSIVE FISCAL ANALYSIS FOR THE PROPOSED INCORPORATION OF EL DORADO HILLS

Prepared for:

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I. INTRODUCTION

INTRODUCTION

BACKGROUND

This report is a Final Comprehensive Fiscal Analysis (CFA) of the proposed incorporation of El Dorado Hills (also referred to as “City”). The CFA was prepared by Economic and Planning Systems, Inc., (EPS) under the direction of the El Dorado Local Agency Formation Commission (LAFCO). This CFA was prepared in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 *et seq.*) at Section 56800 (herein referred to as “Statute”). This Statute, among other powers granted to LAFCO, specifies the procedures to be followed in response to a petition for incorporation. Specifically, the Statute states upon receipt of a petition for incorporation, the LAFCO Executive Officer “shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis.” El Dorado LAFCO retained the services of EPS to assist in the preparation of the CFA for the proposed incorporation.

The goals of the incorporation effort are similar to those of other communities seeking incorporation. Incorporation proponents have a strong desire for local control over planning and land use as well as the provision of public services. Proponents also seek to promote more citizen participation and involvement in the local civic affairs of El Dorado Hills. Local control and active citizen participation would ensure that decisions, which affect the community’s future, are made in the community.

HISTORY OF INCORPORATION EFFORT

El Dorado Hills’ modern history dates to the early 1960s when a master planned community bearing that name was approved by the County of El Dorado. During the 40 years since the master-planned community began, El Dorado Hills has added significant residential and commercial development.

By the mid-1990s, a group of local citizens began to promote the idea of municipal incorporation as a critical step towards implementing a local governance structure that could better respond to local needs and directly improve the quality of life for the residents of El Dorado Hills.

In late 1997, the El Dorado Hills Incorporation Committee (Incorporation Committee) circulated a petition in support of their vision and received the signatures of over 25 percent of registered voters in the proposed incorporation area. The petition was deemed sufficient under state law to initiate an incorporation proposal, and LAFCO

began the incorporation process in March 1998 (herein "LAFCO Project No. 98-02"). The first Administrative Review Draft CFA, prepared on March 16, 2000, analyzed two boundary and service plan alternatives (Alternatives I and II) and was based on FY 1998–99 data.

The LAFCO Commission reviewed the first Administrative Review Draft CFA at a LAFCO Commission public hearing dated March 27, 2000. At this public hearing, LAFCO decided that only the Alternative II boundary and service plan would be considered in future studies. In 2000, a second CFA based on FY 1999–00 data analyzed the original Alternative II boundary and service plan with some modifications to the boundary provided by LAFCO. In 2001, LAFCO closed LAFCO Project No. 98-02 because of several factors.

The current incorporation efforts were re-initiated in October 2003 under the terms of a litigation settlement agreement between LAFCO and the Incorporation Committee. The settlement agreement directed the Incorporation Committee to initiate the placement of a resolution of application for incorporation before the El Dorado County Board of Supervisors (County Board). Accordingly, the County Board adopted the Resolution of Application 322-2003 (Resolution) on November 25, 2003, which serves, along with the settlement agreement, as the framework for the current incorporation process. Furthermore, under the direction of the settlement agreement the parties selected the firm Lamphier-Gregory (Project Manager) to act as project manager of the current incorporation process.

FY 2003–04 CFA

Public Hearing CFA Base and Alternative Boundaries

The March 11, 2005, Public Hearing CFA analyzed the feasibility of the proposed City under two proposed incorporation boundaries. The first proposed incorporation boundary (Base Boundary), identified in the Board Resolution, was identical to the El Dorado Hills County Water/Fire Protection District (Fire Department) as of July 1, 1997.

At the time the current incorporation efforts commenced, the Incorporation Committee, LAFCO staff, the Project Manager, and other interested parties identified a second, alternative proposed incorporation boundary (Alternative Boundary).

At the request of LAFCO, the March 11, 2005, Public Review Draft CFA evaluated the fiscal impacts to the County and future annual revenues and expenditures to the proposed City based on both the Base Boundary and the Alternative Boundary.

LAFCO-Approved Boundary

On May 25, 2005, the LAFCO Commission approved the incorporation boundary evaluated in this CFA (herein "LAFCO-Approved Boundary"). The LAFCO-Approved Boundary is similar to the Alternative Boundary analyzed in the March 11, 2005, Public Review Draft CFA and includes all territory in the El Dorado Hills Community Services District (EDHCSD), and the Springfield Meadows Community Services District (SMCSD). Specifically, this territory includes Promontory, Carson Creek/Euer Ranch, the Lakehills Drive Area, Green Springs Ranch, the El Dorado Hills Business Park (Business Park), and several internal parcels not included in the Fire Department boundary. In addition, the LAFCO-Approved Boundary includes seven parcels south of the Business Park that are located within the Fire Department boundary but outside the EDHCSD or EDHCSD Sphere of Influence (SOI) boundaries. The southerly portion of the LAFCO-Approved Boundary is the south property line of the El Dorado Unified High School District, and the Sierra Pacific Lumber property (formerly, Wetsel-Oviatt).

The LAFCO-Approved Boundary excludes the largely rural area north of Green Valley Road (and east of Salmon Falls Road), the Mehrten and Dunlop Ranch parcels located southwest of the Business Park, the Marble Mountain Homeowners Community Services District (MMHCSD), and Marble Valley to the east of the incorporation area. In addition, the Hickok Road, Arroyo Vista, and Cameron Park Community Service District SOI areas are not included in the LAFCO-Approved Boundary.

Differences between the LAFCO-Approved Boundary and Alternative Boundary are discussed further in the CFA Methodology section of this chapter.

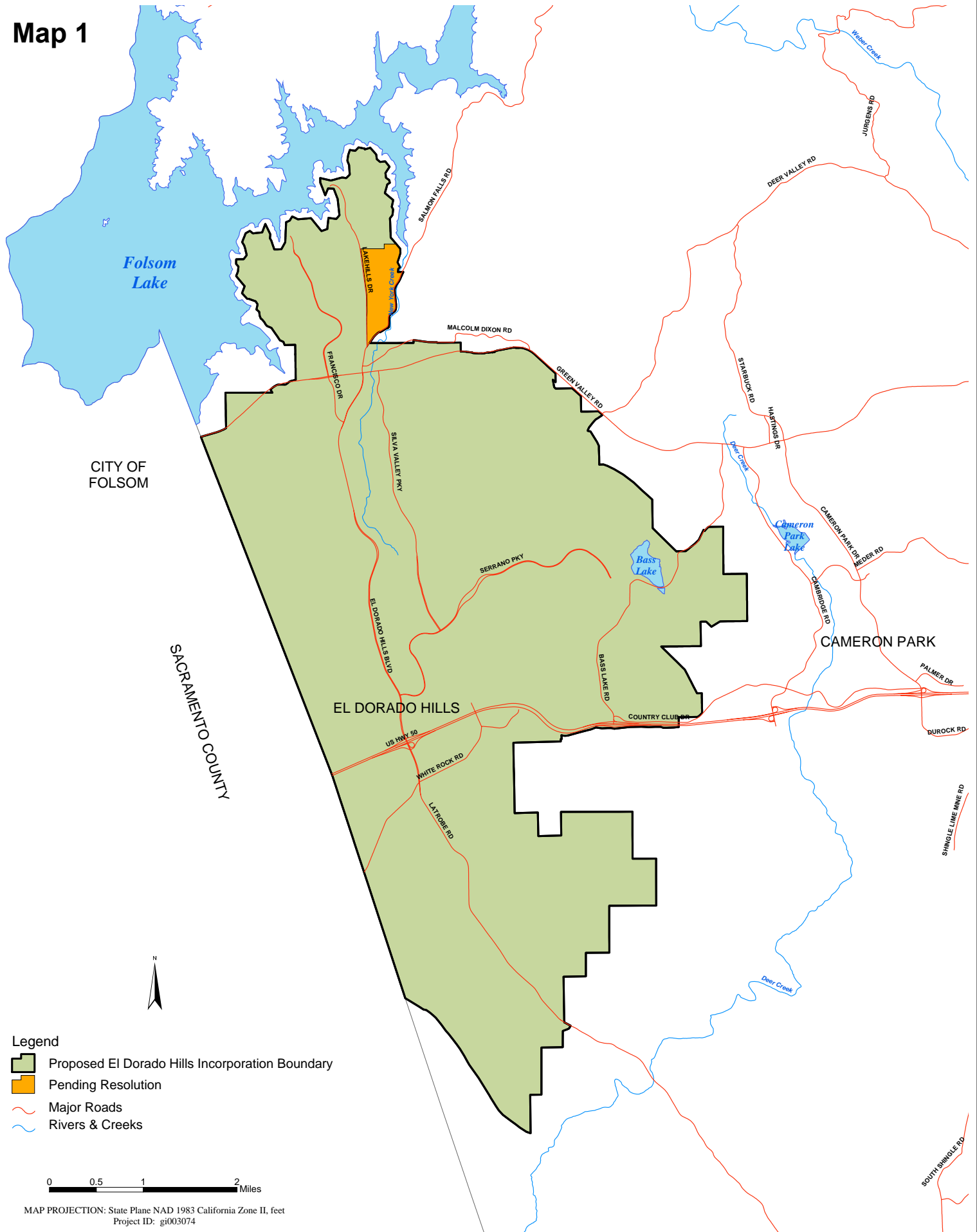
Service Plan Analysis

Under the LAFCO-Approved Boundary, the CFA analyzes the service plan presented by LAFCO and the Project Manager and approved by LAFCO. The LAFCO-Approved Boundary assumes that the EDHCSD and SMCSD will be dissolved and reorganized into the new City. Furthermore, the CFA analysis under the LAFCO-Approved Boundary excludes the following special districts from reorganization into the new City if the incorporation effort is successful:

- Fire Department (El Dorado Hills County Water/Fire Protection District);
- Rescue Fire Protection District (RFPD); and
- County Service Area No. 7 (CSA 7).

Chapter IV provides additional detail on the proposed service plan of the new City.

Map 1



CFA METHODOLOGY

This report is based upon the following information and assumptions.

- The use of Fiscal Year (FY) 2003–04 data for the base year analysis. This method is consistent with the Statute, which requires that the most recent FY of actual data available be used in the CFA to the extent available. Fiscal data from FY 2003–04 is the most recent full year data that is available.
- The FY 2003-04 fiscal data used in this CFA are based on the Alternative Boundary identified by the Incorporation Committee, LAFCO staff, and Project Manager and presented in the March 11, 2005, Public Review Draft CFA. The differences between the LAFCO-Approved Boundary and the Alternative Boundary have an insignificant impact on almost all of the figures shown in this CFA. Thus, most of the figures shown in this CFA were not updated to reflect the minor boundary adjustments to the LAFCO-Approved Boundary because the areas that were included in or excluded from the LAFCO-Approved Boundary are principally undeveloped areas that would not materially affect the CFA calculations (e.g., population and employment projections, costs and revenues transferred from the County to the new City, and ongoing costs and revenues for the new City).

Although the majority of the calculations do not warrant any modifications because of the boundary change, there are two substantial differences between the LAFCO-Approved Boundary analyzed in this CFA and the Alternative Boundary presented in the March 11, 2005, Public Review Draft CFA that do warrant a numerical change. These differences, which result in updated figures presented in this CFA, include:

- The LAFCO-Approved Boundary excludes Marble Valley and the MMHCSD. While the effect on ongoing General Fund property tax revenue is negligible, the exclusion of the MMHCSD did necessitate a specific change affecting property tax revenue for road maintenance. With the exclusion of the MMHCSD, property tax that was estimated to accrue to the new City's Road Fund from the MMHCSD (approximately .03 percent) as presented in the March 11, 2005, Public Review Draft is now excluded from the analysis presented in this CFA.
- The LAFCO-Approved Boundary encompasses nearly 3,500 fewer acres, and completely excludes the El Dorado County Fire Protection District (EDCFPD). The land included in the EDCFPD boundary will no longer be automatically designated as Local Responsibility Area (LRA) upon incorporation. Thus, the EDCFPD will not be responsible for the cost of wildland fire protection and will not receive a portion of the mitigation payment to affected fire districts from the City. Furthermore, the decrease in total acreage has reduced the estimated cost of providing wildland fire

protection, thereby decreasing the estimated mitigation payment to the remaining two affected fire protection districts (the Fire Department and the RFPD). For additional information, refer to **Table D-4** in **Appendix D**.

- The use of *current* and *historical* Motor Vehicle in-Lieu Fee (VLF) methodologies for distributing VLF revenue to newly incorporated cities.

The current methodology of distributing VLF revenue (herein “current VLF methodology”) is based on Senate Bill (SB) 1096 and Assembly Bill (AB) 2115, a bilateral provision that affects future VLF and property tax revenue streams to jurisdictions. The new legislation enacted two significant changes in the methodology for distributing VLF revenue to cities:

- First, the current legislation included a permanent reduction in the VLF effective rate from 2 to .65 percent of the value of a vehicle. This reduction in the VLF effective rate reduced annual per capita VLF revenue from approximately \$60 to \$5 per capita for many jurisdictions.
- Second, the provision replaced 100 percent of County VLF revenues, except for “Program Realignment” funding, and approximately 87.5 percent of City VLF revenues with an equal dollar amount of property tax revenues. After FY 2004–05, this “property tax in-lieu of VLF” amount will increase annually based on the change in the gross taxable assessed valuation in each municipal jurisdiction.

For cities that incorporate after August 5, 2004, however, the new legislation does not provide “property tax in-lieu of VLF” revenue available to cities that incorporated on or before that date. Furthermore, the new legislation provides Revenue and Taxation Code Sec. 11005.3 funding (three times the number of registered voters basis or “proxy population” basis) for the first 7 years following incorporation *only* to cities that were incorporated on or before August 5, 2004. For cities that incorporate after August 5, 2004, the new law dictates the use of a per capita method—instead of the “proxy population” method—for distributing VLF revenue.¹

Before the current VLF legislation was enacted, VLF revenue was allocated to newly incorporated cities on the basis of a city’s “proxy population” (three times the number of registered voters at the time of incorporation) (herein “historical VLF methodology”). In addition, the historical VLF methodology applied a 2-percent effective rate to the value of each vehicle registered in California.

On February 22, 2005, California Assembly Member Laird introduced AB 1602, which if approved would restore the proxy population basis of the historical VLF

¹ California City Finance. <http://www.californiacityfinance.com/VLFswapAnnxIncFAQ.pdf>.

methodology to cities that incorporate after August 5, 2004.² Although there is uncertainty surrounding the passage of AB 1602, under the direction of LAFCO and the Project Manager, this CFA evaluates the impact of the historical VLF methodology for distributing VLF revenue to the proposed City.

It should be noted that the historical VLF methodology used in this CFA also assumes VLF revenue is restored to a level commensurate with the per capita amount provided by the California State Controller as of FY 2003–04 (approximately \$60 per capita for the proposed City). The CFA uses this approach, which does not take into consideration “property tax in-lieu of VLF” or the increase of “property tax in-lieu of VLF” based on an annual increase in gross taxable assessed value, to conservatively estimate the combination of property tax and VLF revenue (shown in the CFA as VLF revenue only) for the proposed City. This approach is conservative because the revenues would be higher under the methodology that estimates “property tax in-lieu of VLF” based on expected annual increases in gross taxable assessed value.

- In response to LAFCO requests for the incorporation proposal, documentation regarding expenses and revenues was provided by the County, the State, and any other affected agencies. LAFCO sent letters to all potential affected agencies requesting expense and revenue estimates for the proposed incorporation areas based on the most recent full fiscal year. Upon receipt of the requested figures, EPS and LAFCO scrutinized the methodologies used and independently assessed the validity of the responses. Where the methodology of LAFCO differs from the County or affected agency, the methodology and reason for the change is explained in this CFA. Although the individual methods each agency used to complete their information is not included in this report, LAFCO will provide that information to individual Commissioners and the public at their request.
- The feasibility conclusions in this CFA are based on the State of California Governor’s Office of Planning and Research (OPR) Incorporation Guidelines. OPR’s Incorporation Guidelines state that feasibility requires “revenues sufficient to provide public services and facilities and ensure reasonable reserves during the three fiscal years following incorporation.”³ OPR’s Incorporation Guidelines also state that while fiscal feasibility is important, the future city’s ability to provide municipal services while maintaining adequate reserves to be used by the city at a later date is of greater importance.
- This CFA is based upon a model of the proposed new City’s budget during its first 9 years of operation. CFA law only requires estimates for the first 3 years of operation. A longer-term perspective, however, affords the ability to measure the

² Official California Legislative Information. http://www.leginfo.ca.gov/pub/bill/asm/ab_1601-1650/ab_1602_bill_20050222_introduced.pdf.

³ State of California Governor’s Office of Planning & Research. Incorporation Guidelines, page 35.

affects of growth, loan repayments, and state subvention revenue rules (if applicable) to test the longer-term viability of the City.

A complete model run for the LAFCO-Approved Boundary is included in the appendices of this report. All expenditure and revenue estimates are in constant 2004 dollars and use the current VLF methodology unless otherwise specified. Data and assumptions used in the model are conservative, and insofar as possible, represent what actually would transpire should incorporation occur. Many of the key growth and demographic assumptions used in the revenue and expenditure projections are shown in **Table 5 in Chapter III. Table A-3 through Table A-7 in Appendix A** includes supporting information for this summary table.

- This CFA based expenditure projections on an analysis of current County costs within the proposed incorporation area boundary as well as estimates of the additional service costs that the new City would incur. Some of these costs include contracts with existing County departments or other outside contracting entities and organizations. However, at this time, no negotiations regarding contracting for services has transpired and costs used in this analysis are related to the current cost of providing the service unless otherwise noted.
- This CFA based revenue projections on the additional revenues that can be expected following incorporation. The specific amounts of each of these new revenues were estimated with the use of algorithms that reflect the State laws affecting the levy and distribution of local government revenues. Sales tax revenues are based upon estimates provided by the State of California Board of Equalization (SBE). These figures are updated with taxable sales projected from new retail and other nonresidential development in the area.
- This fiscal analysis focuses largely on General Fund expenditures and revenues. Services being paid for by revenue from the General Fund are those that are subject to the most change as a result of incorporation. The main potential “difference” in service delivery involves the General Fund areas of general government, police, planning, and parks and recreation. Because these services represent most of the major functions of the new City most of the analysis will focus on the General Fund. Other non-General Fund expenditures (i.e., public works, road maintenance, and building inspection) are partly or wholly funded by restricted funds derived from user fees, assessments or other restricted revenues. The cost and level of the service would be paid for, and determined by, the users of that service, along with restricted use taxes, not general-purpose tax revenues. Expenditures and revenues that fall into this category are shown in the CFA as Other Restricted Fund Expenditures or Revenues.
- The costs upon which this analysis is based assumes that the proposed City of El Dorado Hills would provide service levels at least equal to those currently provided by the County of El Dorado to the area proposed for incorporation. However, for

the most part, if citizens are unhappy with their current level of services, the analysis assumes that greater expenditures would be necessary to raise the level of services. Using this methodology, the CFA ensures LAFCO that at least an equivalent level of services would be available as a result of the incorporation.

- Law enforcement costs are estimated based on a continuation of current service levels. For law enforcement services, cost estimates are based on information provided by the El Dorado County Sheriff's Department that included a preliminary estimate of contract cost to serve the proposed incorporation areas. The cost estimates for traffic enforcement are also based on information provided by the County Sheriff's department. Upon incorporation, the California Highway Patrol (CHP) would no longer provide traffic enforcement duties and the City would assume the responsibility of providing traffic enforcement services. It is important to note that the projected law enforcement costs are only estimates. The actual costs would be the result of contract negotiations between the incorporation proponents, the chosen service provider (i.e., El Dorado County Sheriff, City of Folsom, or other), and LAFCO.
- Major capital costs for facilities are not included in the analysis. El Dorado LAFCO Policies and State law requires the examination of operating costs and revenues associated with maintaining a city. Capital budgets and expenditures are not included. Thus, if the City wants a new city hall, it would have to determine a revenue source to pay for such a building. However, the CFA does account for rent costs associated with the space needs of city staff and operations.
- Some capital costs for basic road maintenance and overhead capital costs are built into the cost estimates supplied by County departments, (i.e., the Sheriff's department factored into their analysis the costs of cars, equipment, etc., in their service cost estimate). Looking at capital and operating expenditures separately is consistent with most city practices, State law, LAFCO Policies, and other LAFCOs throughout the State. As is the case with cities and counties everywhere, if the new City of El Dorado Hills requires new buildings or infrastructure, it would have to determine how to fund them, using funding mechanisms such as Mello-Roos Community Facilities Districts, assessments, and developer fees, etc.
- All development-related impact fees, including the Rare Plant Habitat Preservation Fee, the Fire District Improvement Fee, the El Dorado Hills Roadway Impact Fee, the County Transportation Impact Mitigation Fee, school district fees, and Transportation Development Act (TDA) Funds for public transit are considered "pass through" fees or funds that originate from other sources (e.g., private developers). These sources of revenue would "pass through" the new City but are not discretionary revenues for the City.

II. CONCLUSIONS

FEASIBILITY OF PROPOSED INCORPORATION

1. THE PROPOSED CITY OF EL DORADO HILLS IS SHOWN TO HAVE ADEQUATE REVENUES TO FUND MUNICIPAL EXPENDITURES AND OTHER OBLIGATIONS

This CFA concludes that the proposed City of El Dorado Hills will have adequate revenues to fund municipal expenditures and other obligations under a range of cost and revenue “scenarios” reflecting current uncertainties facing the proposed City of El Dorado Hills. These scenarios include: the outcome of pending State legislation regarding VLF revenue to newly incorporated cities (AB 1602) and reduced residential and nonresidential growth rates. **Table 1** provides a summary of the feasibility results for the variations evaluated in the CFA.

The required “fiscal mitigation” payments to the County and other special districts may cause annual deficits in the first few fiscal years following incorporation. However, these deficits could be offset by revenues accumulated during the first fiscal year after incorporation.

2. THE PROPOSED CITY OF EL DORADO HILLS WILL BE ABLE TO MAINTAIN OR IMPROVE MUNICIPAL SERVICES CURRENTLY PROVIDED BY OTHER ENTITIES

The CFA includes a municipal budget that provides a level of service that is at least equal to the level of service currently provided by existing service providers. Conservative assumptions have been made regarding both municipal expenditures and revenues. If the proposed City garners more revenue than shown in the conservative forecast (e.g., the historical VLF methodology is restored by the State Legislature) the new City may have an opportunity to increase service levels, particularly after repayment to the County for services provided during the first fiscal year of incorporation. As long as funding is available, the City has, at its discretion, the ability to increase service levels. Moreover, local control and location of City services, as opposed to County services delivered from Placerville, is likely to result in the City providing higher levels of service even with similar funding levels.

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

Boundary	Feasibility Findings Before Mitigation Payments				Feasibility Findings After Mitigation Payments			
	Current VLF Methodology [1]		Historical VLF Methodology [2]		Current VLF Methodology [1]		Historical VLF Methodology [2]	
	Base Growth Rate	Reduced Growth Rate [3]	Base Growth Rate	Reduced Growth Rate [3]	Base Growth Rate	Reduced Growth Rate [3]	Base Growth Rate	Reduced Growth Rate [3]
LAFCO Approved 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.

II

The one area where service levels could be significantly increased is road maintenance services. Dedicated revenues for road maintenance purposes within the LAFCO-Approved Boundary would increase as a result of incorporation.

Chapter V discusses the increased revenues for road maintenance from gas tax revenues and the share of property tax currently allocated to the County Road Fund. The increased revenues could result in increased spending levels and thus a higher level of road maintenance service.

3. THE FISCAL STRENGTH OF THE PROPOSED CITY WILL BE INFLUENCED BY ASSUMPTIONS REGARDING KEY REVENUE SOURCES AND GROWTH RATES

As shown in **Table 1**, the CFA evaluated numerous possible scenarios including: current and historical VLF methodologies, and reduced residential and nonresidential growth rates. The following points summarize the feasibility results of the scenarios addressed in this CFA.

- **Variation in Motor Vehicle in-Lieu Fee Revenue.** The CFA examined two methodologies for distributing VLF revenue to newly incorporated cities: the current VLF methodology and the historical VLF methodology.

Current VLF Methodology

Table 2 shows the annual General Fund surpluses for selected years for the LAFCO-Approved Boundary using the current VLF methodology. *Before fiscal mitigation payments*, the proposed City would experience annual fiscal surpluses ranging from approximately \$1.1 million to \$3.4 million during its first 9 years of operation. One year (FY 2007–08) shows an annual deficit of approximately \$410,000.

Refer to **Table A-1** and **Table A-2** in **Appendix A** for the detailed estimated revenues and expenditures for the proposed City under the current VLF methodology.

Table 2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
General Fund Summary for Selected Years (2004\$)

Current VLF Methodology

Item	LAFCO Approved Boundary		
	Fiscal Year Ending		
	2008	2010	2015
Annual Revenues	\$14,132,999	\$16,664,204	\$20,012,527
Annual Expenditures	\$14,543,220	\$15,601,875	\$16,589,287
Annual Surplus/(Deficit) before Mitigation Payments	(\$410,221)	\$1,062,329	\$3,423,240
Less Mitigation Payments [1]	(\$525,307)	(\$525,307)	(\$525,307)
Annual Surplus/(Deficit) after Mitigation Payments	(\$935,528)	\$537,022	\$2,897,933
End of Year General Fund Balance [2]	\$4,764,356	\$4,807,177	\$14,797,816
End of Year Total Fund Balance [3]	\$5,927,790	\$7,258,300	\$21,361,961

"gf_summary"

Source: EPS.

- [1] Mitigation payments based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [2] Includes first year General Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Svcs District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
- [3] Includes first year Road Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

Historical VLF Methodology

Table 3 shows the annual General Fund surpluses for selected years for the LAFCO-Approved Boundary using the historical VLF methodology. *Before fiscal mitigation payments*, the proposed City would experience annual fiscal surpluses ranging from approximately \$2.8 million to \$6.2 million during the 9-year study period.

Refer to **Table E-1** in **Appendix E** for the detailed estimated revenues and expenditures for the proposed City under the historical VLF methodology.

- **Growth Rates.** The CFA evaluated two growth rates to test the fiscal implications of a range of likely growth and development in El Dorado Hills. The base growth rate, which is presented in **Table A-6** in **Appendix A**, assumes timely construction of planned projects in El Dorado Hills, given current market trends and expectations. The reduced growth rate is a 25-percent overall reduction of the base growth rate. The CFA indicates that the time horizon considered, planned growth is an advantage, due primarily to “economies of scale” that can be achieved in service delivery; however, a 25-percent reduced growth rate (or less total development) also would be feasible.

Refer to **Table E-2** and **Table E-3** in **Appendix E** for a summary of the reduced growth rate scenario under both the current and historical VLF methodologies, respectively.

Refer to **Table E-6** in **Appendix E** for a summary of the sensitivity analyses evaluated in this CFA as of FY 2009–10, the fourth year following incorporation.

4. THE PROPOSED CITY IS CAPABLE OF MAKING REQUIRED FISCAL MITIGATION PAYMENTS TO EL DORADO COUNTY

The March 11, 2005, Public Review Draft CFA estimated the amount of fiscal mitigation payments to the County based on the cost of services information provided by County departments and other affected agencies. In addition to fiscal mitigation payments to the County, the March 11, 2005, Public Review Draft CFA analysis included an estimated amount of fiscal mitigation to fire districts that would continue to provide fire protection services to the new City following incorporation. The estimated mitigation amount accounts for the responsibility of these fire districts to provide wildland fire protection to the area following incorporation.

Table 3
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
General Fund Summary for Selected Years (2004\$)

Historical VLF Methodology

Item	LAFCO Approved Boundary		
	Fiscal Year Ending		
	2008	2010	2015
Annual Revenues	\$17,335,665	\$19,908,476	\$22,759,987
Annual Expenditures	\$14,551,958	\$15,611,834	\$16,600,742
Annual Surplus/(Deficit) before Mitigation Payments	\$2,783,707	\$4,296,642	\$6,159,245
Less Mitigation Payments [1]	(\$525,307)	(\$525,307)	(\$525,307)
Annual Surplus/(Deficit) after Mitigation Payments	\$2,258,400	\$3,771,335	\$5,633,938
End of Year General Fund Balance [2]	\$11,130,964	\$17,620,747	\$42,824,378
End of Year Total Fund Balance [3]	\$12,294,398	\$20,071,870	\$49,388,522

"gf_summary"

Source: EPS.

- [1] Mitigation payments based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [2] Includes first year General Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Svcs District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
- [3] Includes first year Road Fund balance for the City, which assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

Following submission of the March 11, 2005, Public Review Draft CFA the Incorporation Committee and the County and fire departments entered into revenue neutrality negotiations pursuant to LAFCO policy. Those negotiations did not result in a revenue neutrality agreement. Consequently the Commission determined revenue neutrality terms and conditions. On June 1, 2005, the LAFCO Commission approved the amended fiscal mitigation payments to the County and affected fire districts. The calculation of the required fiscal mitigation payments is included in **Chapter VI** of this report.

Table 2 shows annual General Fund surplus/(deficit) under the current VLF methodology *after fiscal mitigation payments* for selected years. After making the required level of fiscal mitigation payments of approximately \$525,000 annually, the proposed City would experience an annual fiscal deficit of \$936,000 in FY 2007–08, but would experience annual fiscal surpluses ranging from \$537,000 to \$2.9 million during the remainder of the 9-year study period.

A summary of FY 2006–07 through FY 2014–15 fund revenues and expenditures under the current VLF methodology is presented in **Table A-1** and **Table A-2** in **Appendix A**.

Table 3 shows annual General Fund surplus/(deficit) under the historical VLF methodology *after fiscal mitigation payments* for selected years. The proposed City would experience annual fiscal surpluses ranging from \$2.3 million to \$5.6 million during its first 9 years of operation after making an assumed level of fiscal mitigation payments of approximately \$525,000 annually.

A summary of FY 2006–07 through FY 2014–15 fund revenues and expenditures under the historical VLF methodology is presented in **Table E-1** in **Appendix E**.

FISCAL IMPACTS ON OTHER AGENCIES

1. REVENUES TRANSFERRED TO THE NEW CITY ARE NOT “SUBSTANTIALLY EQUAL” WITH EXPENDITURES TRANSFERRED

The incorporation is shown not to be “revenue neutral.” As defined in Government Code Section 56815 and calculated in this analysis, the difference between revenues transferred and expenditures transferred is a negative County General Fund impact of \$309,000 for the LAFCO-Approved Boundary based on FY 2003–04 estimated costs and revenues. This amount reflects the level of funding that will be mitigated by the fiscal mitigation terms imposed by LAFCO on June 1, 2005. The CFA analysis

also shows a negative County Road Fund impact of approximately \$751,300 for the LAFCO-Approved Boundary.

According to the terms of fiscal mitigation imposed by the LAFCO Commission, the proposed City will pay the County an amount equal to the full fiscal mitigation amounts (for both the County General Fund and County Road Fund) over 25 years in dollars adjusted annually by the Consumer Price Index (All Urban Consumers—California).

The analysis shows a negative Fire Protection District impact of approximately \$216,000. According to the terms imposed by the LAFCO Commission on June 1, 2005, the new City is required to enter into a tax sharing agreement with the affected fire districts to cover the costs for providing wildland fire protection. Further, the LAFCO terms state that the tax sharing agreement will be reviewed and adjusted according to increases or decreases in the cost of providing wildland fire protection services.

The last section of this report, "Incorporation Impact to County and Districts and Calculation of "Revenue Neutrality," describes the fiscal mitigation terms and payment structure in detail.

2. OTHER AGENCIES SERVING THE EL DORADO HILLS AREA WILL NOT BE SIGNIFICANTLY AFFECTED BY THE INCORPORATION

Other public and private agencies serving the El Dorado Hills area, including the school districts, the water and sanitation districts, and utility providers will not be significantly affected by the proposed incorporation. Whether El Dorado Hills incorporates or not, the growth in El Dorado Hills will create demand for services from these districts. It is assumed that the new City would remain in the Fire Department and RFPD under the LAFCO-Approved Boundary. Furthermore, it is assumed that fire protection expenditures (excluding wildland fire protection) and revenues will remain the same whether or not the area incorporates.

ISSUES REGARDING INCORPORATION AND IMPACT ON FEASIBILITY

This CFA includes conservative assumptions based on the most current information available. The CFA developed a model of the proposed City's budget during its first 9 years of operation using the current VLF methodology. The data, assumptions, and projections included in this analysis emulate what would transpire should incorporation occur.

Although the analysis includes a realistic approach to assumptions, forecasting future events, and anticipating the actions of involved agencies, there is no guarantee as to the ultimate accuracy of these judgments.

Listed below are issues that could affect the revenue and expense figures shown in this analysis. As noted in the previous section, the CFA conducted a sensitivity analysis to determine the impacts of the issues on feasibility as discussed below.

1. THE REDUCTION OF THE STATE SUBVENTION REVENUE FOR NEWLY INCORPORATED CITIES

As part of the Final FY 2004–05 State Budget, the Governor signed SB 1096 and AB 2115, a bilateral provision that affects future VLF and property tax revenue streams to jurisdictions. The new legislation enacted two significant changes in the methodology for distributing VLF revenue to cities. First, SB 1096 and AB 2115 include a permanent reduction in the VLF effective rate from 2 to .65 percent of the value of a vehicle. Second, the provision replaces 100 percent of County VLF revenues, except for the “Program Realignment” funding, and approximately 87.5 percent of City VLF revenues with an equal dollar amount of property tax revenues. After FY 2004–05, the “property tax in-lieu of VLF” amount will increase annually based on the change in the gross taxable assessed valuation in each municipal jurisdiction. Over the long term, this process will favor those jurisdictions that experience a higher assessed value growth rate compared to their population growth rate.

For newly incorporated cities, however, the new legislation does not provide “property tax in-lieu of VLF” revenue. In addition, the new legislation provides Revenue and Taxation Code Sec. 11005.3 funding (three times the total number of registered voters basis or “proxy population” basis) for the first 7 years following incorporation *only* to cities that were incorporated on or before August 5, 2004. Thus, for cities that incorporate after August 5, 2004, the new law dictates those cities shall use a per capita method—instead of the “proxy population” method—of distributing VLF revenue.⁴

The CFA analysis uses the current VLF methodology in estimating the results presented in the body of this report and appendices, unless otherwise indicated.

For the historical VLF methodology, the CFA model assumes that VLF revenue is restored to a level commensurate with the per capita amount provided by the

⁴ *California City Finance*. <http://www.californiacityfinance.com/VLFswapAnnxIncFAQ.pdf>.

California State Controller as of FY 2003–04. Further, the CFA model assumes the population of the new City will be calculated by a proxy of three times the registered voters at the time of incorporation. The proxy population then provides the basis for determining VLF revenue for the first 7 years following incorporation.

On February 22, 2005, California Assembly Member Laird introduced AB 1602, which, if approved, would restore the proxy population basis of the historical VLF methodology to cities that incorporate after August 5, 2004.⁵ Although there is uncertainty surrounding the passage of AB 1602, under the direction of LAFCO and the Project Manager, this CFA evaluates the impact of the historical VLF methodology for distributing VLF revenue to the proposed City.

It should be noted that the historical VLF methodology used in this CFA also assumes VLF revenue is restored to a level commensurate with the per capita amount provided by the California State Controller as of FY 2003–04 (approximately \$60 per capita for the proposed City). The CFA uses this approach, which does not take into consideration “property tax in-lieu of VLF” or the increase of “property tax in-lieu of VLF” based on an annual increase in gross taxable assessed value, to conservatively estimate the combination of property tax and VLF revenue (shown in the CFA as VLF revenue only) for the proposed City. This approach is conservative because the revenues would be higher under the methodology that estimates “property tax in-lieu of VLF” based on expected annual increases in gross taxable assessed value.

The CFA estimates VLF revenue would increase from approximately \$186,000 in the base fiscal year (using the current VLF methodology) to approximately \$3.4 million in the base fiscal year *and* for the first 7 years of incorporation for the LAFCO-Approved Boundary (using the historical VLF methodology). A summary of fund revenues and expenditures under the historical VLF methodology for FY 2006–07 through FY 2014–15 is presented in **Table E-1** in **Appendix E**.

2. WILDLAND FIRE PROTECTION AND FISCAL IMPACT TO FIRE PROTECTION DISTRICTS

Currently, the California Department of Forestry (CDF) provides wildland fire protection for all lands designated as State Responsibility Areas (SRAs). Land not included in SRAs is designated as LRAs. The local agency responsible for fire protection is responsible for providing service to LRAs.

⁵ Official California Legislative Information. http://www.leginfo.ca.gov/pub/bill/asm/ab_1601-1650/ab_1602_bill_20050222_introduced.pdf.

Upon incorporation, all land included within the City's boundary is designated as LRA; therefore, the cost of fire protection service for this area becomes the responsibility of the local agency. This also affects responsibility for wildland fire protection. Based upon a legal opinion received from El Dorado LAFCO's legal counsel, responsibility for wildland fire protection rests with the local agency that is responsible for providing fire protection services.

Under this proposed incorporation, the Fire Department and the RFPD all remain separate special districts. Consequently, each special fire district would be responsible for the cost of wildland fire protection in their respective jurisdictions.

The CFA has included fiscal mitigation payments to two fire protection districts under the LAFCO-Approved Boundary for the cost of wildland fire protection. The responsibility for providing wildland fire protection throughout the proposed City becomes the responsibility of the respective fire protection districts. Each respective fire protection district would be responsible for any cost associated with wildland fire protection either through a contract with CDF or by other means. Although, the new cost incurred by the fire districts may not be a revenue neutrality issue as defined in Government Code Section 56815, LAFCO has decided to include a term in the incorporation terms and conditions regarding the new City mitigating for the cost of wildland fire protection.

3. ASSUMPTIONS USED IN ESTIMATING COUNTY SHERIFF NET COUNTY COST

The CFA estimated the net FY 2003–04 cost to the County for the proposed City, based on information provided by the County Sheriff's Department for an entire sheriff's beat (Beat 21). Similarly, the CFA used preliminary estimated contract cost and offsetting revenue estimates from the County Sheriff's Department based on the entire existing Beat 21, with some exceptions for revenue estimates.

Although costs for the entire Beat 21 are being used for FY 2003–04 net county costs, the County Sheriff's Department has indicated there is a portion of Beat 21 that excludes the proposed incorporation area. The Sheriff's Department has indicated the excluded area is primarily rural without many residents or calls for service and therefore the cost of service to this area are minimal and difficult to quantify.

However, the County Sheriff also indicated that a successful incorporation may result in the need to create a new County sheriff's beat to cover the portion of Beat 21 that falls outside of the proposed incorporation area boundary. The cost for this new County sheriff's beat has not been included in this analysis because it is possible that

this cost has already been accounted for in the FY 2003–04 net cost estimate or preliminary contract cost estimate for the proposed City. It is further possible that this cost may be absorbed into a separate existing County Sheriff’s beat following successful incorporation of the proposed City.

4. THE AUDITOR’S DETERMINATION AND PROPERTY TAX EXCHANGE

Government Code Section 56810 describes the procedure for the County Auditor-Controller to determine the proportion of property tax revenues to total revenues available for general purposes (the “Auditor’s Determination”) for FY 2003–04. The Auditor-Controller has estimated the Auditor’s Determination to be 59.73 percent.

The Auditor’s Determination is important as it directly affects the future property tax revenue transferred from the County to the new City. It is important to note that in some previous incorporation efforts, calculation of the Auditor’s Determination has become the subject of litigation.

5. THE RATE OF RESIDENTIAL GROWTH IN EL DORADO HILLS

The CFA estimated residential growth projections using the following primary sources:

- The estimated supply of entitled housing units with all required annexations as determined by LAFCO, the Project Manager, and EPS;
- Historical annual housing unit development from the Sacramento Area Council of Governments (SACOG);
- EDHCSD;
- The County Geographic Information Systems (GIS) Department; and
- Annual housing unit projections from the Fire Department.

The CFA’s estimates, which show an average of 695 single-family dwelling units and 70 multifamily dwelling units per year for the LAFCO-Approved Boundary, are more conservative than the Fire Department’s estimates. An average of 765 total dwelling units per year yields 8,400 total dwelling units from 2004 to 2014.

These estimated totals are approximately equal to the projected supply of residential lots that have all discretionary approvals and required annexations. The section entitled “Demographic and Development Assumptions” in **Chapter II** includes a more detailed description of the basis for projected growth in the proposed City.

Although the CFA estimates approximately 695 single-family housing units per year, several factors may affect this rate of residential growth including these:

- A short-term inability to provide utility services; or
- A prolonged general economic downturn.

Each of these issues alone or in conjunction with another has the ability to change measurably the rate of future residential growth in the proposed City.

There is no way to accurately predict how or if either of these factors would affect future residential growth. For this reason, the CFA has conducted a sensitivity analysis to account for the possibility of slower residential growth than currently shown in the CFA.

This sensitivity analysis evaluates the impact on the proposed City's fiscal viability from a substantially reduced residential growth rate. The sensitivity analysis assumes residential growth occurs at 25 percent less than estimated in the CFA. In addition, the sensitivity analysis assumes nonresidential growth would occur at 25 percent less than estimated in the CFA.

REDUCED GROWTH SENSIVITY RESULTS

The sensitivity results presented below reflect a comparison between the base growth rate scenario and the reduced growth rate scenario, a 25-percent overall reduction of the base growth rate. Similar assumptions regarding general government cost reductions and mitigation payments are used under both the current and historical VLF methodology. A summary of the reduced growth rate scenario is presented in **Table E-2** (using the current VLF methodology) and **Table E-3** (using the historical VLF methodology) in **Appendix E**.

Current VLF Methodology

Using the current VLF methodology, the proposed City would be fiscally feasible under the reduced growth scenario both before and after making fiscal mitigation payments to the County and fire districts.

After fiscal mitigation payments, the reduced growth scenario would reduce the City's annual General Fund surplus/(deficit) by a range of \$600,000 to \$1.2 million over the City's first 9 years after incorporation for the LAFCO-Approved Boundary. As shown in **Table E-2** in **Appendix E**, the total General Fund balance increases from approximately \$5.1 million to \$7.2 million from FY 2006–07 through FY 2014–15.

Reduced growth would lower anticipated City revenues and expenditures in all years of the analysis. Although the reduced growth scenario does include some general government cost reductions, many general government costs would remain relatively fixed based on the City's size. The CFA does assume that Planning Department costs would decrease by approximately 20 percent. In addition, the reduced growth scenario assumes all required mitigation payments, as approved by the LAFCO Commission on June 1, 2005, would remain constant. Consequently, under the reduced growth scenario, the annual revenue reductions that are estimated in this CFA are greater than the annual cost reductions.

Historical VLF Methodology

Using the historical VLF methodology, the proposed City would be fiscally feasible under the reduced growth scenario both before and after making fiscal mitigation payments to the County and fire districts. Similar to the results under the current VLF methodology, the reduced growth scenario would lower anticipated City revenues and expenditures in all years of the analysis under the historical VLF methodology.

After fiscal mitigation payments, the reduced growth scenario would reduce the City's annual General Fund surplus/(deficit) by a range of \$700,000 to \$1.4 million over the City's first 9 years after incorporation. As shown in **Table E-3** in **Appendix E**, the total General Fund balance increases from approximately \$8.1 million to \$34.0 million from FY 2006–07 through FY 2014–15.

7. THE RATE OF SALES TAX REVENUE GROWTH COULD AFFECT FUTURE REVENUE SURPLUSES

Sales tax revenues are estimated to be one of the City's largest revenue sources. Taxable sales for 2004 in El Dorado Hills were approximately \$4,500 per capita based on sales tax information provided by the SBE. El Dorado Hills has a very low per capita taxable sales average as compared to the County, which is estimated at \$9,300, and the State of California, which is estimated at \$8,500 per capita.

One of the main reasons for this is that many El Dorado Hills residents shop and spend money on taxable goods in surrounding areas such as Folsom, other areas in Sacramento County, and South Placer County. However, there is significant room for improvement in the proposed City's per capita taxable sales depending on population growth, demographics, and the amount and type of new commercial development. Improvement in sales tax generation may occur as the City grows. Many cities typically see an increase in per capita taxable sales once a city reaches a population of 30,000 to 40,000 people.

The CFA estimates that taxable sales per capita would increase by approximately 30 percent in the future to approximately \$5,800 per capita. The CFA estimates approximately 660,000 square feet of new retail square footage between 2004 and 2014. **Table A-6** in **Appendix A** shows detailed forecasts of retail and other nonresidential square footage anticipated in the LAFCO-Approved Boundary incorporation area.

It is possible that sales tax revenues in the City could be higher than estimated in the CFA. The CFA conducted a sensitivity analysis to show the impact of an additional 350,000 new square feet of retail development in the City through 2014. Under this scenario, the fiscal surpluses for the LAFCO-Approved Boundary would increase by approximately \$136,000 to \$860,000 per year by 2014 and the City taxable sales would be approximately \$7,200 per capita.

8. THE TIMING OF TRANSIENT OCCUPANCY TAX COULD AFFECT FUTURE REVENUE SURPLUSES

Based on current information regarding hotel development in El Dorado Hills, the CFA estimates one 93-room hotel will be constructed and generating transient occupancy tax (TOT) revenue by July of 2006 for the LAFCO-Approved Boundary. This would translate into the new City receiving TOT revenue (approximately \$261,000 annually) during all years of the analysis. Delay or cancellation of hotel construction would reduce annual fiscal surpluses projected by the CFA.

It is possible that additional hotels will be constructed within the proposed LAFCO-Approved Boundary. In this event, the City's annual revenues would be higher than that shown in the current analysis.

9. EFFECTIVE DATE OF INCORPORATION

The effective date of the incorporation could affect the City's General Fund balance reserves. According to Government Code Section 57384, the County is responsible for providing "all services provided to the area before incorporation" for the remainder of the first FY during which the incorporation became effective.

The CFA currently assumes the effective date of incorporation would be July 1, 2006. This results in the County providing services to the incorporated area through the fiscal year ending June 30, 2007. The result of this assumption is that the City is able to generate approximately \$5.7 million in its first fiscal year. If the effective date of the incorporation took place later in FY 2006-07, the City would end up with a reduced General Fund balance reserve at the end of its first fiscal year.

10. THE WILLINGNESS OF THE COUNTY OR OTHER ENTITY TO ENTER INTO SERVICE CONTRACTS WITH EL DORADO HILLS, MOST IMPORTANTLY, FOR POLICE PROTECTION

This analysis used information provided by the County Sheriff's Department estimating a preliminary contract cost for providing law enforcement services (including traffic enforcement) to the incorporation areas.

The actual negotiated agreement for services may differ from the cost estimates. In addition, the associated levels of service are an important consideration both in the CFA and in subsequent deliberations on the incorporation proposal. Cost estimates by County agencies do not represent a commitment from the County Board to enter into contracts at the estimated amounts. The Board may or may not authorize such contracts. The alternative to contracting with the County would be to contract with another entity such as the City of Folsom for services, or provide the service in-house. The City's cost to form its own police department, however, especially during the first few years of operation, is likely to be higher than contracting for the service.

11. PROVIDING ADEQUATE FINANCING FOR PLANNED ROAD AND CITY CAPITAL IMPROVEMENTS

The City would be required to meet the public facility demand generated as El Dorado Hills grows. The City would inherit the capital financing mechanisms established by other respective government entities for the relevant City services. As such, before the City takes any additional actions, the planned capital facilities funding would be the same whether the City or current service provider is responsible. The City can alter the funding mechanisms in the future to the extent the facilities and funding are not contractually obligated by the existing service providers. However, it will also be essential that the accrued funds and authority to continue these financing instruments be effectively transferred to the new City. Issues regarding capital financing would be negotiated by the County, Incorporation Committee, and LAFCO with the recommendations included as part of the LAFCO Executive Officer's Terms and Conditions.

12. COVENANTS, CONDITIONS, AND RESTRICTIONS AND CODE ENFORCEMENT

The fiscal analysis assumes the new City would continue to collect a parcel tax for the enforcement of Covenants, Conditions, and Restrictions (CC&Rs) in the dissolved EDHCSD boundaries. The City would need to continue to enforce the

CC&Rs. The City also would have a related code enforcement function. The fiscal analysis assumes one code enforcement officer would be utilized for CC&Rs and one person would be used for code enforcement for the entire 9-year study period, although LAFCO terms specify the City shall provide CC&R services for not less than 1 year. Revenues derived from the continuation of the parcel tax would offset the cost of one of the CC&R staff persons.

The LAFCO Commission-approved terms and conditions only require that the City continue to provide CC&R enforcement for the first year after incorporation. Thereafter, the City Council and the citizens of El Dorado Hills may decide whether to continue providing CC&R services.

The assumption regarding the continuation of CC&R enforcement is based upon an El Dorado LAFCO Counsel opinion which states "LAFCO has the authority to condition the incorporation to authorize the continuation of the CC&R enforcement service and charge only in the area in which the service was previously provided, regardless of the ultimate boundaries of the city."

III. BACKGROUND AND THE INCORPORATION PROPOSAL

BACKGROUND

PROJECT PROPONENTS AND GOALS

The Incorporation Committee is an organization of community representatives who initiated the incorporation process for the community of El Dorado Hills. The cityhood Election Petition, prepared by the Incorporation Committee, includes the following reasons for incorporation.

1. To enhance the physical character, community identity, and quality of life in El Dorado Hills by establishing local control of public services, land use planning, and public and private investment in the community;
2. To establish a locally elected City Council in El Dorado Hills to provide community leadership and increase local control over, and accountability for, governmental decisions affecting El Dorado Hills; including comprehensive planning and zoning and other land use decisions affecting El Dorado Hills;
 - a) Increase accessibility of citizens to local government officials and staff members;
 - b) Provide a local forum for discussion and resolution of issues important to the community through active community participation programs and opportunities for involvement in civic affairs;
 - c) Increase local responsibility for determining public service levels and providing capital improvements and;
 - d) Ensure the best allocation of state and federal revenues, to the maximum extent possible, to support needed services in the City of El Dorado Hills.
3. To consolidate responsibility for municipal services in El Dorado Hills under a single local entity, the City of El Dorado Hills, which can, through improved efficiency and access to substantial state and federal revenues not presently available to the community, increase public service levels.
4. To allow for improved public services in El Dorado Hills, including these:
 - a) Improved levels of police protection;
 - b) Continued improvements to the level of fire protection and emergency medical services (EMS);

- c) Improved health, safety, and welfare through implementation and enforcement of local laws and ordinances,
 - d) Increase capacity of existing roads to improve traffic flow;
 - e) Improved maintenance of existing roads that have been allowed to deteriorate;
 - f) Improved parks and recreation facilities and programs; and
 - g) Assurance of adequate public services and facilities needed to meet the demands of all residents.
5. To enhance physical development in El Dorado Hills that promotes and preserves a vital blend of residential, agricultural, commercial, industrial, and open space land uses.
 6. To promote economic prosperity and fiscal independence through the identification and implementation of common economic goals.

PROJECT LOCATION

The proposed City of El Dorado Hills is located in the west slope portion of the County from the Sacramento/El Dorado County line to west of the community of Cameron Park. **Map 1 in Chapter I** shows the LAFCO-Approved Boundary for the proposed incorporation as provided by LAFCO.

DEMOGRAPHIC DATA AND PROJECTIONS

The baseline demographic data and development projections are important variables for the CFA model. Each factor affects the calculations of future revenues and expenditures for the proposed City. The baseline demographic data is based on the following sources:

- The estimated supply of entitled housing units with all required annexations as determined by LAFCO, the Project Manager, and EPS;
- Historical annual housing unit development from SACOG;
- EDHCSD;
- The County GIS Department; and
- Annual housing unit projections from the Fire Department.

Baseline Demographic Data

Table 4 shows the base year (FY 2003–04) estimates for the proposed LAFCO-Approved Boundary. Population and land area estimates for the base FY 2003–04 are estimated as of December 2003; employment estimates for the base FY 2003–04 are estimated as of December 2002, the most recent year for which data was available.

Table 4
2004 Estimated Population and Employment of
Proposed City of El Dorado Hills
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary
Population	28,169
Employment	12,444
Total Acres	17,839

"popemp_sum"

Source: EPS.

In addition to the above, the El Dorado County Registrar of Voters estimated a count of approximately 16,248 for the LAFCO-Approved Boundary as of August 2004. Based on this registered voter count and the 2004 estimated population, approximately 58 percent of the residents of the incorporation areas are registered voters. This figure is significant as under laws regarding the distribution of VLF revenues before FY 2004–05 (historical VLF methodology) and certain gas tax revenues, the number of registered voters in the new City at the time of incorporation provides the basis for determining these State subvention revenues for the first 7 years of incorporation.

Development Projections

In general, determining growth projections in a certain area is difficult based on the number of assumptions necessary to make such projections. This issue is further complicated in El Dorado Hills based on a combination of complex issues. As the County’s 1996 General Plan was ruled invalid, the underlying planning document in effect for the El Dorado Hills area is the El Dorado Hills-Salmon Falls Area Plan. In July 2004, the County Board approved a new General Plan for land use and in September 2004, the County Board called a March 2005 special election, which included a

Referendum on the General Plan adoption as well as an Initiative amending the County Charter on that ballot.

In March 2005, voters upheld the actions of the County Board and approved the July 2004 General Plan adoption (Measure B). In addition, voters did not approve the County Charter amendment (Measure D). Based on analyses conducted by the El Dorado Irrigation District (EID) Counsel, County Counsel, and Project Manager, the election results indicate that projects with all required annexations and approvals are not be restricted from development.

It is important to note that the purpose of the CFA is to test the feasibility of the proposed City, not to precisely predict development trends or amounts. As revenue and expenditure projections would vary under different development scenarios, the CFA estimates are generally conservative to test the feasibility of the City under a conservative scenario. The ability of a City to demonstrate feasibility early in the 10-year analysis period generally indicates that the proposed City's feasibility is not dependent upon future growth. This fact is important because future growth could be delayed or not occur for several reasons (e.g., a national or local economic downturn).

Table 5 shows the baseline development and demographic projections used for the LAFCO-Approved Boundary. As shown, the CFA divides development projections into residential and nonresidential development projections. The aforementioned issues affecting future development in El Dorado Hills have a more significant impact upon residential development than on nonresidential development. However, the pace of nonresidential development would slow down if the pace of residential development also slowed down.

Table 5
Development and Demographic Projections through Calendar Year 2015
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary	
	Estimated Projections	
	2007	2015
Development Estimates		
New Residential Development [1]		8,400 units
New Nonresidential Development		2,585,000 Sq. Ft.
Demographic Estimates		
Population Estimates	38,387	50,325
Employment Estimates	14,284	17,504

"proj_sum"

Source: EPS.

[1] Residential estimates include multifamily dwelling units (approximately 750 units for the LAFCO-Approved Boundary through 2015).

Residential Development

Housing unit projections are based on the estimated supply of housing units along with historical housing unit and population data and projections provided by SACOG, the California Department of Finance (DOF), EDHCSD, the Fire Department, and estimated absorption schedules of major development projects within the proposed City boundary.

To aid in estimating the supply of housing units in the LAFCO-Approved Boundary, the CFA compiled a list of major development projects with all required approvals, agreements, or annexations as shown in **Table 6**. For the LAFCO-Approved Boundary, the estimated supply of development is 8,360.

Table 6
Estimated Residential Development Capacity
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Major Development Projects	Estimated Supply of Housing Units with all Approvals and Annexations LAFCO-Approved Boundary
Bass Lake Hills	1,458
Carson Creek	1,470
Promontory	900
Serrano	1,695
Valley View	<u>2,840</u>
Subtotal	8,363
Additional Dwelling Units Based on Vacant Developable Land [1]	2,204
Totals	10,567

"rescap_sum"

Source: El Dorado County Planning Department; Lamphier-Gregory; EPS.

[1] Estimates obtained from Lamphier-Gregory and the El Dorado County Planning Department.

Based on this estimated housing supply and other demographic information for the LAFCO-Approved Boundary, the CFA estimates an average annual single-family residential unit growth of 695 units per year and an average annual multifamily residential unit growth of 70 units per year. This estimate is considerably lower than the approximately 1,300 total units per year estimated by the Fire Department. Actual development in any given year is likely to vary relative to the average. Overall, given the combination of complex factors that may affect future development in El Dorado Hills, the CFA projections generally reflect conservative, long-term economic conditions.

Nonresidential Development

The CFA conservatively estimates future growth in retail and other nonresidential development. Although nonresidential development in El Dorado Hills is generally linked to the pace of residential development, a larger market area supports the pace of nonresidential development in the area.

The CFA estimates approximately 660,000 square feet of new retail development between 2004 and 2014 for the LAFCO-Approved Boundary. The estimate is based on

the Fire Department's estimates for commercial growth as well as anticipated demand from the annual growth in residential population.

The CFA estimates other nonresidential square footage will increase by approximately 1.9 million square feet between 2004 and 2014, or approximately 175,000 square feet per year. In total, the CFA estimates total new nonresidential square footage will increase by nearly 2.6 million square feet for the LAFCO-Approved Boundary, which is approximately equal to projections compiled by the Fire Department.

The CFA estimates the overall employment of the proposed City would be approximately 17,500 total employees by 2015 under the LAFCO-Approved Boundary. If the pace of retail and other nonresidential development (retail and non-retail) is greater than that projected in the CFA, the City would benefit fiscally from the additional development.

THE INCORPORATION PROPOSAL

PROPOSAL FOR INCORPORATION

The current incorporation efforts are based on the Board Resolution adopted on November 25, 2003, as well as the October 2003 settlement agreement between LAFCO and the Incorporation Committee.

NAME OF NEW CITY

The name of the new city is assumed to be "City of El Dorado Hills." As stated in the Statute, a new city can be referred to as a "city" or "town."

FORM OF GOVERNMENT

El Dorado Hills initially will be incorporated as a General Law city under the constitution of the State of California. The proposed form of the new City would be the "Council/Manager" form common to small and mid-sized cities throughout California. Under the Council/Manager form, a five-person City Council, elected at-large, would retain a City Manager who would be responsible for the day-to-day operations of the City with an appointed City Clerk.

REORGANIZATION

LAFCO-Approved Boundary

Under the LAFCO-Approved Boundary, the CFA analyzes the service plan provided by LAFCO and the Project Manager. The LAFCO-Approved Boundary assumes that the EDHCSD and SMCSO will be dissolved and reorganized into the new City.

Furthermore, the CFA analysis under the LAFCO-Approved Boundary excludes the following special districts from reorganization into the new City if the incorporation effort is successful:

- Fire Department (El Dorado Hills County Water/Fire Protection District);
- RFPD; and
- CSA 7.

SERVICE LEVELS

This CFA presumes and reflects municipal expenditures that maintain existing municipal service levels. The proposed service levels are discussed in **Chapter IV**.

EFFECTIVE DATE

This CFA assumes July 1, 2006 as the effective date, assuming a successful November 2005 election.

GANN LIMIT

Local agencies in California that receive proceeds of taxes are required to have a limit on how much tax money they can spend. It is referred to as the Gann Limit. Under State law, the LAFCO resolution of approval and the ballot question before the voters must identify a provision Gann Limit. Following incorporation, the City Council will place on a future ballot a permanent Gann Limit for voter approval.

In accordance with OPR's Incorporation Guidelines, the CFA provides the necessary technical documentation for selecting an appropriate provisional Gann Limit of \$19.5 million.

NEW TAXES

The CFA assumes no new taxes will be imposed by the City. The existing charges for service imposed by the County Board of Supervisors to fund services in the County Service Areas are assumed to be continued by the City government.

CAPITAL IMPROVEMENTS

It is assumed that the city council initially will adopt all impact fee ordinances currently enforced by the County to ensure a continual flow of existing fee revenues. While this CFA addresses issues of fiscal feasibility, it has not evaluated the need for, or financing of, future capital improvements except to assume ongoing funding resulting from established dedications and fees.

DEVELOPMENT IMPACT FEES

All development-related impact fees, including the Rare Plant Habitat Preservation Fee, the Fire District Improvement Fee, the El Dorado Hills Roadway Impact Fee, the County Transportation Impact Mitigation Fee, school district fees, and TDA Funds for public transit are considered “pass through” fees or funds that originate from other sources (e.g., private developers). These sources of revenue would “pass through” the new City but are not discretionary revenues for the City.

IV. SERVICE DELIVERY AND EXPENDITURE ANALYSIS

PROPOSED CITY SERVICES

The first step in the preparation of a fiscal analysis involves determining which services would become the responsibility of the new city. Certain services, must by law, be assumed by the new city upon incorporation and, therefore, must be transferred from County government and other agencies. A new city must also create a “general government” to administer the services that it would undertake.

These services must be transferred:

- Law Enforcement (including traffic control and accident investigation currently supplied by the CHP);
- Planning and Land Use Regulation;
- Building Inspection; and
- Maintenance, Engineering, and Construction of streets and highways currently maintained by the County.

In addition, there are a series of other services that may be transferred to the new city, although none of these is required by law to be shifted. Services include these:

- Animal Care and Regulation;
- Park and Recreation;
- Fire Protection;
- Flood Control;
- Water;
- Solid Waste;
- Sanitation and Sewer Services;
- Landscape Maintenance;
- Street lighting;
- CC&Rs; and
- Others.

Services currently provided to the incorporation areas and their existing service providers are shown in **Table 7**. For each service, **Table 7** shows the proposed service provider for the incorporation proposal. Each of the services to be provided by the new

**Table 7
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Municipal Service Providers (Existing and Proposed)**

Service	Existing Service Provider	Proposed Service Provider
General Government		
Governing Board	El Dorado County	City of El Dorado Hills
Manager	El Dorado County	City of El Dorado Hills
Attorney	El Dorado County	City of El Dorado Hills
Finance/Clerk/Administrative Services	El Dorado County	City of El Dorado Hills
Public Protection		
Law Enforcement	El Dorado County	City of El Dorado Hills
Fire Protection	El Dorado Hills County Water/Fire Protection District, Rescue Fire Protection District	No change proposed
Wildland Fire Protection	California Department of Forestry	El Dorado Hills County Water/Fire Protection District, Rescue Fire Protection District
Ambulance	County Service Area #7	No change proposed
Animal Control	El Dorado County	City of El Dorado Hills
Land Use and Planning		
Regulation and Planning	El Dorado County	City of El Dorado Hills
Building Inspection	El Dorado County	City of El Dorado Hills
Community Services		
Local Parks/Recreation Facilities	El Dorado Hills Community Services District (CSD), Springfield Meadows CSD, County Service Area #9, El Dorado County, Folsom Lake Recreation Area	City of El Dorado Hills, El Dorado County, Folsom Lake Recreation Area
Library	El Dorado County	No change proposed
Cemetery	N/A	N/A

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**Table 7
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Municipal Service Providers (Existing and Proposed)**

Service	Existing Service Provider	Proposed Service Provider
Public Works/Public Utilities		
Public Works, Engineering, Road Construction, Road Maintenance	El Dorado County, Springfield Meadows CSD, Other independent groups and homeowners assoc.	City of El Dorado Hills, Other independent groups and homeowners assoc.
Domestic Water	El Dorado Irrigation District	No change proposed
Wastewater Treatment/Disposal	El Dorado Irrigation District	No change proposed
Septic System & Household Hazardous Waste Disposal & Treatment, Solid Waste Programs, Illegal Dumping & Other Nuisance Abatement	County Service Area #10	No change proposed
Solid Waste	El Dorado Hills CSD	City of El Dorado Hills
Storm Drainage	County Service Area #9	City of El Dorado Hills
Street Lighting & Landscape Maintenance	El Dorado Hills CSD	City of El Dorado Hills
Other Services		
Gas and Electricity	Pacific Gas & Electric	No change proposed
Transit & Paratransit Services	El Dorado Transit Authority	No change proposed
Schools and Colleges	El Dorado Union High School District, Buckeye Union School District, Rescue Union School District, Latrobe Union School District, Los Rios Community College District	No change proposed

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"service_providers"

Source: El Dorado Hills Incorporation Project - Initial Study, Lamphier-Gregory; EPS.

City would be provided either by direct staff or through a contract with an outside agency or private company.

Most newly incorporated cities in after the mid-1980s have been “limited service” cities rather than “full service” cities, where often several key services are provided by contract with other public or private service providers. In fact, many southern California cities contract for service with their underlying counties or other cities.

These contracts for service are patterned after the first city to function in this manner, Lakewood, California. If, in the future, the new City desires additional service responsibilities, it could initiate such actions through the City Council or, if necessary, request the service transfer and funding shift through the traditional Statute/LAFCO process.

As far as the proposed services provided, the Board Resolution is in between a “limited service” and “full service” city. The Resolution includes the provision of parks and recreation, landscape maintenance, and solid waste (through a franchise), which are often not included in other newly incorporated cities. However, the new City would not provide services such as water, sewer, and library services that many older cities provide. It is likely the new City would rely on contracts to provide some key services such as police protection and animal control, which is commonly done by other newly incorporated cities.

CITY SERVICES ASSUMED FROM THE COUNTY

The County would no longer provide services that it would transfer to the new City upon incorporation. For services assumed by the City, Government Code Section 56810 specifies that the “total net cost” must be determined. The “total net cost” equals the “total direct and indirect costs which were funded by general purpose revenues” less any service funded by other non-general purpose revenues such as fees, charges, or assessments.

Direct costs are those costs actually incurred by the County departments that would be transferring services. The indirect costs are comprised of two components. The first is department specific indirect costs attributable to those County Departments that would be transferring services to the new City. The second component is indirect costs for County services that would be assumed by the new City but not transferred from the County. Examples of these costs include County Counsel, County Board, Auditor-Controller, and General Services costs. Although the new City assumes the responsibility for providing these types of services, the County does not transfer these services to the new City.

Under the LAFCO-Approved Boundary, in addition to County departments, the EDHCSD and SMCSO have a portion of the County's indirect costs allocated to them as part of the OMB A-87 Cost Allocation Plan. **Table B-4 in Appendix B** shows the total direct, indirect, and net County costs for all affected agencies.

The net county cost equals the difference between the total county costs (gross costs plus indirect costs) less any offsetting revenues from restricted revenue sources. Each affected County department provided direct cost information. Each department also provided indirect cost information when the County allocated and charged the indirect costs to each department. In cases where the indirect cost was not charged to a department, the CFA includes indirect costs based on the County's preliminary OMB A-87 Cost Allocation Plan for FY 2004-05, which is based on actual FY 2002-03 actual costs (this is the most recent information available).

This calculation of the net cost of services assumed by the City is an important figure in the calculation of the future property tax transfer from the County to the new City. The net cost calculation is also important for the revenue neutrality calculation.

DESCRIPTION OF PROPOSED CITY SERVICES

The following section provides a brief description of the proposed City services. This section also discusses the cost estimation methodology used for each service to be provided by the new City. Unless otherwise noted, annual expenditures by department or category for each service provided by the new City are shown in **Table C-1 in Appendix C**.

PROPOSED CITY SERVICES

General Government

The County currently provides general government administration for the area proposed for incorporation. General government administration includes all of the support functions necessary for the delivery of municipal services to the new City. Upon incorporation, the new City would be responsible for providing general government services. The general government services and other general expenditures initially assumed by the proposed City of El Dorado Hills are shown in **Table 8**.

Table 8
Proposed General Government Services and Expenditures
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Proposed General Government Services and Expenditures

City Council
City Manager
City Clerk
City Attorney
Finance Department
Administrative Services
Property Tax Administration
Non-Departmental
Office Rent/Supplies
Insurance
Jail Booking Fees
Loan Repayment to EID
General Plan and Code Development
Contingency
County Loan Repayment

"gg_svceexp"

Source: EPS

The expenditures associated with each of these general government categories are summarized in **Table C-1** in **Appendix C**. Please see **Table C-2** through **Table C-7** in **Appendix C** for detailed calculations of the annual general government expenditures by department.

Based on the Statute, the cost and staffing of general government services were estimated based on a review of other cities' general government staffing and service costs. Particular attention was given to a review of other new cities that have incorporated since 1987 and have a population between 30,000 and 65,000 people. Many of the cities reviewed were limited service cities generally not providing fire protection, water, sewer, and typically not parks and recreation services. The general government costs used in this analysis fall in the mid-range of the other limited service cities—some having a lower cost per capita and others having a higher cost per capita. A summary of the expenditures for and staffing of general government services for those cities reviewed is shown in **Table 1** and **Table 3** in the **Comparable City Appendix**. A summary of police expenditures and service levels for those cities reviewed is provided in **Table 4** in the **Comparable City Appendix**.

Three items of general government require additional clarification. The first general government item is the percentage of contingency. The CFA calculated the contingency as 5 percent of the total annual General Fund expenditures. This contingency is built into the revenue and expenditure analysis to ensure a conservative assessment of the potential fiscal viability of the proposed City.

The second category of general government worth noting is the County loan repayment. This payment repays the County for services, which it continues to provide to the new City for the remainder of the first fiscal year following incorporation. For example, if the effective date of incorporation was July 1, 2006, the County of El Dorado would continue providing services to the new City until June 30, 2007. For this year of services provided by the County, the new City has 5 years to pay for the borrowed service costs. This analysis assumes incorporation would take place on or shortly after July 1, 2006, thus providing the City a full year's worth of County provided services during the transition. Under this assumption, the county loan repayment is anticipated to be completed by FY 2011-12.

Finally, the last item of general government that requires further explanation is the loan repayment to the EID. The loan repayment to EID represents a \$25,000 loan provided to the Incorporation Committee in June 2004. The CFA includes this item as a one-time loan repayment amount completed in the first fiscal year of incorporation.

Law Enforcement

Currently, the County Sheriff's Department provides law enforcement services. In addition, the CHP provides traffic patrol services in the area as well as all other unincorporated areas throughout the State. After incorporation, the City would assume the burden of all law enforcement activity, including traffic enforcement. The requirement to offer law enforcement service can be met either through the existing provider, (the County Sheriff), the City of Folsom Police Department, or some other public or private agency. Following incorporation, the CHP would continue to patrol the State highways (US Highway 50) within the incorporation area boundary. In addition, the CHP would provide traffic enforcement for all roads in El Dorado Hills free of charge for the first FY in which the City is incorporated.

This analysis used preliminary contract cost information provided by the County Sheriff's Department to estimate the cost of providing base year law enforcement services (including traffic enforcement) to the incorporation areas based on the estimated FY 2003-04 cost of providing that service. The CFA modified the cost estimate slightly by removing an estimated \$57,000 attributed to boating and waterways because there are no major lakes or waterways within the proposed boundary. Because internal overhead costs are a percentage of total costs, this modification also decreased estimated

internal overhead costs by approximately \$12,000. In addition, the CFA calculated an overhead contingency of 2.5 percent to ensure a conservative assessment of law enforcement expenditures to the proposed City.

The law enforcement cost estimate assumes the current level of service provided to the area and additional staffing required to provide traffic enforcement services. Maintaining existing levels of service may appear to residents like increased service levels. Because law enforcement officers are assigned within the City boundary, residents may perceive an increased law enforcement presence in the area.

Planning and Land Use Regulation

Currently, land use planning and regulation is performed by the El Dorado County Planning Department. Land use planning and zoning is a major regulatory power of local government. Under state law, land use and zoning power shifts to the new City Council upon incorporation. However, the County General Plan and all entitlements remain in place for 120 days after which time the City Council may adopt its own General Plan or it may adopt the County's General Plan. In either case, LAFCO staff recommends that current granted entitlement with all terms, conditions, and mitigations that were placed on the entitlement be maintained if the Commission approves the incorporation. Ultimately, the new City Council would be responsible for all land-use and zoning decisions within its corporate boundary.

The assumption of the underlying County General Plan document is complicated in the case of El Dorado Hills. As the County's 1996 General Plan was ruled invalid, the underlying planning document in effect for the El Dorado Hills area was the El Dorado Hills-Salmon Falls Area Plan. In July 2004, the County Board approved a new General Plan for land use and in September 2004, the County Board called a March 2005 special election, which included a Referendum on the General Plan adoption as well as an Initiative amending the County Charter on that ballot.

In March 2005, voters upheld the actions of the County Board and approved the July 2004 General Plan adoption (Measure B). In addition, voters did not approve the County Charter amendment (Measure D). Based on analyses conducted by the EID Counsel, County Counsel, and Project Manager, the election results indicate that projects with all required annexations and approvals are not be restricted from development.

Making sound decisions on land requires that qualified staff properly analyze the consequences of each requested land use change. A General Plan for the jurisdiction must be prepared and approved within 30 months following incorporation, which takes both time and money. As with police services, control of land-use planning is a critical issue to the incorporation proponents and is one of their major goals of incorporation.

The CFA based planning department expenditures on the estimated current level of service provided to the area as calculated by the El Dorado County Planning Department. The CFA slightly modified the Planning Department cost estimates in three areas. First, the CFA adjusted service and supply costs to reflect the level of discretionary permit review (current planning) that occurred during FY 2003–04 within the proposed City boundary. Second, the CFA updated the long range planning and GIS costs to reflect the proposed City’s estimated population and area as a proportion of the entire County. Finally, the CFA included departmental indirect costs not included in the County Planning Department response based on the proportion of countywide indirect costs to countywide gross costs.

It is important to note that FY 2003–04 was not a typical year. A lawsuit filed against the County over the General Plan in 1999 effectively halted all discretionary development in all County areas outside of El Dorado Hills. As a result, countywide revenues and expenditures in FY 2003–04 may not be fully representative of a typical year.

Animal Control

Currently, the County Public Health Department provides for animal control in the proposed incorporation areas. Animal control is a service that the new City would likely provide by contract. The City is likely to contract with the County of El Dorado for the continued provision of animal control services. State law does not require the City to deliver the service, but neither does State law require the County provide the service in incorporated areas.

Expenditures for animal control services are calculated by multiplying the City’s estimated population by the current net cost per capita for animal control services. The net cost per capita estimate was calculated based on overall Countywide budget information provided by the El Dorado County Public Health Department. Estimated future expenditures assume the same cost per capita as the current rate.

The County Public Health Department anticipates constructing a new animal control facility in the near future. The new facility may potentially result in increased costs of service for the proposed City. Because this increased cost is currently unknown, however, the CFA does not include any additional operating and maintenance costs associated with a new animal control facility.

Environmental Health

Many services provided by the County Department of Environmental Management, such as air pollution control and solid waste management, are provided on a countywide basis, regardless of whether an area is incorporated or unincorporated.

Consequently, the CFA assumes the County will continue to provide most health-related services to the City upon incorporation.

The Environmental Management Department did identify a group of health services, currently provided by the Environmental Health Division that would become City responsibilities following incorporation. Programs in the Environmental Health Division include Food Facilities, Food Manager Certification, Wells, Construction Liquid Waste (septic systems), Land Use, Small Water Systems, River Rafting, and Pools/Spas.

Because of specific requirements, such as licensed personnel and specialized equipment, the CFA assumes the City would contract with the County for provision of certain environmental health services following incorporation. The Cities of South Lake Tahoe and Placerville also contract with the County for similar service. Annual expenditures for environmental health services are based on estimates provided by the County Department of Environmental Management. Future expenditure estimates assume the same cost per capita as the current rate.

Building Inspection

State Law requires a new city to provide building inspection services. Currently, the El Dorado County Building Department provides this service to the proposed incorporation areas. The County currently collects fee revenue to fully offset its costs of building inspection services.

This analysis assumes that the new City's Building Inspection Department would levy fees to entirely fund any costs for the provision of these services. In addition, the analysis assumes that fees collected for building inspection services would exceed the direct building inspection department costs by 10 percent. The additional fee revenue is used to offset the overhead cost of other department's cost for support of the building inspection department. For purposes of this analysis, the additional fee revenue is accounted for by showing a transfer to the General Fund.

Site Development Services

State Law requires a new city to provide site development services. Currently, the El Dorado County Department of Transportation (County Engineer) and Surveyor provide this service to the proposed incorporation areas. The County does experience some net county cost for its site development services. The net county cost for site development services is derived from both engineering and surveying functions provided by their respective departments.

The CFA estimates the City's site development services would be 100 percent offset with fee revenues, as is the practice in other incorporated jurisdictions in the Sacramento region currently experiencing significant growth.

Code Enforcement and Covenants, Conditions, and Restrictions

Currently, the EDHCSD provides enforcement of the community's CC&Rs. The fiscal analysis assumes LAFCO can authorize the new City to continue to collect a parcel tax and provide enforcement of CC&Rs within the dissolved EDHCSD boundaries. The City could continue to enforce the CC&Rs by incorporating this function into the City's code enforcement function. The fiscal analysis assumes, over the entire 9-year study period, two code enforcement officers would be utilized for CC&R and code enforcement services (one full-time position would be funded by the parcel tax, and one position would be funded through the General Fund). The LAFCO terms, however, specify the City shall provide CC&R services for not less than 1 year.

Public Works—Street and Highway Maintenance

The El Dorado County Department of Transportation currently provides street and highway maintenance to the proposed incorporation areas. Upon incorporation, State law requires that this service become a responsibility of the new City. The County may continue to provide street and highway maintenance services during the transition year following incorporation. However, the calculations shown in this CFA estimate the proposed City will assume the responsibility of providing street and highway maintenance at the time of incorporation.

Currently, 122 lane miles are in the proposed LAFCO-Approved Boundary. Street and highway maintenance includes routine maintenance (i.e., pothole repair); special maintenance (i.e., chip sealing), reconstruction of roads damaged by wear and tear; safety maintenance (i.e., road stripping and maintenance of signs); storm maintenance (i.e., removal of debris after storms); and traffic signal maintenance. Street maintenance is largely funded through the State Gas Tax (Street and Highway Code Section 2104 to 2107.5), and the County Road Fund portion of property taxes revenues available for road maintenance.

Based on FY 2003–04 El Dorado County Department of Transportation data, the County spent an average of \$4,000 per road mile in road maintenance within the proposed incorporation boundary. This cost is compared to an average maintenance cost of \$9,500 per road mile (excluding snow removal) across the County's remaining 1,089 road miles. Two factors, age and standards of roadways, explain a portion of the difference. The fact that roads in the proposed incorporation areas are newer means that they are in better condition and would require less maintenance. In addition, County Department

of Transportation staff indicated that many of El Dorado Hills' roads are designed to County standards and consequently require less maintenance effort.

The CFA conservatively estimates the new City would incur road maintenance expenditures at an average of \$9,500 per road mile (the County's FY 2003–04 countywide average level). This translates into total routine road maintenance expenditures between \$1.5 and \$2.1 million annually for the LAFCO-Approved Boundary. As calculated, because annual revenues will exceed annual expenditures after mitigation payments, the City may increase the level of road maintenance service. In addition, the City could build up adequate Road Fund reserves for long-term road maintenance projects such as road overlay projects and for emergencies.

Landscaping and Lighting

Landscaping and lighting services are currently provided by the EDHCSD. Upon incorporation, the EDHCSD would be dissolved and the new City would assume responsibility for the provision of these services.

The City would continue to provide the same level of service for landscaping and lighting as is currently being provided by the EDHCSD. Anticipated expenditures for lighting and landscaping escalate at the rate at which new area is added for which maintenance would be required.

Parks and Recreation Services

Currently, parks and recreation services are provided by the EDHCSD. Upon incorporation, the EDHCSD would be dissolved and the new City would assume responsibility for the provision of these services.

The CFA assumes the City would provide the same level of service for parks and recreation services and facilities as is currently being provided by the EDHCSD. The CFA also assumes new park and recreation facilities would be added to the City as the City's population grows. Similarly, recreation programs also would expand proportionately to serve the new residents. However, the administrative personnel, legislative, finance, and other administrative services currently being provided by the EDHCSD would be provided by the general government departments of the new City rather than by the Parks and Recreation Department.

In addition to the EDHCSD, the SMCSO provides a limited amount of parks and recreation service annually. The CFA assumes current park and recreation expenditure estimates, which are based on the EDHCSD cost of service, would be adequate to cover the annual parks and recreation expenditures of the SMCSO.

Drainage Services

CSA 9 provides drainage services to the incorporation areas. Upon incorporation, the new City would detach from CSA 9 and drainage services would become a City responsibility. Each CSA zone of benefit has either a special tax or benefit assessment to fund necessary services. In the base year, FY 2003–04, the 29 zones of benefit in CSA 9 incurred approximately \$83,100 in expenditures and recovered 100 percent in benefit assessment revenues.

With LAFCO authorization for continuance of the parcel tax, the new City would continue to receive revenues from the special taxes or assessments. The City would use these revenues to offset the drainage maintenance cost incurred in the 29 drainage zones of benefit. The CFA assumes revenues generated would equal 100 percent of drainage related expenditures. The El Dorado County General Services Department identified an issue regarding the lack of funding mechanisms for several CSA drainage zones. In the past, if the CSA did not collect revenue for a particular zone, it did not make any expenditure for that zone of benefit. It is unclear how maintenance for these zones would be funded. The new City would likely need to address this issue upon incorporation.

SERVICES NOT TRANSFERRED TO THE NEW CITY

This section discusses those services that would not be provided by the new City. **Table 7** shows the current and future service provider for the LAFCO-Approved Boundary.

FIRE PROTECTION

The Fire Department and RFPD would remain separate districts upon incorporation. Each district would continue to provide fire protection services to areas within their respective boundaries. The City of El Dorado Hills would not be responsible for any fire protection services. As discussed as one of the incorporation issues, the respective fire districts would be responsible for the cost of providing wildland fire protection for all SRA land included within their boundaries.

WATER AND SEWER SERVICE

The EID currently provides water and sewer service. The CFA service plan assumes the EID would continue to provide water and sewer services to the new City.

EMS

EMS (including 911 ambulance transport) within the proposed incorporation boundary are entirely handled by CSA 7. The CFA assumes the El Dorado Hills area would not detach from CSA 7; therefore, CSA 7 would remain the service provider for EMS.

LIBRARY SERVICES

Library services for the proposed incorporation areas are provided by the El Dorado County Library and are not proposed to transfer to the new City upon incorporation.

TRANSIT

Currently, the El Dorado County Transit Authority (EDCTA) provides transit, and paratransit services. The EDCTA was established under a Joint Powers Authority (JPA) between the County and the City of Placerville.

Upon incorporation, the City would have the option to provide transit services on its own or join the JPA. If the new City elects to go on its own, the new City would be eligible to receive its share of TDA funds. This option would cause the City to be responsible for providing all current transit services as well as new services determined by the El Dorado County Transportation Commission (EDCTC) to be “unmet transit needs” that are reasonable to meet.

The CFA assumes the new City would request to join the JPA and continue to have transit services provided by the EDCTA.

SCHOOLS

The provision of schools would be unaffected by the incorporation. Elementary, middle, and high schools would continue to be the responsibility of the existing school districts. LAFCO does not review the provision of school services or the reorganization of school district boundaries; these matters are the prerogative of the State and local school boards.

The LAFCO terms and conditions for the proposed incorporation include a provision protecting the continued collection of development fees to fund schools.

UTILITIES

The incorporation should have no impact on the provision of telephone, electric, gas, or cable television services. Upon incorporation, the only change would be the recipient of franchise fee revenues. The “Franchise Fees” section in **Chapter V** of this report discusses this topic.

CEMETERIES

There are five cemeteries within the LAFCO-Approved Boundary. The County maintains the public cemeteries and incurs a net County cost for administration services. The Mormon Island Relocation Cemetery will remain County property because of a contractual agreement with the Federal Government. The second cemetery, Clarksville Cemetery, is currently monitored by the County. The remaining three cemeteries (Tong, Morrison, and Craig) are private family cemeteries but are also monitored by the County. The proposed incorporation should not have an impact on this arrangement unless the new City is required by law to assume the responsibility of providing administrative services after incorporating. Additional commercial cemeteries may be in operation within the LAFCO-Approved Boundary and should not have an impact on the proposed incorporation.

LEASED FACILITIES

The Real Property Planning & Administration Division of County’s General Services department provides administrative services for leased facilities within the LAFCO-Approved Boundary. The County will continue to provide these services, which include locating leased facilities, negotiating leases, coordinating improvements, and working with property owners on maintenance issues, unless the new City chooses to assume these responsibilities after incorporating.

OTHER SERVICES

The above list is not all-inclusive. Several other services such as judicial and detention services not outlined in **Table 7** remain unaffected by the proposed incorporation. There would be no financial impact on any of these services or districts.

CAPITAL COSTS

ROAD CONSTRUCTION

Currently, the County builds most new roads in the proposed incorporation areas. All road construction activities are funded through several dedicated revenue sources of State, Federal, or local origin. Each of these revenues is a dedicated revenue source that can only be spent for the purpose received—road construction.

Although road construction financing is discussed in this CFA, from a City fiscal analysis standpoint, the funding source for these capital projects does not directly change as either the new City or the County would continue to collect the fees and special taxes to provide the new construction. Under either course, new construction activities would continue to be financed by restricted revenue sources. As is the current case, fees and special taxes must entirely offset the expense required for road construction. This service should not be a net cost to the General Fund because roads should only be constructed if revenues are available to build them.

OTHER CAPITAL COSTS

As discussed, cities typically do not fund capital costs through General Fund revenues. Instead, capital costs are typically funded if there is some special revenue source available to construct capital facilities. Revenues typically come from developers, as conditions of approval for development, through Mello-Roos Community Facilities Districts, or through projects that have their own revenue stream (i.e., golf courses). In some cases, voter approved general obligation bonds can finance capital projects. In these cases, General Fund monies guarantee repayment of bonds, but only through a two-thirds vote of the citizens.

In any event, revenues for capital expenditures would not affect General Fund budgets and should be examined separately from ongoing revenues and expenditures. However, over time, the City may choose to reserve a portion of any General Fund surpluses that do occur to fund a part of any new capital cost.

V. REVENUE ANALYSIS

This section is divided into several parts: General Fund revenues, which can be spent for any purpose; Road Fund revenues, which are restricted to road maintenance; and other restricted revenues, such as building inspection and site development fees.

The General Fund, Road Fund, and other restricted use funds have different limitations on their use by the new City. Restricted revenues must be spent for specific purposes and cannot be spent on activities such as police or parks. Further, when the issue of revenue neutrality is analyzed later in the report, the separation of limited use funds will become very important.

A summary of the projected revenues by source for the proposed City of El Dorado Hills for each FY from 2006–07 to 2014–15 is provided in **Table B-1 in Appendix B**. Notes and calculation methodologies for all revenue projections are included in **Table B-2 in Appendix B**.

Based on the Statute, the CFA reviewed other cities' general fund revenues. Particular attention was given to a review of other new cities that have incorporated since 1987 and have a population between 30,000 and 65,000 people. A summary of general fund revenues for those cities reviewed is shown in **Table 3 in the Comparable City Appendix**.

GENERAL FUND REVENUES

The most important category of revenue for most new cities is General Fund revenue. Monies contained in this fund are totally discretionary and finance such essential services as general government, law enforcement, and planning. General Fund revenue comes from the following sources:

- Property tax;
- Sales tax;
- Property transfer tax;
- TOT;
- Franchise fees;
- Business license tax;
- Planning fees;
- Fines;
- Park, facility use, and recreation revenues;

- VLF; and
- Investment earnings.

Of these sources of revenues, property tax, sales tax, and revenue obtained from recreation fees and charges are the three major sources of revenue, assuming the current VLF methodology of distributing VLF revenues to newly incorporated cities. These revenues account for approximately 80 percent of the new City’s General Fund revenues in FY 2006–07. Two of these three major General Fund revenues are transferred from the County upon incorporation. **Table 9** shows the base year revenue transfer amount as a result of incorporation for the LAFCO-Approved Boundary. The transfer amount is revenue the County would lose and the City would gain upon incorporation.

Table 9
Base Fiscal Year (2003–04) Revenue Transfer Amt. from
El Dorado County to City of El Dorado Hills
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Revenue Transferred	LAFCO-Approved Boundary
Property Tax	\$2,122,822
Sales Tax [1]	\$1,451,744
Real Property Transfer Tax	\$494,000
Unitary Tax	\$16,255
Business License Tax	\$0
Fines	\$0
Total Revenue Transferred	\$4,084,821

"rev_transfer"

Source: California State Board of Equalization; EPS.

[1] Based on sales tax estimate by the State Board of Equalization through October, 28, 2004. Estimate also includes 12 percent for unallocated sales tax.

As shown later in this CFA, the total base year revenue transfer amount is a key component used for the “fiscal mitigation” payment.

In addition to revenues gained from the County, the new City would collect State shared revenues, some of which are available for general purposes. State shared revenues

available to the new City following incorporation are VLF revenues and gas taxes. VLF revenues are available for general purposes and go into the City's General Fund. State shared gas taxes are dedicated funds available for road maintenance and construction purposes only.

As discussed in **Chapter I**, the CFA analyzed future VLF revenue to the proposed City under the current and historical VLF methods of distributing VLF revenue. The CFA analyzed future VLF revenue under the current FY 2004–05 provision, which distributes VLF revenue based on the City's residential population. Under the historical VLF methodology, VLF revenue accrues to the new City based on the City's official or "proxy population." State law outlining the determination of the City's "official population" benefits the new City for the first 7 years following incorporation. As a result of incorporation, the County experiences no loss of VLF revenues under both VLF methodologies.

PROPERTY TAX

Property Tax from the County

The amount of property tax that a new city receives as a transfer from the County is based upon a formula in the Government Code. This formula is as follows:

$$\begin{array}{rcccl}
 \text{Total Net Cost of} & & & & \\
 \text{General Fund} & & \text{Countywide} & & \\
 \text{Services Transferred} & \times & \frac{\text{Property Tax}}{\text{Countywide}} & = & \text{Property Tax} \\
 & & \text{General Purpose Rev.} & & \text{Transfer}
 \end{array}$$

The first part of the formula is derived by estimating the **net** cost of services that would be transferred to the new City from County General Fund revenue. The inclusion of services funded by general purpose revenues in the formula is quite explicit in State law. In the case of El Dorado Hills, these services are limited and only involve law enforcement, environmental management, planning, site development, public works, and animal control. State law requires use of the most recent actual FY completed for calculation of the net cost of services, which for this CFA is FY 2003–04. The total base year net cost of providing these services is approximately \$3.6 million. **Table B-4** in **Appendix B** provides a full breakdown of the net County costs of providing services to the LAFCO-Approved Boundary.

The second part of the formula, the “Auditor’s Determination,” is a ratio developed by the El Dorado County Auditor-Controller. This ratio indicates the amount of property tax revenue collected in proportion to the amount of all general purpose revenue collected by the County. This ratio, as determined by the Auditor-Controller is 0.5973 as shown in **Table B-5** in **Appendix B**. This means that property tax collections represent 59.73 percent of the County’s total general purpose revenue. Using the formula, the base year property tax transfer amount is depicted below:

Net Cost		x	Auditor’s Determination		=	Property Tax Transfer
\$3,554,238			0.5973			\$2,122,822

The CFA estimated the proposed City’s future annual tax allocation factor by dividing the estimated total property tax collected within the proposed City boundary, as provided by the El Dorado County Assessor, by the estimated base year property tax transfer amount. As shown in **Table 10**, the proposed City’s base year share of property tax collected in the area would be \$2.12 million. The future annual property tax allocation factor is 5.41 percent under the LAFCO-Approved Boundary. The CFA then applies the annual tax allocation factor to the future assessed value of the City to determine the amount of City property tax from the County.

Property Tax from the EDHCSD

In addition to the base property tax transfer from the County to the City, the proposed City also would receive property tax that formerly accrued to the EDHCSD. The El Dorado County Auditor provided the base year property tax revenue amount of \$2.8 million that accrued to the EDHCSD. As shown in **Table B-3** in **Appendix B**, the CFA uses a similar formula to that used for property tax transferred from the County to determine the future percentage of property tax revenue that the City would receive upon dissolution of the EDHCSD. The future annual property tax allocation factor is 7.21 percent under the LAFCO-Approved Boundary. The CFA applies the annual tax allocation factor to the future assessed value of the City to determine the amount of City property tax from the EDHCSD.

The CFA adjusted property tax revenue calculations derived from the annual property tax allocation factor for the EDHCSD. The adjustment was necessary as not all new assessed value in the proposed City would have been within the EDHCSD boundary; therefore, the new assessed value would not have provided property tax revenue to the EDHCSD. Consequently, the CFA assumed 85 percent of all new assessed value would be subject to the 7.21 percent tax allocation factor for the EDHCSD amount of property tax revenue to the proposed City.

Table 10
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Base Fiscal Year (2003-04) Property Tax Transfer Amount and Calculation of Annual Property Tax Allocation Percentage

Property Tax Transfer	LAFCO Approved Boundary		
	Totals from County	Totals from EDHCSD	Total
Total Expenditures Subject to Transfer	\$3,554,238	N/A	N/A
County Auditor's Ratio	59.73%	N/A	N/A
Property Tax Transferred from County	\$2,122,822	N/A	N/A
Calculation of Tax Allocation Percentage			
Fiscal Year 2003-04 Base Year Incorporation Area Assessed Value	\$3,922,050,549	\$3,922,050,549	\$3,922,050,549
Total Property Tax Collected (@ 1% of Assessed Value)	\$39,220,505	\$39,220,505	\$39,220,505
Fiscal Year 2003-04 Property Tax Transferred from County/EDHCSD	\$2,122,822	\$2,829,135	\$4,951,957
Annual Property Tax Allocation Percentage	5.41%	7.21%	12.63%

"proptax_transfer"

Source: El Dorado County, El Dorado Hills Community Services District (EDHCSD), and EPS.

SALES TAX

One cent of the total 7.25 cents per dollar that are currently collected by the State on retail sales is returned to the local jurisdiction's General Fund where the sale was generated. Thus, a new city benefits from all retail transactions that take place within its boundary. The County currently receives sales tax revenue within the proposed incorporation boundary since the area is unincorporated. Upon incorporation, the sales tax is lost to the County and gained by the new City.

The amount of sales tax (FY 2003–04 situs generation) to the new City in the base year FY 2006–07 would be approximately \$1.7 million for the LAFCO-Approved Boundary. The CFA model assumes the County will retain the first quarter's worth of City sales tax (during the first quarter of cityhood) which is estimated at approximately \$0.4 million. The County will credit this amount against the cost of services it provides to the City during the first fiscal year following incorporation. The CFA based the amount on FY 2003–04 information supplied by the SBE in October 2004. El Dorado Hills' taxable sales in 2003 were approximately \$4,500 per capita based on sales tax information provided by the SBE. This figure is significantly below the average per capita taxable sales for the County, which is estimated at \$9,300, and the State of California, which is estimated at approximately \$8,500.

The CFA estimates that taxable sales per capita will increase by approximately 30 percent in the future to approximately \$5,800 per capita for the LAFCO-Approved Boundary. The CFA estimates approximately 660,000 square feet of new retail square footage for the LAFCO-Approved Boundary between 2004 and 2014. **Table A-6 in Appendix A** shows detailed forecasts of retail and other nonresidential square footage anticipated in the incorporation areas.

The CFA estimates future sales tax revenue based upon the method of allocation in FY 2003–04, not on actual legislation passed in 2004. In March 2004, California voters passed Proposition 57, which stated that $\frac{1}{4}$ of the 1-percent sales tax revenue will be exchanged for an equal dollar amount of property tax revenue. Subsequent to FY 2004–05, each year, jurisdictions will receive less sales tax revenue but will receive a dollar for dollar exchange in property tax revenue. Although the CFA did not model future sales tax revenue based on current legislation, the impact of this new provision will be revenue neutral for the proposed City over the long term.

Sales tax revenues in the City could be higher than estimated in the CFA. The CFA conducted a sensitivity analysis to show the impact of an additional 350,000 new square feet of retail development in the City through 2014. Under this scenario, the fiscal surpluses would increase by approximately \$136,000 to \$860,000 per year by 2014 and

the City taxable sales would be approximately \$7,200 per capita for the LAFCO-Approved Boundary.

PROPERTY TRANSFER TAX

The property transfer tax is a countywide tax imposed by the County on the sale of real property at the rate of \$1.10 per \$1,000 in value. After incorporation, El Dorado Hills would be entitled to receive one-half of the transfer tax collected within its boundary. In FY 2006–07, it is estimated the City would receive \$531,000 in transfer tax generated in the El Dorado Hills area.

UNITARY TAX

The unitary tax is a tax collected Countywide on state-owned property and property owned by public utilities. Upon incorporation, the City would be entitled to receive the portion of unitary tax previously accruing to the EDHCSD and a portion of the County share of the unitary tax generated in the proposed incorporation areas.

FRANCHISE FEES

Currently, the utility companies pay a fee for having the ability to operate in the County. There are three sources of franchise fees within the proposed incorporation area boundary—cable television, solid waste removal, and gas and electric utilities. Before incorporation, franchise fees collected for cable television and solid waste removal were paid to the EDHCSD. The County collected franchise fees from Pacific Gas and Electric (PG&E) for gas and electric franchise fees. Although the SMCSO is empowered to accommodate a cable franchise and collect franchise fee revenue, it does not do so.

Upon incorporation, the ability to impose a franchise fee is the prerogative of the new City, as monies derived from franchise fees would go to the City. Based on EDHCSD information, the CFA estimates the new City would receive approximately \$337,000 in base year franchise fees collected for cable television and solid waste removal. Future cable and solid waste removal franchise fee revenue is calculated based on an adjusted per capita basis.

Similar to the calculation of property tax revenue, the CFA discounted the annual franchise fee revenue, assuming the City would receive 85 percent of the amount currently received. The adjustment was necessary because not all new residents residing in the new City would have resided within EDHCSD boundaries. Therefore, the new residents would not have provided franchise fee revenue to the EDHCSD.

In addition, the City would receive approximately \$72,000 in the base fiscal year in franchise fees from PG&E. Before incorporation, the County used the PG&E franchise fee revenue for road maintenance. Because the City's Road Fund would have significantly higher revenues available for road maintenance following incorporation, however, the CFA assumes the PG&E franchise fee revenue would be used for general purposes.

PLANNING FEES

The new City would collect planning fees to offset the cost of providing planning services. The CFA estimates that planning fees would equal 75 percent of the cost of providing planning services. The fee recovery rate of 75 percent is higher than the base FY 2003–04 County fee recovery rate of approximately 30 to 35 percent. The rate of 75 percent recovery is comparable to similar incorporated jurisdictions in northern California that are experiencing significant growth.

The FY 2003–04 fee recovery rate of 30 to 35 percent is atypical for the El Dorado County Planning Department. The department experienced such a low fee recovery rate because of a lawsuit filed against the County's General Plan. This lawsuit effectively halted all discretionary development in the unincorporated area of the County. This halt in development led to significantly reduced fee revenue collections in the unincorporated County. The County also spent a lot of time on the General Plan as a result of the lawsuit. That cost was not reimbursable.

FINES

The County did not identify any General Fund fine revenues that would transfer to the City. Most cities typically receive some amount of fine and penalty revenue related to their operations. Fine revenue is primarily associated with fines for minor infractions. The CFA has conservatively estimated the City would receive \$1.00 per capita in fine revenue.

VLF

Current VLF Methodology

As part of the Final FY 2004–05 State Budget, the Governor signed SB 1096 and AB 2115, a bilateral provision that affects future VLF and property tax revenue streams to jurisdictions. First, SB 1096 and AB 2115 include a permanent reduction in the VLF effective rate from 2 percent to .65 percent of the value of a vehicle. Second, the provision replaces 100 percent of County VLF revenues, except for the "Program

Realignment” funding, and approximately 87.5 percent of City VLF revenues with an equal dollar amount of property tax revenues. After FY 2004–05, the “property tax In-Lieu of VLF” amount will increase annually based on the change in the gross taxable assessed valuation in each municipal jurisdiction. Over the long-term, this process will favor those jurisdictions that experience a higher assessed value growth rate compared to their population growth rate.

For newly incorporated cities, however, the provision does not provide “property tax In-Lieu of VLF” revenue. In addition, the new law directs Revenue and Taxation Code Sec. 11005.3 funding (three times the total number of registered voters basis or “proxy population” basis) only to cities that were incorporated on or before August 5, 2004. Thus, for cities that incorporate after August 5, 2004, the new law dictates those cities shall use a per capita method—instead of the “proxy population” method—of distributing VLF revenue.⁶

Historical VLF Methodology

Under the historical VLF methodology, a large percentage of the vehicle registration fees that Californians pay is returned to cities and counties through a state subvention in the form of VLF revenues. The State formula for local government distribution essentially splits the money into two statewide pools.

One is a statewide County pool for which each County receives a per capita distribution based upon the number of persons residing within its borders. The population count *includes* residents of both the unincorporated and incorporated parts of the County. Thus, the County would continue to receive a major portion of its share of revenues regardless of the incorporation proposal outcome.

The second pool is distributed only to cities and is also allocated per capita, based on total population. The formation of new cities marginally affects the total city “pool” of VLF revenue. As new cities incorporate, respective shares among all cities Statewide are minimally affected.

Under prior State law (historical VLF methodology), all State monies allocated on the basis of population allow a new city to use, for subvention purposes, either actual population count or a “proxy population” (three times the number of registered voters at the time of incorporation) to determine distribution of State subvention revenues. In this instance, the proposed City of El Dorado Hills is estimated to have approximately 19,340 in FY 2004-05 for the LAFCO-Approved Boundary. Multiplying the number of

⁶ California City Finance. <http://www.californiacityfinance.com/VLFswapAnnIncFAQ.pdf>.

registered voters by three (59,000 for the LAFCO-Approved Boundary) results in a very favorable “official population” for the new City.

Table A-7 in Appendix A shows the detailed estimates of registered voters and City’s “proxy population.” The City is allowed to collect State subvention revenues based on its proxy population for up to 7 years following incorporation. This State law, which was in existence for many years, was designed to allow the City to collect additional revenue in its early stages of development.

It is important to note the new City would have received revenue associated with the higher “proxy” population figure for its first 7 years of operation. After that, official census figures would have been used to determine subvention revenues. This would likely result in a drop in VLF revenue in the year following Year Seven of operation. However, the City of El Dorado Hills is estimated to withstand the recalculation of State subvention revenues as the projected population growth in El Dorado Hills begins to approach the “proxy” population calculation after approximately the tenth year of operation.

Current VLF Legislation

On February 22, 2005, California Assembly Member Laird introduced AB 1602, which, if approved, would restore the proxy population basis of the historical VLF methodology to cities that incorporate after August 5, 2004.

OTHER GENERAL FUND REVENUES

In this analysis, the General Fund receives revenue from building and permit fees collected by the new City to cover General Fund overhead costs associated with the provision of these services. The new City is assumed to collect building and permit fees at 110 percent of the building inspections department’s direct cost of providing these services. The additional 10-percent fee revenue collected is used to offset the cost of General Fund departments’ overhead cost for supporting the building inspection department.

In addition, the City would accrue investment earnings on funds retained in the General Fund throughout the year. Investment earnings are calculated using the treasury pool rate of 1.08 percent on the annual fund balance up to the maximum amount.

ROAD FUND REVENUES

All road fund revenue estimates and estimating techniques are shown in **Table B-2** in **Appendix B**. Road fund revenues include gas taxes, the road fund property tax revenues available for road maintenance.

GAS TAXES

Currently, the State of California levies a gasoline tax on each gallon of gasoline sold at the pump. This money funds most road maintenance activities across the State. A large portion of the tax is distributed back to local entities in the form of State shared revenues according to a series of complex formulas, most of which are based upon population. Although, Highway User Tax Section 2105, 2106 (c), and 2107 are allocated based upon the City's proxy population for the first 7 years after incorporation. These gas tax monies are restricted in that they can only be spent on projects associated with road maintenance or construction. These monies cannot fund police, planning, libraries, or other General Fund services.

All but one of the State shared revenues accruing to the City would not reduce revenues accruing to the County. In other words, following incorporation the County would continue to receive its full share of State shared gas tax revenues from all but one source. The Section 2106c revenue component is the only one that would be affected by incorporation. As identified in the Road Fund fiscal mitigation calculation in **Chapter IV**, the County would lose approximately \$215,000.

ROAD FUND PROPERTY TAX

Under the LAFCO-Approved Boundary, property tax that would accrue to the City's road fund would come from a transfer of Road District Tax from the County and the full amount of property tax revenue formerly accruing to the SMCS D.

The CFA calculates the Road District Tax transferred from the County using an average of the contribution rate from all of the tax rate areas in the incorporation area boundary. The average road fund property tax collected is 2.69 percent of the total property tax collected in the new City.

The CFA also calculates the percentage of property tax that would accrue to the City Road Fund following dissolution of the SMCS D. Based on FY 2003–04 estimates, the SMCS D amount of road fund property tax would be approximately 0.09 percent of the total property tax collected in the new City. This source of revenue is restricted in use for road maintenance or construction purposes.

It is important to note that a portion of the annual SMCSO budget was used to provide some form of park maintenance in the district. The CFA assumes all SMCSO property tax revenues would accrue to the City's Road Fund. The CFA assumes continuance of the park maintenance function of the SMCSO would become part of the City's Park and Recreation Department and likely be funded by General Fund revenues.

TDA FUNDS

TDA funds are used to offset systemwide transit costs provided by the El Dorado Transit Authority. If, as proposed under the incorporation service plan, the El Dorado Transit Authority continues to provide transit services to the area, the new City would be eligible to receive its share of TDA funds not used to meet transit needs. In the base year FY 2003-04, the City of El Dorado Hills would have received approximately \$81,000 under the LAFCO-Approved Boundary. However, because future TDA funding availability for road maintenance expenditures is uncertain, the CFA has excluded this potential ongoing source of revenue from the municipal budget model.

OTHER RESTRICTED FUND REVENUES

BUILDING INSPECTION AND SITE INSPECTION

Building inspection, site inspection, and other construction-related permit fees are established by the County Board. These fees are set and changed by County ordinance. The fees are designed to recover the cost of providing the services, including all direct and indirect expenses.

It is assumed that the new City Council also would adopt a similar fee schedule to recover costs for these services. Recovery of this cost through fees to the applicants is practiced in almost all jurisdictions and is viewed as a fair and equitable way to provide the service because those who use and benefit from the services are those who pay for the services.

LAW ENFORCEMENT

It should be noted that two sources of revenue for providing law enforcement services to the new City, Vehicle Abatement and Fingerprint Trust revenue, represent a dollar-for-dollar reduction in revenues to the County. The total amount of these revenues is estimated to range from approximately \$21,000 to \$28,000 over the 9-year study period. This equates to less than .005 percent of the County's General Fund expenditures on law enforcement services.

LANDSCAPING AND LIGHTING DISTRICTS

The City would continue to collect assessments previously collected by the EDHCSD for landscaping and lighting services. The City would use these assessments to provide continued landscaping and lighting services to its residents.

DRAINAGE MAINTENANCE REVENUE (CSA 9)

The CFA assumes El Dorado LAFCO would authorize the continuance of a parcel tax for drainage maintenance expenditures in the 29 CSA 9 zones of benefit. Based on a continuance of the parcel tax, the CFA projects revenues from the parcel tax would equal 100 percent of the drainage maintenance expenditures.

VI. INCORPORATION IMPACT TO COUNTY AND DISTRICTS AND CALCULATION OF "REVENUE NEUTRALITY"

BACKGROUND ON REVENUE NEUTRALITY

In September of 1992, the Governor signed AB 3027 into law that requires that any proposal that states an incorporation of a city should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies.

This bill has generally been interpreted to mean that an incorporation should be "revenue neutral," although that exact terminology was never defined. In sum, the cost of services to be transferred should be "substantially equal" to the amount of revenue to be transferred.

According to Government Code Section 56815, if the revenue loss is greater than the service loss for any entity, then the proposal should be denied, or action should be taken by LAFCO to mitigate the loss. Possible actions include "1) the County and all subject agencies agree to the proposed transfer, or 2) the negative fiscal effect has been adequately mitigated by tax-sharing agreements, lump-sum payments, payments over a fixed period of time, or any other terms and conditions pursuant to Section 56886."

CALCULATION OF REVENUE NEUTRALITY: IMPACT TO COUNTY AND OTHER AGENCIES

The incorporation of El Dorado Hills would change the operating budget of the County in both the short term and long term. The extent of these impacts is dependent upon what services the City would provide and the manner in which the services and revenues are transferred to the City, some of which is dependent upon the determinations made by LAFCO. The assumptions and forecasts in the CFA estimate these effects.

In general, the County would lose revenue, but also realize a reduction in expenditures. To the extent that the revenue producing aspects being transferred to the City (e.g., property tax base and sales tax base) exceed the costs of services being transferred to the new City, the County would realize a long-term fiscal impact.

EL DORADO COUNTY GENERAL FUND

Table 11 summarizes the comparison of General Fund revenues and services lost by the County upon incorporation of El Dorado Hills. More detailed presentations of these calculations are available in **Table D-1** in **Appendix D**. **Table 11** represents the financial impacts of incorporation on the El Dorado County General Fund based on base FY 2003–04 information. The revenue neutrality amount is calculated using the base year revenue and expenditure estimates provided by the County, as discussed in **Chapter V**.

Table 11
Base Fiscal Year (2003–04) Change in General Fund Revenues and Expenses to El Dorado County [1]
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary
Total Revenues Transferred	\$4,084,821
Total Net Cost of Services Transferred	\$3,710,947
Subtotal County Surplus/(Deficit)	(\$373,874)
Future County Revenues (Tax Admin. Fees, Jail Booking Fees)	\$64,874
County Surplus/(Deficit)	(\$309,001)

"gf_change"

Source: EPS.

[1] Calculations based on actual revenues and expenses for Fiscal Year 2003-04.

Interpreting this table for the base FY 2003–04, indicates the following consequences:

- The County would lose approximately \$4.1 million in general purpose revenue as a result of incorporation under the LAFCO-Approved Boundary. These revenues are transferred to the new City upon incorporation. The City would have other revenue sources in addition to these sources that are transferred from the County.
- The County would lose approximately \$3.7 million in net General Fund service responsibility costs as a result of the incorporation under the LAFCO-Approved

- The net impact on the County's General Fund after accounting for additional future revenues is a loss of approximately \$309,000 more in revenues than in service responsibility costs.

On June 1, 2005, the LAFCO Commission approved a final County General Fund revenue neutrality payment of \$309,000 to be paid by the City to the County beginning in the City's first fiscal year of incorporation (FY 2006–07). Further, the LAFCO Commission approved the revenue neutrality payment to be repaid over 25 years in dollars adjusted annually by the Consumer Price Index (All Urban Consumers – California).

EL DORADO COUNTY ROAD FUND

Table 12 summarizes the comparison of Road Fund revenues and services lost by the County upon incorporation of El Dorado Hills. Similar to the General Fund, the Road Fund experiences a fiscal deficit from incorporation. **Table D-3 in Appendix D** contains a more detailed Road Fund mitigation calculation. Based on FY 2003–04 information, the base fiscal year revenue neutrality amount is approximately \$751,300 for the LAFCO-Approved Boundary.

Table 12
Base Fiscal Year (2003–04) Change in Road Fund Revenues and Expenses to El Dorado County [1]
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary
Total Revenues Transferred	\$1,421,993
Total Net Cost of Services Transferred	\$670,731
County Surplus/(Deficit)	(\$751,262)

"road_transfer"

Source: EPS.

[1] Calculations based on actual revenues and expenses for Fiscal Year 2003-04.

Interpreting this table for the base FY 2003–04, indicates the following consequences:

- The County would lose approximately \$1.42 million under the LAFCO-Approved Boundary. These revenues are transferred to the new City upon incorporation. The City would have other revenue sources in addition to these sources that are transferred from the County.
- The County would lose approximately \$671,000 in net Road Fund service responsibility costs as a result of the incorporation under the LAFCO-Approved Boundary. The provision of these services becomes the responsibility of the new City.
- The net impact on the County’s Road Fund is a loss of approximately \$751,300 under the LAFCO-Approved Boundary.

On June 1, 2005, the LAFCO Commission approved a final County Road Fund revenue neutrality payment of \$751,300 to be paid by the City to the County beginning in the City’s first fiscal year of incorporation (FY 2006–07). Further, the LAFCO Commission approved the revenue neutrality payment to be repaid over 25 years in dollars adjusted annually by the Consumer Price Index (All Urban Consumers—California).

OTHER AGENCY FUNDS

Table 13 summarizes the comparison of revenues transferred and expenditures incurred by other impacted agencies upon incorporation of El Dorado Hills. As discussed, other impacted agencies include the Fire Department and RFPD.

Table 13
Base Fiscal Year (2003–04) Change in Revenues and Expenses to Other Impacted Agencies [1]
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis

Item	LAFCO-Approved Boundary
Total Revenues Transferred	\$0
Total Net Cost of Services Transferred	\$216,307
County Surplus/(Deficit)	\$216,307

"other_transfer"

Source: EPS.

[1] Calculations based on actual revenues and expenses for Fiscal Year 2003-04.

The mitigation amount of approximately \$216,000 under the LAFCO-Approved Boundary has been included as a mitigation payment because, upon incorporation, the responsibility for providing wildland fire protection throughout the proposed City would become the responsibility of the respective fire protection districts (please see **Chapter II** for an extended discussion of this issue). Each respective fire protection district would be responsible for any cost associated with wildland fire protection either through a contract with CDF or by other means. The CFA estimates the mitigation payment amount shown based on the assumption that each fire protection district will contract with CDF for wildland fire protection services.

According to the terms imposed by the LAFCO Commission on June 1, 2005, the new City is required to enter into a tax sharing agreement with the affected fire districts to cover the costs for providing wildland fire protection. Further, the LAFCO terms state that the tax sharing agreement will be reviewed and adjusted according to increases or decreases in the cost of providing wildland fire protection services.

SHORT-TERM FISCAL IMPACT TO THE COUNTY

The County experiences a short-term fiscal impact following incorporation as a result of services it is obligated to provide during the initial (transition) year of the City. By law, the County must continue to provide services to the newly incorporated City for the remainder of the FY in which the City incorporates. The CFA assumes incorporation would occur July 1, 2006. With this incorporation date, the County would continue to provide services to the new City until June 30, 2007.

The CFA anticipates the County would expend approximately \$3.8 million for services to the new City during the transition year under the LAFCO-Approved Boundary. This amount is net of offsetting department service revenues and three months of sales tax revenues that would be retained by the County immediately following incorporation. The amount could be reduced further if the City is unable to meet the SBE filing deadline to transfer the property tax to the City.

Some of the prior incorporations have not been able to meet the SBE filing deadline. The result is that the County may retain all or a portion of the first year property tax due the City. In this event, the City may borrow significantly less or nothing at all from the County for the transition-year service costs provided by the County. The CFA recommends the LAFCO terms and conditions of incorporation include language to address this potential issue.

The CFA shows the transition-year County services being paid back over a 5-year period, with interest. The CFA estimates that payments from the City to the County

during the repayment period would be between \$671,000 and \$755,000 per year under the LAFCO-Approved Boundary. In accordance with LAFCO fiscal and revenue neutrality terms and conditions, the City shall reimburse the County in full for the cost of providing services during the transition-year no later than the end of the fifth fiscal year following incorporation.

LAFCO-APPROVED BOUNDARY APPENDICES

- APPENDIX A: FEASIBILITY SUMMARY AND
ASSUMPTION TABLES
- APPENDIX B: REVENUE-ESTIMATING TABLES
- APPENDIX C: EXPENDITURE-ESTIMATING TABLES
- APPENDIX D: REVENUES AND EXPENSES TO
EL DORADO COUNTY
- APPENDIX E: SENSITIVITY ANALYSES

APPENDIX A

FEASIBILITY SUMMARY AND ASSUMPTION TABLES

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Table A-1
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary Current VLF Methodology
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Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
GENERAL FUND										
Total General Fund Revenues [1]	\$11,683,471	\$14,132,999	\$15,409,458	\$16,664,204	\$17,608,417	\$18,157,063	\$18,668,437	\$19,353,988	\$20,012,527	
Total General Fund Expenditures	\$6,705,386	\$14,543,220	\$15,378,352	\$15,601,875	\$15,967,025	\$16,407,930	\$15,935,449	\$16,283,566	\$16,589,287	
General Fund Operating Surplus/(Deficit)	\$4,978,085	(\$410,221)	\$31,106	\$1,062,329	\$1,641,392	\$1,749,134	\$2,732,987	\$3,070,421	\$3,423,240	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [4]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Subtotal Mitigation Payments	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	
General Fund Operating Surplus/(Deficit) After Mitigation Payments	\$4,452,778	(\$935,528)	(\$494,201)	\$537,022	\$1,116,085	\$1,223,827	\$2,207,680	\$2,545,114	\$2,897,933	
General Fund Balance [5]	\$5,699,884	\$4,764,356	\$4,270,155	\$4,807,177	\$5,923,262	\$7,147,089	\$9,354,769	\$11,899,883	\$14,797,816	
ROAD MAINTENANCE FUND										
Road Fund Revenues	\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968	
Road Fund Expenses	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,960,029	\$2,019,575	\$2,079,120	\$2,138,666	
Road Fund Operating Surplus/(Deficit)	\$1,209,273	\$1,290,225	\$1,347,947	\$1,442,342	\$1,567,653	\$1,585,601	\$1,640,426	\$1,503,538	\$1,572,303	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	
Road Fund Operating Surplus/(Deficit) After Mitigation Payments	\$457,973	\$538,925	\$596,647	\$691,042	\$816,353	\$834,301	\$889,126	\$752,238	\$821,003	
Road Fund Balance [6]	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,476	\$4,101,778	\$4,990,903	\$5,743,142	\$6,564,145	
OTHER RESTRICTED FUND										
Other Restricted Fund Revenues	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restricted Fund Expenditures	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restr. Fund Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Funds Operating Surplus/(Deficit)	\$4,910,751	(\$396,603)	\$102,446	\$1,228,064	\$1,932,438	\$2,058,128	\$3,096,806	\$3,297,353	\$3,718,936	
All Funds Balance	\$6,324,393	\$5,927,790	\$6,030,236	\$7,258,300	\$9,190,738	\$11,248,866	\$14,345,672	\$17,643,025	\$21,361,961	

"summary"

Source: EPS.

[1] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximately \$3,180,881 in FY 2006-07 if there are no changes to the current legislation.

[2] General fund operating surplus (deficit) prior to mitigation payment to County and other agencies.

[3] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[4] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[5] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).

[6] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

**Table A-2
Comprehensive Fiscal Analysis
El Dorado Hills Incorporation
Detailed Summary of Revenues and Expenses (2004\$)**

**LAFCO Approved Boundary
Current VLF Methodology**

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
General Fund Revenues										
Property Taxes	\$7,439,366	\$8,237,508	\$8,995,495	\$9,835,433	\$10,652,827	\$11,059,249	\$11,359,305	\$11,823,505	\$12,232,087	
Sales Tax [1]	\$1,305,108	\$1,884,344	\$2,028,544	\$2,172,744	\$2,316,944	\$2,461,144	\$2,605,344	\$2,749,544	\$2,893,744	
Real Property Transfer Tax	\$530,690	\$531,518	\$556,030	\$606,422	\$606,836	\$455,892	\$495,473	\$483,567	\$496,723	
Unitary Tax	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	
Transient Occupancy Tax	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	
Franchise Fees	\$409,383	\$432,164	\$459,692	\$482,472	\$493,863	\$510,000	\$521,391	\$532,781	\$544,171	
Business License Tax	\$46,142	\$47,678	\$49,213	\$50,748	\$52,284	\$53,819	\$55,355	\$56,890	\$58,425	
Planning Fees	\$0	\$613,857	\$683,137	\$840,648	\$844,401	\$848,173	\$851,964	\$855,774	\$859,603	
Public Works Administration	\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036	
Fines and Penalties	\$35,959	\$38,387	\$41,321	\$43,749	\$44,963	\$46,683	\$47,897	\$49,111	\$50,325	
Park and Facility Use Revenue	\$147,940	\$149,420	\$250,914	\$252,423	\$253,947	\$255,487	\$257,042	\$258,612	\$260,198	
Recreation Fees and Charges	\$1,035,610	\$1,105,563	\$1,190,095	\$1,260,048	\$1,295,024	\$1,344,579	\$1,379,556	\$1,414,532	\$1,449,509	
State Motor Vehicle License Fees [2]	\$185,783	\$198,327	\$213,486	\$226,030	\$232,302	\$241,189	\$247,461	\$253,733	\$260,005	
Fund Transfers In (Build. Fees Portion)	\$0	\$194,870	\$244,870	\$194,870	\$104,870	\$154,870	\$104,870	\$104,870	\$104,870	
Investment Earnings	\$71,578	\$131,793	\$128,053	\$128,965	\$139,455	\$154,222	\$169,967	\$197,190	\$227,918	
Total General Fund Revenues	\$11,683,471	\$14,132,999	\$15,409,458	\$16,664,204	\$17,608,417	\$18,157,063	\$18,668,437	\$19,353,988	\$20,012,527	
General Fund Expenditures										
City Council	\$188,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	
Elections	\$72,590	\$55,350	\$0	\$63,080	\$0	\$67,310	\$0	\$70,810	\$0	
City Manager	\$440,000	\$663,681	\$691,878	\$694,588	\$697,311	\$700,047	\$702,798	\$705,562	\$708,339	
City Clerk	\$206,375	\$212,584	\$213,422	\$214,264	\$215,110	\$215,961	\$216,815	\$217,675	\$218,538	
City Attorney	\$700,000	\$703,500	\$707,018	\$710,553	\$714,105	\$717,676	\$721,264	\$724,871	\$728,495	
Finance	\$295,000	\$486,171	\$488,102	\$490,043	\$580,746	\$583,150	\$585,565	\$587,993	\$680,975	
Administrative Services	\$328,125	\$491,599	\$548,377	\$579,956	\$648,821	\$684,913	\$687,738	\$690,577	\$693,430	
Property Tax Administration	\$155,622	\$172,812	\$190,052	\$208,502	\$225,839	\$235,337	\$246,063	\$255,626	\$265,227	
Police	\$136,000	\$4,591,250	\$4,939,418	\$5,091,540	\$5,235,601	\$5,439,707	\$5,583,769	\$5,727,830	\$5,871,891	
LAFCO	\$54,955	\$58,665	\$63,149	\$66,860	\$68,715	\$71,344	\$73,199	\$75,054	\$76,910	
Animal Control	\$0	\$243,522	\$261,264	\$282,640	\$300,744	\$310,634	\$324,130	\$334,222	\$344,406	
Environmental Health	\$0	\$90,916	\$97,865	\$103,616	\$106,491	\$110,565	\$113,440	\$116,315	\$119,191	
Planning	\$122,500	\$818,476	\$910,850	\$1,120,864	\$1,125,868	\$1,130,898	\$1,135,952	\$1,141,032	\$1,146,137	
Code Enforcement	\$80,250	\$80,576	\$80,904	\$81,234	\$81,565	\$81,898	\$82,232	\$82,568	\$82,906	
Public Works Administration	\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036	
Parks and Recreation	\$2,647,602	\$2,773,369	\$3,125,346	\$3,251,113	\$3,313,997	\$3,403,091	\$3,465,974	\$3,528,858	\$3,591,741	
Non-Departmental [3]	\$774,064	\$1,229,639	\$1,169,729	\$760,689	\$771,077	\$771,478	\$772,777	\$783,201	\$804,099	
Contingency	\$319,304	\$656,588	\$697,404	\$709,064	\$727,439	\$749,393	\$758,831	\$775,408	\$789,966	
Loan Repayment to County [4]	\$0	\$754,864	\$732,877	\$711,531	\$690,807	\$670,687	\$0	\$0	\$0	
Total General Fund Expenditures	\$6,705,386	\$14,543,220	\$15,378,352	\$15,601,875	\$15,967,025	\$16,407,930	\$15,935,449	\$16,283,566	\$16,589,287	
General Fund Operating Surplus/(Deficit) [5]	\$4,978,085	(\$410,221)	\$31,106	\$1,062,329	\$1,641,392	\$1,749,134	\$2,732,987	\$3,070,421	\$3,423,240	
Less Mitigation Payment to County [6]	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [7]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Net Annual Balance After Mitigation Payments	\$4,452,778	(\$935,528)	(\$494,201)	\$537,022	\$1,116,085	\$1,223,827	\$2,207,680	\$2,545,114	\$2,897,933	
Beginning of Year General Fund Balance [8]	\$1,247,106	\$5,699,884	\$4,764,356	\$4,270,155	\$4,807,177	\$5,923,262	\$7,147,089	\$9,354,769	\$11,899,883	
Additions (Subtractions) During Year	\$4,452,778	(\$935,528)	(\$494,201)	\$537,022	\$1,116,085	\$1,223,827	\$2,207,680	\$2,545,114	\$2,897,933	
General Fund Balance	\$5,699,884	\$4,764,356	\$4,270,155	\$4,807,177	\$5,923,262	\$7,147,089	\$9,354,769	\$11,899,883	\$14,797,816	

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Table A-2
Comprehensive Fiscal Analysis
El Dorado Hills Incorporation
Detailed Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary

Current VLF Methodology

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Road Maintenance Fund Revenues										
Gas Taxes	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$999,239	\$1,025,173	
Road Fund Property Tax	\$1,517,125	\$1,700,410	\$1,884,235	\$2,080,962	\$2,265,819	\$2,367,083	\$2,481,453	\$2,583,419	\$2,685,795	
TDA Funds for Road Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Road Maintenance Fund Revenues	\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968	
Road Maintenance Fund Expenditures	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,960,029	\$2,019,575	\$2,079,120	\$2,138,666	
Road Fund Operating Surplus/(Deficit)	\$1,209,273	\$1,290,225	\$1,347,947	\$1,442,342	\$1,567,653	\$1,585,601	\$1,640,426	\$1,503,538	\$1,572,303	
Less Mitigation Payments to County	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	<u>(\$751,300)</u>	
Net Annual Balance After Mitigation Payments	\$457,973	\$538,925	\$596,647	\$691,042	\$816,353	\$834,301	\$889,126	\$752,238	\$821,003	
Beginning of Year Road Fund Balance [9]	\$166,537	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,476	\$4,101,778	\$4,990,903	\$5,743,142	
Additions (Subtractions) During Year	<u>\$457,973</u>	<u>\$538,925</u>	<u>\$596,647</u>	<u>\$691,042</u>	<u>\$816,353</u>	<u>\$834,301</u>	<u>\$889,126</u>	<u>\$752,238</u>	<u>\$821,003</u>	
Road Fund Balance	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,476	\$4,101,778	\$4,990,903	\$5,743,142	\$6,564,145	
Other Restricted Revenues										
Building and Permit Fees	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700	
Public Works - Site Development Services [10]	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	
Landscaping and Lighting Districts	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152	
Drainage Maintenance Services	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	
Total Other Restricted Revenues	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restricted Expenditures										
Building Inspection	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700	
Public Works - Site Development Services [11]	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	
Landscaping and Lighting Districts	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152	
Drainage Maintenance Services	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	<u>\$83,103</u>	
Total Other Restricted Expenditures	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restr. Funds Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Restricted Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Fund Operating Surplus/(Deficit)	\$4,910,751	(\$396,603)	\$102,446	\$1,228,064	\$1,932,438	\$2,058,128	\$3,096,806	\$3,297,353	\$3,718,936	
All Funds Balance	\$6,324,393	\$5,927,790	\$6,030,236	\$7,258,300	\$9,190,738	\$11,248,866	\$14,345,672	\$17,643,025	\$21,361,961	

"final_sum"

Source: EPS.

- [1] The County continues to collect sales tax during the first three months following incorporation. The City will receive nine months of sales tax revenue in the first fiscal year.
- [2] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximately \$3,180,881 in FY 2006-07 if there are no changes to the current legislation.
- [3] Non-Departmental includes office rent, supplies, insurance, and general plan and code development.
- [4] Loan repayments relate to value of services provided by County in first year of City operation.
- [5] General fund operating surplus (deficit) prior to mitigation payments to County and other agencies.
- [6] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [7] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.
- [8] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
- [9] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).
- [10] Revenues represent 100% recovery of site development services expenditures.
- [11] Equals total Site Development Services expenditures, which are fully funded by restricted revenues.

**Table A-3
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Demographic Assumptions (2003 Estimates)**

LAFCO Approved Boundary Current VLF Methodology
--

Item	Value
<u>Proposed City of El Dorado Hills</u>	
Population [1]	28,169
Retail Employment [2]	1,111
Other Employment [2]	10,312
Government/Education	<u>1,021</u>
Total Employment	12,444
Persons Served Factor	50%
Persons Served [3]	34,391
Registered Voters [4]	16,248
Population [1]	28,169
Voters as % of Population	57.7%
Persons per Single Family Occupied Household / Unit [1]	2.81
Persons per Multi Family Occupied Household / Unit [1]	2.11
Persons per Mobile Home Occupied Household / Unit [1]	2.11
Occupancy Rate [1]	96.0%
Square Feet per Retail Employee [5]	450
Square Feet per Other Employee [5]	600
<u>El Dorado County</u>	
Unincorporated Population [6]	134,400
Incorporated City Population [6]	<u>33,750</u>
Total County Population	168,150

"dem_assumps"

Source: SACOG, CA Department of Finance, El Dorado County Registrar's Office, and EPS.

- [1] Based on Sacramento Area Council of Governments (SACOG) estimates as of December 2003.
- [2] Based on SACOG projections as of December 2002.
- [3] Persons served equals the population plus 50% of the employees in the proposed city.
- [4] Registered voters as of August 20, 2004 from the El Dorado County Registrar's Office.
- [5] EPS estimates of square feet per employee assumptions.
- [6] Based on January 2004 Department of Finance (DOF) estimates.

**Table A-4
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
General Assumptions**

**LAFCO Approved Boundary
Current VLF Methodology**

Item	Value
First Year of Operations - Fiscal Year Ending [1]	2007
Dollars Discounted to Fiscal Year	2004
% of FY 2006-2007 that City is Incorporated	100%
Inflation (Discount) Rate [2]	3.00%
Property Appreciation Rate [3]	4.00%
Assessed Value Increase of Existing Residential Development [4]	4.00%
Assessed Value Increase of Existing Commercial Development [4]	3.50%
Assessed Value Increase of New Development [4]	2.25%
FY 2003-04 Assessed Value of Residential [5]	\$3,199,036,397
FY 2003-04 Assessed Value of Commercial	<u>\$723,014,152</u>
Total FY 2003-04 Base Assessed Value within Proposed City [6]	\$3,922,050,549
Property Tax Rate	1.0%

"gen_assmps"

Source: El Dorado County Assessor's Office, and EPS.

- [1] Single years are used to denote fiscal years. For example, 2007 refers to the fiscal year starting in July 2006 and ending in June 2007.
- [2] Discount rate is the factor used in estimating present value of any inflated dollars.
- [3] Assumes 1% real market appreciation above inflation.
- [4] This percentage estimates the increase in annual A.V. which includes a 2% increase for properties not sold during a year, and a higher percent increase for properties sold during a year (the assessed value being set at the sales price / market value).
- [5] Estimated by EPS based on number of residential units within the proposed incorporation boundary and the estimated average assessed value per dwelling unit.
- [6] Based on estimated assessed value for the proposed incorporation area as provided by the El Dorado County Assessor's Office. Includes Homeowner's Property Tax Relief (HOPTR).

**Table A-5
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Land Use Assumptions**

LAFCO Approved Boundary Current VLF Methodology
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Land Use	Unit Measure	Floor Area Ratio (FAR)	Sq. Ft. per Acre	Value Per Unit [1]	Value Per Sq. Ft. [2]
Single-Family	Dwelling Unit	N/A	N/A	\$650,000	N/A
Multifamily	Dwelling Unit	N/A	N/A	\$175,000	N/A
Mobile Homes	Dwelling Unit	N/A	N/A	\$100,000	N/A
Retail	Square Foot	25%	10,890	N/A	\$240
Other Nonresidential	Square Foot	30%	13,068	N/A	\$200

"landuse_assmps"

Source: The Gregory Group and EPS.

[1] Based on real estate market information and information compiled by The Gregory Group as of Nov. 2004.

[2] Based on real estate market information and information compiled by LoopNet, Inc. as of Dec. 2004.

Table A-6
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Development Schedule

LAFCO Approved Boundary
Current VLF Methodology

Item	Calendar Year											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
<u>Annual New Development</u>												
New Residential Development [1]						<i>units</i>						
Single-Family	900	900	900	900	900	900	450	450	450	450	450	
Multifamily	0	250	0	0	250	0	0	250	0	0	0	
Mobile Homes	0	0	0	0	0	0	0	0	0	0	0	
Total New Residential Units	900	1,150	900	900	1,150	900	450	700	450	450	450	
New Nonresidential Development						<i>square feet</i>						
Retail	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
Other Nonresidential	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	
Total New Nonresidential Development	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	235,000	
<u>Cumulative New Development</u>												
Cumulative New Residential Development [1]						<i>units</i>						
Single-Family	900	1,800	2,700	3,600	4,500	5,400	5,850	6,300	6,750	7,200	7,650	
Multifamily	0	250	250	250	500	500	500	750	750	750	750	
Mobile Homes	0	0	0	0	0	0	0	0	0	0	0	
Total Cumulative Dwelling Units	900	2,050	2,950	3,850	5,000	5,900	6,350	7,050	7,500	7,950	8,400	
Cumulative New Nonresidential Development						<i>square feet</i>						
Retail	60,000	120,000	180,000	240,000	300,000	360,000	420,000	480,000	540,000	600,000	660,000	
Other Nonresidential	<u>175,000</u>	<u>350,000</u>	<u>525,000</u>	<u>700,000</u>	<u>875,000</u>	<u>1,050,000</u>	<u>1,225,000</u>	<u>1,400,000</u>	<u>1,575,000</u>	<u>1,750,000</u>	<u>1,925,000</u>	
Total New Nonresidential Development	235,000	470,000	705,000	940,000	1,175,000	1,410,000	1,645,000	1,880,000	2,115,000	2,350,000	2,585,000	

"dev_sched"

Source: El Dorado Hills Fire Department, SACOG, and EPS.

[1] Residential development estimates are based on EDHCWD, SACOG, and EPS projections.

A-7

**Table A-7
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Population and Employment Projections**

LAFCO Approved Boundary
Current VLF Methodology

Item	Calendar Year Ending										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population Projections											
Annual New Population [1]	2,428	2,934	2,428	2,428	2,934	2,428	1,214	1,720	1,214	1,214	1,214
Cumulative Population [2]	30,597	33,531	35,959	38,387	41,321	43,749	44,963	46,683	47,897	49,111	50,325
Annual Population Increase	8.62%	9.59%	7.24%	6.75%	7.64%	5.88%	2.77%	3.83%	2.60%	2.53%	2.47%
Cumulative Registered Voters [3]	17,648	19,340	20,740	22,140	23,832	25,232	25,932	26,924	27,624	28,324	29,024
Proxy Population [4]	N/A	58,020	58,020	58,020	58,020	58,020	58,020	58,020	58,020	49,111	50,325
Employment Projections											
Annual New Employees											
Retail	133	133	133	133	133	133	133	133	133	133	133
Other Nonresidential	292	292	292	292	292	292	292	292	292	292	292
Government/Education	35	35	35	35	35	35	35	35	35	35	35
Total Annual New Employees	460	460	460	460	460	460	460	460	460	460	460
Cumulative Employees											
Retail	1,244	1,378	1,511	1,644	1,778	1,911	2,044	2,178	2,311	2,444	2,578
Other Nonresidential	10,604	10,895	11,187	11,479	11,770	12,062	12,354	12,645	12,937	13,229	13,520
Government/Education	<u>1,056</u>	<u>1,091</u>	<u>1,126</u>	<u>1,161</u>	<u>1,196</u>	<u>1,231</u>	<u>1,266</u>	<u>1,301</u>	<u>1,336</u>	<u>1,371</u>	<u>1,406</u>
Cumulative Employees	12,904	13,364	13,824	14,284	14,744	15,204	15,664	16,124	16,584	17,044	17,504
Persons Served [5]	37,049	40,213	42,871	45,529	48,693	51,351	52,795	54,745	56,189	57,633	59,077
Total Jobs to Housing Ratio	1.22	1.14	1.09	1.05	1.00	0.97	0.98	0.96	0.96	0.96	0.97

Source: SACOG Projections as of Dec. 2003, El Dorado Hills County Water District, and EPS.

"pop_employ"

- [1] New population based on estimated new housing units assuming 96% occupancy and 2.8 persons per occupied single-family household, 2.1 persons per occupied multifamily household, and 2.1 persons per mobile home household.
- [2] Population is as of the end of each calendar year. For example, the 2006 population is as of December 31, 2006. This population is used for estimating Fiscal Year 2006-2007 revenues and costs.
- [3] Voters are assumed to increase at 57.7% of the number of new residents, the 2003 ratio of registered voters to population.
- [4] Proxy population is three times the number of registered voters at the time of incorporation. Proxy population was the "official population" used to determine the distribution of State revenues for the first seven years after incorporation. This assumption is based on the historical, not current, State legislation.
- [5] Persons served is equal to the cumulative population plus 50% of the cumulative employment.

A-8

Table A-8
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Assessed Value Calculation (Figures Shown in \$000s) [1]

LAFCO Approved Boundary Current VLF Methodology
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Item	Fiscal Year Ending										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value (AV) of Existing Development (Inflated \$) [2]											
Residential AV	\$3,326,998	\$3,460,078	\$3,598,481	\$3,742,420	\$3,892,117	\$4,047,802	\$4,209,714	\$4,378,102	\$4,553,226	\$4,735,355	\$4,924,770
Commercial AV	<u>\$748,320</u>	<u>\$774,511</u>	<u>\$801,619</u>	<u>\$829,675</u>	<u>\$858,714</u>	<u>\$888,769</u>	<u>\$919,876</u>	<u>\$952,072</u>	<u>\$985,394</u>	<u>\$1,019,883</u>	<u>\$1,055,579</u>
Total AV of Existing Development	\$4,075,318	\$4,234,589	\$4,400,100	\$4,572,095	\$4,750,831	\$4,936,571	\$5,129,590	\$5,330,174	\$5,538,620	\$5,755,238	\$5,980,348
AV of New Development (Inflated \$) [3]											
AV of New Development											
Single-Family	N/A	\$585,000	\$608,400	\$632,736	\$658,045	\$684,367	\$711,742	\$370,106	\$384,910	\$400,306	\$416,319
Multifamily	N/A	\$0	\$45,500	\$0	\$0	\$51,181	\$0	\$0	\$57,572	\$0	\$0
Mobile Homes	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retail	N/A	\$14,400	\$14,976	\$15,575	\$16,198	\$16,846	\$17,520	\$18,221	\$18,949	\$19,707	\$20,496
Other Nonresidential	N/A	\$35,000	\$36,400	\$37,856	\$39,370	\$40,945	\$42,583	\$44,286	\$46,058	\$47,900	\$49,816
Residential AV of New Development	\$0	\$585,000	\$653,900	\$632,736	\$658,045	\$735,549	\$711,742	\$370,106	\$442,482	\$400,306	\$416,319
Commercial AV of New Development	<u>\$0</u>	<u>\$49,400</u>	<u>\$51,376</u>	<u>\$53,431</u>	<u>\$55,568</u>	<u>\$57,791</u>	<u>\$60,103</u>	<u>\$62,507</u>	<u>\$65,007</u>	<u>\$67,607</u>	<u>\$70,312</u>
Total AV of New Development	\$0	\$634,400	\$705,276	\$686,167	\$713,614	\$793,340	\$771,845	\$432,613	\$507,489	\$467,914	\$486,630
Cumulative Res. AV of New Development	\$0	\$585,000	\$1,252,063	\$1,912,970	\$2,614,057	\$3,408,422	\$4,196,853	\$4,661,388	\$5,208,752	\$5,726,255	\$6,271,415
Cumulative Com. AV of New Development	<u>\$0</u>	<u>\$49,400</u>	<u>\$101,888</u>	<u>\$157,611</u>	<u>\$216,726</u>	<u>\$279,393</u>	<u>\$345,782</u>	<u>\$416,069</u>	<u>\$490,437</u>	<u>\$569,079</u>	<u>\$652,195</u>
Cumulative AV from New Development	\$0	\$634,400	\$1,353,950	\$2,070,581	\$2,830,783	\$3,687,815	\$4,542,635	\$5,077,457	\$5,699,189	\$6,295,335	\$6,923,610
Total AV (Existing & New Development) [3]											
Cumulative Res. AV (Inflated \$)	\$3,326,998	\$4,045,078	\$4,850,543	\$5,655,390	\$6,506,174	\$7,456,224	\$8,406,567	\$9,039,491	\$9,761,978	\$10,461,610	\$11,196,184
Cumulative Com. AV (Inflated \$)	<u>\$748,320</u>	<u>\$823,911</u>	<u>\$903,506</u>	<u>\$987,286</u>	<u>\$1,075,440</u>	<u>\$1,168,162</u>	<u>\$1,265,658</u>	<u>\$1,368,140</u>	<u>\$1,475,831</u>	<u>\$1,588,962</u>	<u>\$1,707,774</u>
Total Cumulative AV (Inflated \$)	\$4,075,318	\$4,868,989	\$5,754,050	\$6,642,676	\$7,581,614	\$8,624,385	\$9,672,225	\$10,407,631	\$11,237,809	\$12,050,573	\$12,903,958
Cumulative Res. AV (Constant \$)	\$3,426,808	\$4,045,078	\$4,709,265	\$5,330,747	\$5,954,071	\$6,624,758	\$7,251,579	\$7,570,431	\$7,937,382	\$8,258,492	\$8,580,943
Cumulative Com. AV (Constant \$)	<u>\$770,769</u>	<u>\$823,911</u>	<u>\$877,190</u>	<u>\$930,612</u>	<u>\$984,180</u>	<u>\$1,037,897</u>	<u>\$1,091,768</u>	<u>\$1,145,796</u>	<u>\$1,199,986</u>	<u>\$1,254,342</u>	<u>\$1,308,867</u>
Total Assessed Value (Constant \$)	\$4,197,577	\$4,868,989	\$5,586,456	\$6,261,360	\$6,938,250	\$7,662,655	\$8,343,346	\$8,716,227	\$9,137,367	\$9,512,833	\$9,889,810
Percentage Change in AV (Inflated \$)	N/A	19.5%	18.2%	15.4%	14.1%	13.8%	12.1%	7.6%	8.0%	7.2%	7.1%
Percentage Change in AV (Constant \$)	N/A	16.0%	14.7%	12.1%	10.8%	10.4%	8.9%	4.5%	4.8%	4.1%	4.0%

Source: EPS.

assessed_value

[1] Total assessed value shown. Reductions for the Homeowner's Property Tax Relief (HOPTR) are not shown in this table.

[2] Existing assessed value is assumed to increase at 4.0% per year. This annual increase accounts for units that turn over during the year.

[3] Assessed value for new development shown for FY 2005-06 is based on the assessed value of new development occurring in calendar year 2004.

APPENDIX B

REVENUE-ESTIMATING TABLES

Table B-1	Annual Revenue Estimate	B-1
Table B-2	Revenue Estimate Notes (3 pages)	B-2
Table B-3	Calculation of Property Tax Transfer	B-5
Table B-4	Calculation of Net General Fund County Cost by Department— Government Code Section 56810.....	B-6
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**Table B-1
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Annual Revenue Estimate (2004\$)**

**LAFCO Approved Boundary
Current VLF Methodology**

Item	Note [1]	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
GENERAL FUND REVENUES											
Property Taxes	1	\$7,439,366	\$8,237,508	\$8,995,495	\$9,835,433	\$10,652,827	\$11,059,249	\$11,359,305	\$11,823,505	\$12,232,087	
Sales Tax [2]	2	\$1,305,108	\$1,884,344	\$2,028,544	\$2,172,744	\$2,316,944	\$2,461,144	\$2,605,344	\$2,749,544	\$2,893,744	
Real Property Transfer Tax	3	\$530,690	\$531,518	\$556,030	\$606,422	\$606,836	\$455,892	\$495,473	\$483,567	\$496,723	
Unitary Tax	4	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	
Transient Occupancy Tax	5	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	
Franchise Fees	6	\$409,383	\$432,164	\$459,692	\$482,472	\$493,863	\$510,000	\$521,391	\$532,781	\$544,171	
Business License Tax	7	\$46,142	\$47,678	\$49,213	\$50,748	\$52,284	\$53,819	\$55,355	\$56,890	\$58,425	
Planning Fees	9	\$0	\$613,857	\$683,137	\$840,648	\$844,401	\$848,173	\$851,964	\$855,774	\$859,603	
Public Works Administration	10	\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036	
Fines and Penalties	12	\$35,959	\$38,387	\$41,321	\$43,749	\$44,963	\$46,683	\$47,897	\$49,111	\$50,325	
Park and Facility Use Revenue	13	\$147,940	\$149,420	\$250,914	\$252,423	\$253,947	\$255,487	\$257,042	\$258,612	\$260,198	
Recreation Fees and Charges	14	\$1,035,610	\$1,105,563	\$1,190,095	\$1,260,048	\$1,295,024	\$1,344,579	\$1,379,556	\$1,414,532	\$1,449,509	
State Motor Vehicle License Fees [3]	15	\$185,783	\$198,327	\$213,486	\$226,030	\$232,302	\$241,189	\$247,461	\$253,733	\$260,005	
Fund Transfers In (Build. Fees Portion)	8	\$0	\$194,870	\$244,870	\$194,870	\$104,870	\$154,870	\$104,870	\$104,870	\$104,870	
Investment Earnings	16	\$71,578	\$131,793	\$128,053	\$128,965	\$139,455	\$154,222	\$169,967	\$197,190	\$227,918	
Total General Fund Revenues		\$11,683,471	\$14,132,999	\$15,409,458	\$16,664,204	\$17,608,417	\$18,157,063	\$18,668,437	\$19,353,988	\$20,012,527	
ROAD MAINTENANCE FUND REVENUES											
Gas Taxes	17	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$999,239	\$1,025,173	
Road Fund Property Tax	18	\$1,517,125	\$1,700,410	\$1,884,235	\$2,080,962	\$2,265,819	\$2,367,083	\$2,481,453	\$2,583,419	\$2,685,795	
TDA Funds for Road Maintenance	19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Road Fund Maintenance Revenues		\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968	
OTHER RESTRICTED FUND REVENUES											
Building and Permit Fees	8	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700	
Public Works - Site Development Services	11	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	
Landscaping and Lighting Districts	20	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152	
Drainage Maintenance Services	21	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	
Total Other Restricted Fund Revenues		\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
TOTAL ALL FUND REVENUES		\$15,208,900	\$21,755,314	\$23,970,906	\$25,133,658	\$25,468,366	\$26,767,947	\$26,999,329	\$27,713,177	\$28,605,665	

"rev_summary"

Source: EPS.

[1] Reference Notes are included in **Table B-2**.

[2] Assumes El Dorado County receives the first three months worth of sales tax revenue following the incorporation of a city.

[3] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximate \$3,180,881 in FY 2006-07 if there are no changes to the current legislation.

Table B-2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Revenue Estimate Notes

LAFCO Approved Boundary

Current VLF Methodology

Ref. No.	Item	Assumptions	Fiscal Year Ending								
			2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund											
1	Property Tax										
	Total Property Tax @ 1% of AV (Constant \$)	See Tables A-8 and B-3	\$55,864,559	\$62,613,596	\$69,382,505	\$76,626,548	\$83,433,462	\$87,162,271	\$91,373,675	\$95,128,335	\$98,898,095
	Property Tax Increment		\$0	\$6,749,037	\$6,768,909	\$7,244,043	\$6,806,914	\$3,728,809	\$4,211,404	\$3,754,660	\$3,769,761
	Property Tax Increment to City										
	From County	5.41%	\$0	\$365,294	\$366,369	\$392,086	\$368,426	\$201,823	\$227,944	\$203,222	\$204,039
	From Special Districts @ 85%	7.21%	\$0	\$413,810	\$415,029	\$444,161	\$417,359	\$228,628	\$258,218	\$230,213	\$231,139
	Subtotal	12.63%	\$0	\$779,104	\$781,398	\$836,247	\$785,785	\$430,451	\$486,161	\$433,435	\$435,178
	Gross Property Tax to City										
	Base (prior yr. base + increment from direct roll)		\$7,053,425	\$7,053,425	\$7,832,529	\$8,613,926	\$9,450,173	\$10,235,959	\$10,666,410	\$11,152,571	\$11,586,006
	Share of Tax Increment		\$0	\$779,104	\$781,398	\$836,247	\$785,785	\$430,451	\$486,161	\$433,435	\$435,178
	Total Gross Property Tax Increment to City		\$7,053,425	\$7,832,529	\$8,613,926	\$9,450,173	\$10,235,959	\$10,666,410	\$11,152,571	\$11,586,006	\$12,021,185
	Prop. Tax Increment to City: Supplemental Roll	50% of AV of New Development	\$400,495	\$419,680	\$396,417	\$400,265	\$432,023	\$408,075	\$222,061	\$252,908	\$226,394
	Prop. Tax Increment to City: Supplemental Roll	2% of Tax Due to Turnover	\$141,068	\$158,111	\$175,204	\$193,496	\$210,685	\$220,101	\$230,736	\$240,217	\$249,736
	Property Tax to City pre-Prop. Tax Admin Fee		\$7,594,988	\$8,410,320	\$9,185,547	\$10,043,935	\$10,878,667	\$11,294,586	\$11,605,368	\$12,079,131	\$12,497,315
	Less Prop. Tax Admin Fees	2.21% of Gross AV	(\$155,622)	(\$172,812)	(\$190,052)	(\$208,502)	(\$225,839)	(\$235,337)	(\$246,063)	(\$255,626)	(\$265,227)
	Net General Fund Property Tax to City		\$7,439,366	\$8,237,508	\$8,995,495	\$9,835,433	\$10,652,827	\$11,059,249	\$11,359,305	\$11,823,505	\$12,232,087
2	Sales Tax										
	New Cum. Retail Sq. Ft.	See Table A-6	120,000	180,000	240,000	300,000	360,000	420,000	480,000	540,000	600,000
	New Cum. Other Sq. Ft.	See Table A-6	350,000	525,000	700,000	875,000	1,050,000	1,225,000	1,400,000	1,575,000	1,750,000
	Sales Tax at 1%										
	Existing Sales Tax (Estimated October 28, 2004) [1]	FY 03-04 SBE Estimate: \$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200	\$1,296,200
	New Retail (On-Site)	\$2.00 / sq. ft.	\$240,000	\$360,000	\$480,000	\$600,000	\$720,000	\$840,000	\$960,000	\$1,080,000	\$1,200,000
	New Other Space	\$0.05 / sq. ft.	\$17,500	\$26,250	\$35,000	\$43,750	\$52,500	\$61,250	\$70,000	\$78,750	\$87,500
	Subtotal Sales Tax at 1%		\$1,553,700	\$1,682,450	\$1,811,200	\$1,939,950	\$2,068,700	\$2,197,450	\$2,326,200	\$2,454,950	\$2,583,700
	Unallocated Sales Tax	12% of above	\$186,444	\$201,894	\$217,344	\$232,794	\$248,244	\$263,694	\$279,144	\$294,594	\$310,044
	Total Sales Tax (General Fund)		\$1,740,144	\$1,884,344	\$2,028,544	\$2,172,744	\$2,316,944	\$2,461,144	\$2,605,344	\$2,749,544	\$2,893,744
	<i>Sales Tax per Capita</i>		\$48	\$49	\$49	\$50	\$52	\$53	\$54	\$56	\$58
3	Real Property Transfer Tax										
	Turnover of Prior Year Base (Residential)	6%									
	Turnover of Prior Year Base (Commercial)	2%									
	Rate per \$1,000 market value	\$0.55									
	Base Residential AV (Constant \$000s)	See Table A-8	\$4,709,265	\$5,330,747	\$5,954,071	\$6,624,758	\$7,251,579	\$7,570,431	\$7,937,382	\$8,258,492	\$8,580,943
	Base Commercial AV (Constant \$000s)	See Table A-8	\$877,190	\$930,612	\$984,180	\$1,037,897	\$1,091,768	\$1,145,796	\$1,199,986	\$1,254,342	\$1,308,867
	Prop. Tran. Tax from Turnover of Existing Residential Units		\$155,406	\$175,915	\$196,484	\$218,617	\$239,302	\$249,824	\$261,934	\$272,530	\$283,171
	Prop. Tran. Tax from Turnover of Existing Commercial		\$9,649	\$10,237	\$10,826	\$11,417	\$12,009	\$12,604	\$13,200	\$13,798	\$14,398
	Prop. Tran. Tax from New Residential Development		\$339,000	\$318,474	\$321,566	\$348,970	\$327,840	\$165,511	\$192,115	\$168,741	\$170,379
	Prop. Tran. Tax from New Commercial Development		\$26,635	\$26,893	\$27,154	\$27,418	\$27,684	\$27,953	\$28,224	\$28,498	\$28,775
	Total Property Transfer Tax		\$530,690	\$531,518	\$556,030	\$606,422	\$606,836	\$455,892	\$495,473	\$483,567	\$496,723

B-2

**Table B-2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Revenue Estimate Notes**

**LAFCO Approved Boundary
Current VLF Methodology**

Ref. No.	Item	Assumptions	Fiscal Year Ending									
			2007	2008	2009	2010	2011	2012	2013	2014	2015	
4	Unitary Tax											
	El Dorado Hills Community Services District (EDHCSD)	FY 03-04 EDHCSD: \$13,280	\$13,280	\$13,280	\$13,280	\$13,280	\$13,280	\$13,280	\$13,280	\$13,280	\$13,280	\$13,280
	County portion of Unitary Tax to New City [2]	FY 03-04 County: \$16,255	\$16,255	\$16,255	\$16,255	\$16,255	\$16,255	\$16,255	\$16,255	\$16,255	\$16,255	\$16,255
	Total Unitary Tax		\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535	\$29,535
5	Transient Occupancy Tax											
	FY 2003-04 Base Transient Occupancy Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	New Hotel Contributions											
	Estimated Number of Rooms	Assumes 93 room hotel in 2005	93	93	93	93	93	93	93	93	93	93
	Average Occupied Rooms per Night	70%	65	65	65	65	65	65	65	65	65	65
	Annual Lodging Income	\$110 average per room	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765	\$2,613,765
	Subtotal New Hotel Transient Occupancy Tax	10%	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377
	Total Transient Occupancy Tax		\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377	\$261,377
6	Franchise Fees											
	Cable and Waste Disposal (per capita) @ 85%	\$11.04 / capita	\$337,383	\$360,164	\$387,692	\$410,472	\$421,863	\$438,000	\$449,391	\$460,781	\$472,171	\$483,562
	PG & E Franchise Fees	\$72,000 / year	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
	Total Franchise Fees		\$409,383	\$432,164	\$459,692	\$482,472	\$493,863	\$510,000	\$521,391	\$532,781	\$544,171	\$555,562
7	Business License Tax											
	Incorp. Area FY 03-04 Business License Tax	\$41,536										
	Incorp. Area FY 03-04 Employees	12,444	13,824	14,284	14,744	15,204	15,664	16,124	16,584	17,044	17,504	17,964
	Total Business License Tax	\$3.34 / employee	\$46,142	\$47,678	\$49,213	\$50,748	\$52,284	\$53,819	\$55,355	\$56,890	\$58,425	\$59,960
8	Building and Permit Fees											
	% of building inspection costs recaptured by fees	Cost Recovery Portion 100%	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700	\$1,048,700
	Transfer In to General Fund	General Fund Portion 10%	\$0	\$194,870	\$244,870	\$194,870	\$104,870	\$154,870	\$104,870	\$104,870	\$104,870	\$104,870
	Total Building and Permit Fees		\$0	\$2,143,570	\$2,693,570	\$2,143,570	\$1,153,570	\$1,703,570	\$1,153,570	\$1,153,570	\$1,153,570	\$1,153,570
9	Planning Fees											
	% of planning costs recaptured by fees	75%	\$0	\$613,857	\$683,137	\$840,648	\$844,401	\$848,173	\$851,964	\$855,774	\$859,603	\$863,414
10	Public Works Administration											
	% of Public Works Administration Costs recaptured by fees	Cost Recovery Portion 100%	\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,030	\$285,093
11	Public Works (Site Development Services)											
	County Engineer and Surveyor											
	% of total costs funded by General Fund Revenues	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	% of total costs funded by Restricted Revenues	100%	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	\$2,513,417
	Total Public Works (Site Development Services)		\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214	\$2,513,417
12	Fines and Penalties											
	Fines per Capita	\$1.00	\$35,959	\$38,387	\$41,321	\$43,749	\$44,963	\$46,683	\$47,897	\$49,111	\$50,325	\$51,539
	Total Fines and Penalties		\$35,959	\$38,387	\$41,321	\$43,749	\$44,963	\$46,683	\$47,897	\$49,111	\$50,325	\$51,539
13	Park and Facility Use Revenue	See Table C-9	\$147,940	\$149,420	\$250,914	\$252,423	\$253,947	\$255,487	\$257,042	\$258,612	\$260,198	\$261,773

B-3

**Table B-2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Revenue Estimate Notes**

**LAFCO Approved Boundary
Current VLF Methodology**

Ref. No.	Item	Assumptions	Fiscal Year Ending								
			2007	2008	2009	2010	2011	2012	2013	2014	2015
14	Recreation Fees and Charges	See Table C-9	\$1,035,610	\$1,105,563	\$1,190,095	\$1,260,048	\$1,295,024	\$1,344,579	\$1,379,556	\$1,414,532	\$1,449,509
15	State Motor Vehicle License Fees [3]										
	Relevant population for calculation		35,959	38,387	41,321	43,749	44,963	46,683	47,897	49,111	50,325
	Per capita lic. fees provided by State Controller	\$5.17	\$185,783	\$198,327	\$213,486	\$226,030	\$232,302	\$241,189	\$247,461	\$253,733	\$260,005
16	Investment Earnings	Interest Rate: 1.08%									
	Subtotal All General Fund Rev. (excl. invest. earnings)	Current Fiscal Year Revenues	\$11,611,893	\$14,001,206	\$15,281,405	\$16,535,239	\$17,468,962	\$18,002,841	\$18,498,470	\$19,156,798	\$19,784,609
	Earnings on Current Year Revenues	Percent for Current Year: 0.50%	\$58,059	\$70,006	\$76,407	\$82,676	\$87,345	\$90,014	\$92,492	\$95,784	\$98,923
	Earnings on Fund Balance	Percent for Fund Balance: 1.08%	\$13,519	\$61,787	\$51,646	\$46,288	\$52,110	\$64,208	\$77,474	\$101,406	\$128,995
		<i>Assume above earnings on a maximum of \$20 million fund balance</i>									
	Subtotal Interest Earnings		\$71,578	\$131,793	\$128,053	\$128,965	\$139,455	\$154,222	\$169,967	\$197,190	\$227,918
17	Road Fund - Gas Taxes	FY 2003-04 Revenue Estimates									
	Highway User Tax 2105 [4]	\$6.28 / capita	\$364,598	\$364,598	\$364,598	\$364,598	\$364,598	\$364,598	\$364,598	\$308,613	\$316,242
	Highway User Tax 2106 (a)	\$4,800 / year	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
	Highway User Tax 2106 (c) [4]	\$5.73 / capita	\$332,612	\$332,612	\$332,612	\$332,612	\$332,612	\$332,612	\$332,612	\$281,539	\$288,499
	Highway User Tax 2107 [4]	\$8.11 / capita	\$470,538	\$470,538	\$470,538	\$470,538	\$470,538	\$470,538	\$470,538	\$398,286	\$408,132
	Highway User Tax 2107.5 (c) [5]	Per Year	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$7,500
	Total Gas Taxes		\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$1,178,548	\$999,239	\$1,025,173
18	Road Fund Property Tax to City										
	Base Property Tax	See Table B-3	\$1,551,353	\$1,551,353	\$1,738,773	\$1,926,745	\$2,127,911	\$2,316,939	\$2,420,487	\$2,537,437	\$2,641,704
	Property Tax Increment From County	2.69%	\$0	\$181,368	\$181,902	\$194,670	\$182,923	\$100,205	\$113,174	\$100,899	\$101,305
	Prop. Tax Increment From Various CSDs for Road Maint.	0.09%	\$0	\$6,052	\$6,070	\$6,496	\$6,104	\$3,344	\$3,777	\$3,367	\$3,381
	Gross Subtotal to City		\$1,551,353	\$1,738,773	\$1,926,745	\$2,127,911	\$2,316,939	\$2,420,487	\$2,537,437	\$2,641,704	\$2,746,390
	Less Prop. Tax Admin. Fees	2.21% of Gross Subtotal	(\$34,228)	(\$38,363)	(\$42,510)	(\$46,949)	(\$51,119)	(\$53,404)	(\$55,984)	(\$58,285)	(\$60,595)
	Net Road Fund Property Tax to City		\$1,517,125	\$1,700,410	\$1,884,235	\$2,080,962	\$2,265,819	\$2,367,083	\$2,481,453	\$2,583,419	\$2,685,795
19	Transit Fund - TDA Revenue to Road Fund [6]	FY 2003-04 Estimate									
		\$81,233									
		\$2.88 / capita	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Road Maintenance Funds Available (17+18+19)		\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968
20	Landscaping and Lighting Fund	Equals 100% of Costs	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152
21	Drainage Maintenance Services	Equals 100% of Costs	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103
	CSA No. 9 Zones of Benefit										

Source: EPS.

rev_notes

- [1] Sales tax estimate as of October 28, 2004.
- [2] It is anticipated that the City will receive the share of unitary tax formerly received by the County for the proposed incorporation area. As a conservative assumption, this source of revenue was held constant because the County advised there was no logical method to determine future revenue growth.
- [3] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximately \$3,180,881 in FY 2006-07 if there are no changes to the current legislation.
- [4] Uses proxy population shown in **Table A-7** for the first seven years after incorporation.
- [5] Section 2107.5 (c) based on city population. Annual amount equals \$6,000 for population between 25,000 and 49,999, and \$7,500 for populations between 50,000 and 99,999.
- [6] Because of uncertainties regarding future revenue from TDA funds, the CFA conservatively projects \$0 in ongoing TFA fund revenue.

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**Table B-3
El Dorado Hills Incorporator
Comprehensive Fiscal Analysis
Calculation of Property Tax Transfer**

LAFCO Approved Boundary
Current VLF Methodology

A. Transfer of Tax Base	Post-ERAF
1. Total Expenditures Subject to Transfer - See Table B-4	\$3,554,238
2. County Auditor's Ratio 2003-04	59.73%
3. Property Tax Base Transferred from County	\$2,122,822
4. Property Tax Base Transferred from Special Districts	Tax Base Transferred to:
El Dorado Hills CSD	General Fund \$2,829,135
County Roads	Road Fund \$1,053,978
Springfield Meadows CSD	Road Fund <u>\$35,171</u>
Subtotal Special Districts	\$3,918,284
5. Total Property Tax Base	\$6,041,106
<hr/>	
B. Calculation of Tax Allocation Factor (TAF)	
1. Assessed Value (FY 2003-04)	\$3,922,050,549
Assessed Value (FY 2006-07)	\$5,586,455,914
Change from FY 2003-04 to FY 2006-07	42.44%
2. Total Property Tax Collected FY 2006-07 (@ 1% AV)	\$55,864,559
3. FY 2003-04 Property Tax Base Transferred from County	\$2,122,822
FY 2006-07 Property Tax Base Transfer from County	\$3,023,686
(FY 2003-04 Base Escalated by A.V. Change from FY 2003-04 to FY 2006-07)	
4. FY 2003-04 Property Tax Base Transferred from Special Districts	\$2,829,135
FY 2006-07 Property Tax Base Transfer from Special Districts	\$4,029,738
(FY 2003-04 Base Escalated by A.V. Change from FY 2003-04 to FY 2006-07)	
5. Total FY 2006-07 Property Tax Base to General Fund	\$7,053,425
6. Implied FY 2006-07 Tax Allocation Factor (Property Tax Base from County)	5.41%
7. Implied FY 2006-07 Tax Allocation Factors from Special Districts to City General Fund	
El Dorado Hills CSD	7.21%
Subtotal Special Districts to City General Fund	7.21%
8. Total Tax Allocation Factor to City General Fund (6+7)	12.63%
9. FY 2003-04 Property Tax Base Transferred from Special Districts to City Road Fund	\$1,089,149
FY 2006-07 Property Tax Base Transfer from Special Districts to City Road Fund	\$1,551,353
(FY 2003-04 Base Escalated by A.V. Change from FY 2003-04 to FY 2006-07)	
10. Implied FY 2006-07 Tax Allocation Factors from Special Districts to City Road Fund	
County Roads	2.69%
Springfield Meadows CSD	<u>0.09%</u>
Total Tax Allocation Factor to Road Fund	2.78%

"prop_tax_transfer"

Source: El Dorado County Departments of Auditor-Controller; Planning, Transportation, Surveyor, Sheriff, and Public Health.

Table B-4
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Calculation of Net General Fund County Cost by Department - Gov't Code Section 56810

LAFCO Approved Boundary Current VLF Methodology
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Item	Gross Cost	Indirect Cost Above Cost Est.	Total Cost [1]	Offsetting Revenue [2]	Net General Fund Cost
County Departments Directly Transferring Services to New City					
Sheriff [2]	\$2,156,590	\$540,012	\$2,696,602	\$546,001	\$2,150,601
Animal Control	\$225,962	\$72,297	\$298,258	\$108,441	\$189,817
General Services (impact fee collection cost)	\$879	\$0	\$879	\$0	\$879
Environmental Management Department	N/A	N/A	\$138,089	\$74,550	\$63,539
Planning	\$850,934	\$107,358	\$958,292	\$223,874	\$734,419
Economic Development	N/A	N/A	\$35,000	\$0	\$35,000
Building Dept. [3]	\$2,181,307	\$143,988	\$2,325,295	\$2,325,295	\$0
Dept. of Trans. (County Engineer) [4]	N/A	N/A	\$1,225,656	\$1,149,106	\$76,550
County Surveyor	\$128,077	\$19,993	\$148,070	\$74,300	\$73,770
Non-Departmental Costs					
Property Tax Assessment and Collection by County Depts.	N/A	N/A	\$64,647	\$0	\$64,647
Booking Fees	N/A	N/A	<u>\$18,037</u>	<u>\$0</u>	<u>\$18,037</u>
Subtotal	\$5,543,749	\$883,649	\$7,908,827	\$4,501,568	\$3,407,259
County General Purpose Support of Other Functions					
Board of Supervisors	\$86,538	\$17,384	\$103,922	\$4,497	\$99,425
Gen Serv/CSA #9 (Gen. Purp. only)	\$0	\$3,740	\$3,740	\$0	\$3,740
Community Services Districts	<u>\$0</u>	<u>\$43,815</u>	<u>\$43,815</u>	<u>\$0</u>	<u>\$43,815</u>
Subtotal	\$86,538	\$64,938	\$151,476	\$4,497	\$146,979
Total Gen. Purpose County Costs of Services Provided to Area	\$5,630,287	\$948,586	\$8,060,303	\$4,506,064	\$3,554,238

"net_cost"

Source: El Dorado County Auditor-Controller.

- [1] Total Cost may not equal the sum of prior columns because information for the prior columns may not have been available (i.e., shown as "N/A").
- [2] Offsetting revenues include restricted revenues received by the County, some of which does not transfer to the new City (such as Public Safety Sales Tax).
- [3] Building dept. revenues exceeded costs for FY 03-04. Net county cost shown as zero as the timing of revenue collections may not match when expenditures take place.
- [4] It is assumed that all Department of Transportation (excluding the County Engineer) costs transferred are offset by dedicated revenues.

**Table B-5
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 County Property Tax as a Percentage of Revenue
 Available for General Purposes [1]**

LAFCO Approved Boundary
Current VLF Methodology

Item	2003-04 Revenues
Property Tax Revenues	
Current Secured	\$35,428,703
Current Unsecured	\$778,476
Prior Secured	\$33,938
Prior Unsecured	(\$7,884)
Supplemental Current	\$1,179,505
Supplemental Prior	\$783,466
State Aid - Homeowner's Exemption	<u>\$603,355</u>
Total Property Tax Revenues	\$38,799,559
OTHER GENERAL PURPOSE REVENUE	
Department 15 General Purpose Revenues	
Sales and Use Tax	\$8,374,664
Transient Occupancy Tax	\$1,020,681
Race Horse Tax	\$96
Timber Yield Tax	\$145,558
Franchise: Garbage	\$626,970
Franchise: Cable	\$389,748
Franchise: Public Utility	\$871,914
Penalty and Cost Delinquent Taxes	\$375,527
Interest Revenue	\$514,258
Rent: Land and Buildings	\$65,303
State Motor Vehicle In Lieu Taxes	\$8,403,880
State Vehicle License Collection	\$66,131
State Open Space Subvention	\$43,320
State Off Highway Motor Vehicle License	\$3,991
Federal Grazing Fee	\$104
Federal In Lieu Taxes	\$201,119
Court Motion Fee	\$40,499
Court Traffic Civil Fee	\$256,987
A87 Reimbursements	\$1,044
Operating Transfer	\$1,714,768
Miscellaneous Revenue	\$10,518
Unclaimed Cash	<u>\$103,192</u>
Subtotal Dept. 15 General Purpose Revenues	\$23,230,272
Other General Purpose Revenues	
Real Property Transfer Tax	\$2,932,230
Subtotal Other General Purpose Revenues	\$2,932,230
Total Net Revenue Available for General Purposes	\$64,962,061
Prop. Tax as % of General Purpose Revenues	59.73%

"AC_det"

Source: El Dorado County Auditor-Controller.

[1] Auditor's Determination calculated by the County of El Dorado Auditor-Controller's office as of February 4, 2005.

APPENDIX C

EXPENDITURE-ESTIMATING TABLES

Table C-1	Annual Expenditure Estimate.....	C-1
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Table C-10	Law Enforcement Cost Estimates.....	C-14

Table C-1
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Annual Expenditure Estimate (2004\$)

LAFCO Approved Boundary
 Current VLF Methodology

Item	Note [1]	Fiscal Year Ending								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL FUND EXPENDITURES										
City Council	1	\$188,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000
Elections	2	\$72,590	\$55,350	\$0	\$63,080	\$0	\$67,310	\$0	\$70,810	\$0
City Manager	3	\$440,000	\$663,681	\$691,878	\$694,588	\$697,311	\$700,047	\$702,798	\$705,562	\$708,339
City Clerk	4	\$206,375	\$212,584	\$213,422	\$214,264	\$215,110	\$215,961	\$216,815	\$217,675	\$218,538
City Attorney	5	\$700,000	\$703,500	\$707,018	\$710,553	\$714,105	\$717,676	\$721,264	\$724,871	\$728,495
Finance	6	\$295,000	\$486,171	\$488,102	\$490,043	\$580,746	\$583,150	\$585,565	\$587,993	\$680,975
Administrative Services	7	\$328,125	\$491,599	\$548,377	\$579,956	\$648,821	\$684,913	\$687,738	\$690,577	\$693,430
Property Tax Administration	8	\$155,622	\$172,812	\$190,052	\$208,502	\$225,839	\$235,337	\$246,063	\$255,626	\$265,227
Police	9	\$136,000	\$4,591,250	\$4,939,418	\$5,091,540	\$5,235,601	\$5,439,707	\$5,583,769	\$5,727,830	\$5,871,891
LAFCO	10	\$54,955	\$58,665	\$63,149	\$66,860	\$68,715	\$71,344	\$73,199	\$75,054	\$76,910
Animal Control	11	\$0	\$243,522	\$261,264	\$282,640	\$300,744	\$310,634	\$324,130	\$334,222	\$344,406
Environmental Health	12	\$0	\$90,916	\$97,865	\$103,616	\$106,491	\$110,565	\$113,440	\$116,315	\$119,191
Planning	13	\$122,500	\$818,476	\$910,850	\$1,120,864	\$1,125,868	\$1,130,898	\$1,135,952	\$1,141,032	\$1,146,137
Code Enforcement	14	\$80,250	\$80,576	\$80,904	\$81,234	\$81,565	\$81,898	\$82,232	\$82,568	\$82,906
Public Works Administration	16	\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036
Parks and Recreation	18	\$2,647,602	\$2,773,369	\$3,125,346	\$3,251,113	\$3,313,997	\$3,403,091	\$3,465,974	\$3,528,858	\$3,591,741
Non-Departmental										
Office Rent/Supplies	19	\$342,000	\$423,000	\$335,000	\$330,000	\$329,000	\$315,000	\$310,000	\$310,000	\$322,000
Insurance	20	\$357,064	\$357,064	\$383,350	\$402,618	\$413,331	\$426,491	\$432,115	\$441,749	\$449,857
Jail Booking Fees	21	\$0	\$24,575	\$26,379	\$28,071	\$28,746	\$29,987	\$30,662	\$31,452	\$32,242
Loan Repayment to EID	25	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gen. Plan and Code Dev	22	\$50,000	\$425,000	\$425,000	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Departmental		\$774,064	\$1,229,639	\$1,169,729	\$760,689	\$771,077	\$771,478	\$772,777	\$783,201	\$804,099
Contingency	23	\$319,304	\$656,588	\$697,404	\$709,064	\$727,439	\$749,393	\$758,831	\$775,408	\$789,966
County Loan Repayment	24	\$0	\$754,864	\$732,877	\$711,531	\$690,807	\$670,687	\$0	\$0	\$0
Total General Fund Expenditures		\$6,705,386	\$14,543,220	\$15,378,352	\$15,601,875	\$15,967,025	\$16,407,930	\$15,935,449	\$16,283,566	\$16,589,287
ROAD MAINTENANCE EXPENDITURES										
(EXCLUDES NEW CAPITAL)										
Road Maintenance Expenditures Total	27	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,960,029	\$2,019,575	\$2,079,120	\$2,138,666
OTHER RESTRICTED FUND EXPENDITURES										
Building Inspection	15	\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700
Public Works - Site Development Services	17	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214
Landscaping and Lighting Districts	26	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152
Drainage Maintenance Services	28	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103
Total Other Restricted Fund Expenditures		\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169
TOTAL EXPENDITURES ALL FUNDS		\$9,021,542	\$20,875,310	\$22,591,853	\$22,628,987	\$22,259,321	\$23,433,212	\$22,625,916	\$23,139,217	\$23,610,122

"exp_summary"

Source: EPS.

[1] Reference Notes are included in Table C-2.

Table C-2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Expenditure Estimate Notes

LAFCO Approved Boundary
Current VLF Methodology

Ref. Item	Description	Assumptions	Fiscal Year Ending									
			2007	2008	2009	2010	2011	2012	2013	2014	2015	
1	City Council (incl. Mayor)	5 persons										
	Stipend	\$600 / month	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
	Expenses (travel, meetings)	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
	Memberships	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	Other Materials, Supplies [1]	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
	City Council Expenses		\$188,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000
2	Elections											
	Number of Registered Voters	See Table A-7	20,740	22,140	23,832	25,232	25,932	26,924	27,624	28,324	29,024	
	Regular General Election	\$2.50 per registered voter	\$0	\$55,350	\$0	\$63,080	\$0	\$67,310	\$0	\$70,810	\$0	
	Special Election [2]	\$3.50 per registered voter	\$72,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Total Elections		\$72,590	\$55,350	\$0	\$63,080	\$0	\$67,310	\$0	\$70,810	\$0	
3	City Manager	See Table C-3	\$440,000	\$663,681	\$691,878	\$694,588	\$697,311	\$700,047	\$702,798	\$705,562	\$708,339	
4	City Clerk	See Table C-3	\$206,375	\$212,584	\$213,422	\$214,264	\$215,110	\$215,961	\$216,815	\$217,675	\$218,538	
5	City Attorney - Contracted Service	\$700,000 per year Real Increase: 0.5%	\$700,000	\$703,500	\$707,018	\$710,553	\$714,105	\$717,676	\$721,264	\$724,871	\$728,495	
6	Finance	See Table C-4	\$295,000	\$486,171	\$488,102	\$490,043	\$580,746	\$583,150	\$585,565	\$587,993	\$680,975	
7	Administrative Services	See Table C-5	\$328,125	\$491,599	\$548,377	\$579,956	\$648,821	\$684,913	\$687,738	\$690,577	\$693,430	
8	Property Tax Administration	2.21% of gross prop. tax	\$155,622	\$172,812	\$190,052	\$208,502	\$225,839	\$235,337	\$246,063	\$255,626	\$265,227	
9	Law Enforcement	See Table C-10	\$136,000	\$4,591,250	\$4,939,418	\$5,091,540	\$5,235,601	\$5,439,707	\$5,583,769	\$5,727,830	\$5,871,891	
10	LAFCO	FY 03-04 Estimate: \$43,050 \$1.53 / capita	\$54,955	\$58,665	\$63,149	\$66,860	\$68,715	\$71,344	\$73,199	\$75,054	\$76,910	
11	Animal Control (contract)	\$6.74 (net cost) / capita Real Increase: 0.5%	\$0	\$243,522	\$261,264	\$282,640	\$300,744	\$310,634	\$324,130	\$334,222	\$344,406	
12	Environmental Health	FY 03-04 Net Cost: \$63,539 Plus 5% Admin. Costs: \$66,716 \$2.37 / capita	\$0	\$90,916	\$97,865	\$103,616	\$106,491	\$110,565	\$113,440	\$116,315	\$119,191	
13	Planning - Contract or Staff	See Table C-6	\$122,500	\$818,476	\$910,850	\$1,120,864	\$1,125,868	\$1,130,898	\$1,135,952	\$1,141,032	\$1,146,137	

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Table C-2
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Expenditure Estimate Notes

LAFCO Approved Boundary
 Current VLF Methodology

Ref. Item	Description	Assumptions	Fiscal Year Ending								
			2007	2008	2009	2010	2011	2012	2013	2014	2015
14	Code Enforcement [3]	1.0 Full Time Equivalent (FTE)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Salary	\$45,000	\$45,000	\$45,225	\$45,451	\$45,678	\$45,907	\$46,136	\$46,367	\$46,599	\$46,832
	Benefits	45%	\$20,250	\$20,351	\$20,453	\$20,555	\$20,658	\$20,761	\$20,865	\$20,969	\$21,074
	Supplies	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
	Total Code Enforcement	Real Increase: 0.5%	\$80,250	\$80,576	\$80,904	\$81,234	\$81,565	\$81,898	\$82,232	\$82,568	\$82,906
15	Building Inspection - Contract or Staff										
	Residential development	\$2,000 per unit	\$0	\$1,800,000	\$2,300,000	\$1,800,000	\$900,000	\$1,400,000	\$900,000	\$900,000	\$900,000
	Nonresidential development	\$0.42 per sq. ft.	\$0	\$98,700	\$98,700	\$98,700	\$98,700	\$98,700	\$98,700	\$98,700	\$98,700
	Other Permit Activity	\$50,000 per year	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
	Total Building Inspection		\$0	\$1,948,700	\$2,448,700	\$1,948,700	\$1,048,700	\$1,548,700	\$1,048,700	\$1,048,700	\$1,048,700
16	Public Works Administration	See Table C-7	\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036
17	Site Development Services	See Table C-7									
	General Fund Funded	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Restricted Revenue Funded	100%	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214
	Total Site Development Services		\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214
18	Parks and Recreation	See Table C-9	\$2,647,602	\$2,773,369	\$3,125,346	\$3,251,113	\$3,313,997	\$3,403,091	\$3,465,974	\$3,528,858	\$3,591,741
19	Office Rent/Supplies										
	Temporary Rental	\$2.00 sq. ft./month									
	Capacity for 35.0 F.T.E's	10,500 sq. ft.									
	at 300 sq. ft. per employee	Real Increase: 0.0%	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000	\$252,000
	FTEs (excludes contract employees)	(Excludes Parks Department)	7.50	20.50	24.00	26.50	28.50	29.00	29.00	29.00	30.00
	Annual Supplies	\$2,000 per FTE	\$15,000	\$41,000	\$48,000	\$53,000	\$57,000	\$58,000	\$58,000	\$58,000	\$60,000
	Initial Computers, and Furnishings	\$10,000 per FTE	\$75,000	\$130,000	\$35,000	\$25,000	\$20,000	\$5,000	\$0	\$0	\$10,000
	Total Office Rent and Supplies		\$342,000	\$423,000	\$335,000	\$330,000	\$329,000	\$315,000	\$310,000	\$310,000	\$322,000
20	Insurance	3.0% of Total GF Expenses excluding non-department costs	\$357,064	\$357,064	\$383,350	\$402,618	\$413,331	\$426,491	\$432,115	\$441,749	\$449,857
21	Jail Booking Fees										
	Estimated Annual Book and Release	4.30 Bookings / 1,000 Population	154	165	177	188	193	201	206	211	216
	Estimated Annual Book and House	1.38 Bookings / 1,000 Population	50	53	57	61	62	65	66	68	70
	Jail Book and Release Fees	\$112 per booking	\$0	\$18,480	\$19,824	\$21,056	\$21,616	\$22,512	\$23,072	\$23,632	\$24,192
	Jail Book and House Fees	\$115 per booking	\$0	\$6,095	\$6,555	\$7,015	\$7,130	\$7,475	\$7,590	\$7,820	\$8,050
	Total Jail Booking Fees		\$0	\$24,575	\$26,379	\$28,071	\$28,746	\$29,987	\$30,662	\$31,452	\$32,242
22	General Plan and Code Development		\$50,000	\$425,000	\$425,000	\$0	\$0	\$0	\$0	\$0	\$0
23	Contingency	Based on 5.0% of Total GF Costs Excluding Contingency	\$319,304	\$656,588	\$697,404	\$709,064	\$727,439	\$749,393	\$758,831	\$775,408	\$789,966

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**Table C-2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Expenditure Estimate Notes**

**LAFCO Approved Boundary
Current VLF Methodology**

Ref. Item	Description	Assumptions	Fiscal Year Ending									
			2007	2008	2009	2010	2011	2012	2013	2014	2015	
24	County Repayment											
	Initial FY 2006-07 Services											
	Sheriff (includes Traffic Enforce.) [4]		FY 2003-04 Totals	Per Capita Costs	FY 2006-07 Loan Total							
	Animal Control (net of revenue)		\$2,150,601	\$76.35	\$2,745,339							
	General Services		\$189,817	\$6.74	\$242,310							
	Environmental Management Department		\$879	\$0.03	\$1,122							
	Planning		\$63,539	\$2.26	\$81,110							
	Building Inspection		\$734,419	\$26.07	\$937,519							
	Site Development (Engineer & Surveyor)		\$0	\$0.00	\$0							
	Less Sales Tax (first 3 months)		\$150,320	\$5.34	\$191,890							
	Less Property Tax		N/A	N/A	(\$435,036)							
	Total		\$3,289,575	\$116.78	\$3,764,255							
	Total Inflated			(Inflated \$)	\$4,113,303							
	Loan Repayment [4]	5 years 1.08% nominal rate	\$0	\$849,606	\$849,606	\$849,606	\$849,606	\$849,606	\$0	\$0	\$0	\$0
	Loan Repayment [5] (2004 \$)		\$0	\$754,864	\$732,877	\$711,531	\$690,807	\$670,687	\$0	\$0	\$0	\$0
25	EID Repayment	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Lighting and Landscaping Districts	See Table C-9	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717	\$1,296,152	\$1,296,152
27	Road Fund - Road Maintenance											
	Cumulative Res. Units		2,950	3,850	5,000	5,900	6,350	7,050	7,500	7,950	8,400	
	Cumulative Non-Res. Sq. Ft.		705,000	940,000	1,175,000	1,410,000	1,645,000	1,880,000	2,115,000	2,350,000	2,585,000	
	Existing Road Miles	122 miles	122	122	122	122	122	122	122	122	122	
	Road Miles from New Development											
	Cumul. Road Miles from Res. Dev.	0.01 / per unit	30	39	50	59	64	71	75	80	84	
	Cumul. Road Miles from Non-Res. Dev.	0.0075 / per 1,000 sq. ft.	5	7	9	11	12	14	16	18	19	
	Subtotal Cumulative Road Miles		35	46	59	70	76	85	91	97	103	
	Cumulative Publicly Maintained Road Miles		156	167	180	191	197	206	212	219	225	
	Estimated Road Maintenance Expenditures	Countywide Cost at \$9,508 / Road Mile	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,960,029	\$2,019,575	\$2,079,120	\$2,138,666	
28	Drainage Maintenance Services	29 Zones of Benefit										
		\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103	\$83,103

El Dorado County retains the first 3 months of Sales Tax revenue.

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Source: EPS.

exp_notes

- [1] Includes \$5,000 in additional allocated expenditures during the first year of incorporation.
- [2] Special election is required if cityhood election is not done during regularly scheduled election. Cost of Special Election is greater than a regular election.
- [3] Assumes code enforcement will be handled by two full-time employee. Analysis assumes the cost of one code enforcement FTE offset by revenues collected from previous EDHCSD parcel tax collected for CC&R enforcement.
- [4] No traffic enforcement cost is borrowed during the first year. The California Highway Patrol will provide up to 12 months of traffic enforcement without charge to a new city following incorporation.
- [5] El Dorado County Treasurer's net yield for FY 2003-04 was 1.08%.

Table C-3
El Dorado Hills Incorporator
Comprehensive Fiscal Analysis
City Manager and City Clerk Cost Estimates

LAFCO Approved Boundary
Current VLF Methodology

Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
City Manager Office											
City Manager		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$150,000	Real Inc. 0.5%	\$150,000	\$150,750	\$151,504	\$152,261	\$153,023	\$153,788	\$154,557	\$155,329	\$156,106
Benefits	45%		\$67,500	\$67,838	\$68,177	\$68,518	\$68,860	\$69,204	\$69,550	\$69,898	\$70,248
Subtotal			\$217,500	\$218,588	\$219,680	\$220,779	\$221,883	\$222,992	\$224,107	\$225,228	\$226,354
Assistant to City Manager - FTE		0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$135,000	Real Inc. 0.5%	\$0	\$135,675	\$136,353	\$137,035	\$137,720	\$138,409	\$139,101	\$139,796	\$140,495
Benefits	45%		\$0	\$61,054	\$61,359	\$61,666	\$61,974	\$62,284	\$62,595	\$62,908	\$63,223
Subtotal			\$0	\$196,729	\$197,712	\$198,701	\$199,694	\$200,693	\$201,696	\$202,705	\$203,718
Admin. Secretary - FTE		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$50,000	Real Inc. 0.5%	\$50,000	\$50,250	\$50,501	\$50,754	\$51,008	\$51,263	\$51,519	\$51,776	\$52,035
Benefits	45%		\$22,500	\$22,613	\$22,726	\$22,839	\$22,953	\$23,068	\$23,183	\$23,299	\$23,416
Subtotal			\$72,500	\$72,863	\$73,227	\$73,593	\$73,961	\$74,331	\$74,702	\$75,076	\$75,451
Administrative/Clerical - FTE		0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$35,000	Real Inc. 0.5%	\$0	\$17,588	\$35,351	\$35,528	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425
Benefits	45%		\$0	\$7,914	\$15,908	\$15,987	\$16,067	\$16,148	\$16,228	\$16,310	\$16,391
Subtotal			\$0	\$25,502	\$51,259	\$51,515	\$51,773	\$52,032	\$52,292	\$52,553	\$52,816
FTE Summary			2.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Personnel Subtotal			\$290,000	\$513,681	\$541,878	\$544,588	\$547,311	\$550,047	\$552,798	\$555,562	\$558,339
Other Costs - Materials & Supplies	\$150,000	Real Inc. 0.0%	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Total City Manager Office Expenses			\$440,000	\$663,681	\$691,878	\$694,588	\$697,311	\$700,047	\$702,798	\$705,562	\$708,339

**Table C-3
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 City Manager and City Clerk Cost Estimates**

LAFCO Approved Boundary

Current VLF Methodology

Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
City Clerk Office											
City Clerk - FTE		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$80,000 Real Inc. 0.5%	\$80,000	\$80,400	\$80,802	\$81,206	\$81,612	\$82,020	\$82,430	\$82,842	\$83,257	
Benefits	45%	<u>\$36,000</u>	<u>\$36,180</u>	<u>\$36,361</u>	<u>\$36,543</u>	<u>\$36,725</u>	<u>\$36,909</u>	<u>\$37,094</u>	<u>\$37,279</u>	<u>\$37,465</u>	
Subtotal		\$116,000	\$116,580	\$117,163	\$117,749	\$118,337	\$118,929	\$119,524	\$120,121	\$120,722	
Administrative/Clerical - FTE		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$35,000 Real Inc. 0.5%	\$17,500	\$35,175	\$35,351	\$35,528	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425	
Benefits	45%	<u>\$7,875</u>	<u>\$15,829</u>	<u>\$15,908</u>	<u>\$15,987</u>	<u>\$16,067</u>	<u>\$16,148</u>	<u>\$16,228</u>	<u>\$16,310</u>	<u>\$16,391</u>	
Subtotal		\$25,375	\$51,004	\$51,259	\$51,515	\$51,773	\$52,032	\$52,292	\$52,553	\$52,816	
FTE Summary		1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Personnel Subtotal		\$141,375	\$167,584	\$168,422	\$169,264	\$170,110	\$170,961	\$171,815	\$172,675	\$173,538	
Other Costs [1]											
Legal Notices	\$20,000 Real Inc. 0.0%	\$30,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Other Costs	\$25,000 Real Inc. 0.0%	<u>\$35,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>
Subtotal Other Costs		\$65,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Total City Clerk Office Expenses		\$206,375	\$212,584	\$213,422	\$214,264	\$215,110	\$215,961	\$216,815	\$217,675	\$218,538	

Source: EPS.

"city_mgr"

[1] Includes \$10,000 in additional allocated expenditures during the first year of incorporation.

Table C-4
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Finance Department Cost Estimates

LAFCO Approved Boundary
 Current VLF Methodology

Description	Assumptions		Fiscal Year Ending								
			2007	2008	2009	2010	2011	2012	2013	2014	2015
Finance Department											
Finance Manager - FTE			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$100,000	Real Inc. 0.5%	\$100,000	\$100,500	\$101,003	\$101,508	\$102,015	\$102,525	\$103,038	\$103,553	\$104,071
Benefits	45%		\$45,000	\$45,225	\$45,451	\$45,678	\$45,907	\$46,136	\$46,367	\$46,599	\$46,832
Subtotal			\$145,000	\$145,725	\$146,454	\$147,186	\$147,922	\$148,661	\$149,405	\$150,152	\$150,903
Accountant/Budget Analyst - FTE			0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$70,000	Real Inc. 0.5%	\$0	\$70,350	\$70,702	\$71,055	\$71,411	\$71,768	\$72,126	\$72,487	\$72,849
Benefits	45%		\$0	\$31,658	\$31,816	\$31,975	\$32,135	\$32,295	\$32,457	\$32,619	\$32,782
Subtotal			\$0	\$102,008	\$102,518	\$103,030	\$103,545	\$104,063	\$104,583	\$105,106	\$105,632
Accounting Technician - FTE			0.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0
Annual Salary	\$60,000	Real Inc. 0.5%	\$0	\$60,300	\$60,602	\$60,905	\$122,418	\$123,030	\$123,645	\$124,264	\$187,327
Benefits	45%		\$0	\$27,135	\$27,271	\$27,407	\$55,088	\$55,364	\$55,640	\$55,919	\$84,297
Subtotal			\$0	\$87,435	\$87,872	\$88,312	\$177,506	\$178,394	\$179,286	\$180,182	\$271,625
Administrative/Clerical - FTE			0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$35,000	Real Inc. 0.5%	\$0	\$35,175	\$35,351	\$35,528	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425
Benefits	45%		\$0	\$15,829	\$15,908	\$15,987	\$16,067	\$16,148	\$16,228	\$16,310	\$16,391
Subtotal			\$0	\$51,004	\$51,259	\$51,515	\$51,773	\$52,032	\$52,292	\$52,553	\$52,816
FTE Summary			1.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	6.0
Personnel Subtotal			\$145,000	\$386,171	\$388,102	\$390,043	\$480,746	\$483,150	\$485,565	\$487,993	\$580,975
Other Costs [1]	\$100,000	Real Inc. 0.0%	\$150,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Finance Department Expenses			\$295,000	\$486,171	\$488,102	\$490,043	\$580,746	\$583,150	\$585,565	\$587,993	\$680,975

city_finance

Source: EPS.

[1] Includes \$50,000 in additional allocated expenditures during the first year of incorporation.

Table C-5
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Administrative Services Cost Estimates

LAFCO Approved Boundary
 Current VLF Methodology

Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
ADMINISTRATIVE SERVICES											
Human Resources											
Human Resources - FTE		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$95,000 Real Inc. 0.5%	\$47,500	\$95,475	\$95,952	\$96,432	\$96,914	\$97,399	\$97,886	\$98,375	\$98,867	\$98,867
Benefits	45%	\$21,375	\$42,964	\$43,179	\$43,394	\$43,611	\$43,829	\$44,049	\$44,269	\$44,490	\$44,490
Subtotal		\$68,875	\$138,439	\$139,131	\$139,827	\$140,526	\$141,228	\$141,935	\$142,644	\$143,357	\$143,357
Admin. Analyst/H.R. Tech. - FTE		0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5
Annual Salary	\$45,000 Real Inc. 0.5%	\$0	\$0	\$0	\$0	\$22,953	\$23,068	\$23,183	\$23,299	\$23,416	\$23,416
Benefits	45%	\$0	\$0	\$0	\$0	\$10,329	\$10,381	\$10,433	\$10,485	\$10,537	\$10,537
Subtotal		\$0	\$0	\$0	\$0	\$33,282	\$33,449	\$33,616	\$33,784	\$33,953	\$33,953
Administrative/Clerical - FTE		0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Annual Salary	\$35,000 Real Inc. 0.5%	\$0	\$0	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212	\$18,212
Benefits	45%	\$0	\$0	\$7,954	\$7,994	\$8,034	\$8,074	\$8,114	\$8,155	\$8,196	\$8,196
Subtotal		\$0	\$0	\$25,629	\$25,758	\$25,886	\$26,016	\$26,146	\$26,277	\$26,408	\$26,408
Other Costs [1]	\$60,000 Real Inc. 0.0%	\$80,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Human Resources Subtotal		\$148,875	\$198,439	\$224,760	\$225,584	\$259,694	\$260,693	\$261,696	\$262,705	\$263,718	\$263,718
Information Services											
Information Services - FTE		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$65,000 Real Inc. 0.5%	\$65,000	\$65,325	\$65,652	\$65,980	\$66,310	\$66,641	\$66,975	\$67,309	\$67,646	\$67,646
Benefits	45%	\$29,250	\$29,396	\$29,543	\$29,691	\$29,839	\$29,989	\$30,139	\$30,289	\$30,441	\$30,441
Subtotal		\$94,250	\$94,721	\$95,195	\$95,671	\$96,149	\$96,630	\$97,113	\$97,599	\$98,087	\$98,087
Information Services Technician - FTE		0.0	0.0	0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$45,000 Real Inc. 0.5%	\$0	\$0	\$0	\$0	\$22,953	\$46,136	\$46,367	\$46,599	\$46,832	\$46,832
Benefits	45%	\$0	\$0	\$0	\$0	\$10,329	\$20,761	\$20,865	\$20,969	\$21,074	\$21,074
Subtotal		\$0	\$0	\$0	\$0	\$33,282	\$66,898	\$67,232	\$67,568	\$67,906	\$67,906
Other Costs [1]	\$40,000 Real Inc. 0.0%	\$60,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Information Services Subtotal		\$154,250	\$134,721	\$135,195	\$135,671	\$169,432	\$203,528	\$204,345	\$205,167	\$205,993	\$205,993

**Table C-5
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Administrative Services Cost Estimates**

**LAFCO Approved Boundary
Current VLF Methodology**

Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
General Services											
General Services Supervisor - FTE		0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$95,000 Real Inc. 0.5%	\$0	\$95,475	\$95,952	\$96,432	\$96,914	\$97,399	\$97,886	\$98,375	\$98,867	\$98,867
Benefits	45%	\$0	\$42,964	\$43,179	\$43,394	\$43,611	\$43,829	\$44,049	\$44,269	\$44,490	\$44,490
Subtotal		\$0	\$138,439	\$139,131	\$139,827	\$140,526	\$141,228	\$141,935	\$142,644	\$143,357	\$143,357
Maintenance Technician - FTE		0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$40,000 Real Inc. 0.5%	\$0	\$0	\$20,201	\$40,603	\$40,806	\$41,010	\$41,215	\$41,421	\$41,628	\$41,628
Benefits	45%	\$0	\$0	\$9,090	\$18,271	\$18,363	\$18,455	\$18,547	\$18,640	\$18,733	\$18,733
Subtotal		\$0	\$0	\$29,291	\$58,874	\$59,169	\$59,465	\$59,762	\$60,061	\$60,361	\$60,361
Other Costs [2]	\$20,000 Real Inc. 0.0%	\$25,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
General Services Subtotal		\$25,000	\$158,439	\$188,422	\$218,701	\$219,694	\$220,693	\$221,696	\$222,705	\$223,718	\$223,718
FTE Summary		1.5	3.0	4.0	4.5	5.5	6.0	6.0	6.0	6.0	6.0
Personnel Subtotal		\$163,125	\$371,599	\$428,377	\$459,956	\$528,821	\$564,913	\$567,738	\$570,577	\$573,430	\$573,430
ADMINISTRATIVE SERVICES TOTAL		\$328,125	\$491,599	\$548,377	\$579,956	\$648,821	\$684,913	\$687,738	\$690,577	\$693,430	\$693,430

Source: EPS.

"city_admin"

[1] Includes \$20,000 in additional allocated expenditures during the first year of incorporation.

[2] Includes \$5,000 in additional allocated expenditures during the first year of incorporation.

Table C-6
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Planning Department Cost Estimates

LAFCO Approved Boundary Current VLF Methodology
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Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
Planning Department											
Planning Director - FTE [1]		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$100,000 Real Inc. 0.5%	\$50,000	\$100,500	\$101,003	\$101,508	\$102,015	\$102,525	\$103,038	\$103,553	\$104,071	\$104,588
Benefits	45%	<u>\$22,500</u>	<u>\$45,225</u>	<u>\$45,451</u>	<u>\$45,678</u>	<u>\$45,907</u>	<u>\$46,136</u>	<u>\$46,367</u>	<u>\$46,599</u>	<u>\$46,832</u>	<u>\$47,065</u>
Subtotal		\$72,500	\$145,725	\$146,454	\$147,186	\$147,922	\$148,661	\$149,405	\$150,152	\$150,903	\$151,650
Senior Planner - FTE		0.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Annual Salary	\$80,000 Real Inc. 0.5%	\$0	\$160,800	\$161,604	\$243,618	\$244,836	\$246,060	\$247,291	\$248,527	\$249,770	\$251,013
Benefits	45%	\$0	<u>\$72,360</u>	<u>\$72,722</u>	<u>\$109,628</u>	<u>\$110,176</u>	<u>\$110,727</u>	<u>\$111,281</u>	<u>\$111,837</u>	<u>\$112,396</u>	<u>\$112,957</u>
Subtotal		\$0	\$233,160	\$234,326	\$353,246	\$355,012	\$356,787	\$358,571	\$360,364	\$362,166	\$363,973
Associate or Assistant Planners - FTE		0.0	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Annual Salary	\$60,000 Real Inc. 0.5%	\$0	\$120,600	\$181,805	\$243,618	\$244,836	\$246,060	\$247,291	\$248,527	\$249,770	\$251,013
Benefits	45%	\$0	<u>\$54,270</u>	<u>\$81,812</u>	<u>\$109,628</u>	<u>\$110,176</u>	<u>\$110,727</u>	<u>\$111,281</u>	<u>\$111,837</u>	<u>\$112,396</u>	<u>\$112,957</u>
Subtotal		\$0	\$174,870	\$263,617	\$353,246	\$355,012	\$356,787	\$358,571	\$360,364	\$362,166	\$363,973
Economic Development Planner - FTE		0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Annual Salary	\$60,000 Real Inc. 0.5%	\$0	\$30,150	\$30,301	\$30,452	\$30,605	\$30,758	\$30,911	\$31,066	\$31,221	\$31,376
Benefits	45%	\$0	<u>\$13,568</u>	<u>\$13,635</u>	<u>\$13,704</u>	<u>\$13,772</u>	<u>\$13,841</u>	<u>\$13,910</u>	<u>\$13,980</u>	<u>\$14,050</u>	<u>\$14,120</u>
Subtotal		\$0	\$43,718	\$43,936	\$44,156	\$44,377	\$44,598	\$44,821	\$45,046	\$45,271	\$45,496
Administrative/Clerical - FTE		0.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Annual Salary	\$35,000 Real Inc. 0.5%	\$0	\$35,175	\$70,702	\$71,055	\$71,411	\$71,768	\$72,126	\$72,487	\$72,849	\$73,211
Benefits	45%	\$0	<u>\$15,829</u>	<u>\$31,816</u>	<u>\$31,975</u>	<u>\$32,135</u>	<u>\$32,295</u>	<u>\$32,457</u>	<u>\$32,619</u>	<u>\$32,782</u>	<u>\$32,945</u>
Subtotal		\$0	\$51,004	\$102,518	\$103,030	\$103,545	\$104,063	\$104,583	\$105,106	\$105,632	\$106,156
FTE Summary		0.5	6.5	8.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Personnel Subtotal		\$72,500	\$648,476	\$790,850	\$1,000,864	\$1,005,868	\$1,010,898	\$1,015,952	\$1,021,032	\$1,026,137	\$1,031,250
Other Costs											
Planning Consultants	Real Inc. 0.0%	\$30,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Mapping Reproduction	\$15,000 Real Inc. 0.0%	\$0	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Planning Commission Expense	\$15,000 Real Inc. 0.0%	\$0	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Miscellaneous Other Costs	\$40,000 Real Inc. 0.0%	<u>\$20,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>
Other Cost Subtotal		\$50,000	\$170,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Total Planning Department Expenses		\$122,500	\$818,476	\$910,850	\$1,120,864	\$1,125,868	\$1,130,898	\$1,135,952	\$1,141,032	\$1,146,137	\$1,151,250

"city_planning"

Source: EPS.

[1] Assumes Planning Director is hired with 6 months remaining in the first fiscal year of the City.

Table C-7
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Public Works and Site Development Cost Estimates

LAFCO Approved Boundary
Current VLF Methodology

Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
Public Works Administration											
Public Works Director - FTE [1]		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$125,000	Real Inc. 0.5%	\$62,500	\$125,625	\$126,253	\$126,884	\$127,519	\$128,156	\$128,797	\$129,441	\$130,088
Benefits	45%		<u>\$28,125</u>	<u>\$56,531</u>	<u>\$56,814</u>	<u>\$57,098</u>	<u>\$57,383</u>	<u>\$57,670</u>	<u>\$57,959</u>	<u>\$58,249</u>	<u>\$58,540</u>
Subtotal			\$90,625	\$182,156	\$183,067	\$183,982	\$184,902	\$185,827	\$186,756	\$187,690	\$188,628
Administrative/Clerical - FTE		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Annual Salary	\$35,000	Real Inc. 0.5%	\$17,500	\$17,588	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212
Benefits	45%		<u>\$7,875</u>	<u>\$7,914</u>	<u>\$7,954</u>	<u>\$7,994</u>	<u>\$8,034</u>	<u>\$8,074</u>	<u>\$8,114</u>	<u>\$8,155</u>	<u>\$8,196</u>
Subtotal			\$25,375	\$25,502	\$25,629	\$25,758	\$25,886	\$26,016	\$26,146	\$26,277	\$26,408
FTE Summary (excludes site dev. emp.)		1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Personnel Subtotal			\$116,000	\$207,658	\$208,696	\$209,740	\$210,789	\$211,843	\$212,902	\$213,966	\$215,036
Other Costs	\$50,000	Real Inc. 0.0%	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Nat'l Pollution Discharge Elimination System (NPDES)	\$19,000	Real Inc. 0.0%	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000
Total Public Works Administration Expenses			\$185,000	\$276,658	\$277,696	\$278,740	\$279,789	\$280,843	\$281,902	\$282,966	\$284,036
Site Development Services [2]											
Estimated FY 2003-04 Cost for El Dorado Hills Area	County Eng. and Surveyor FY 2003-04 Estimate \$1,373,726	Based on 2003 Est. Pop. \$48.77 per capita	\$0	\$1,872,030	\$2,015,113	\$2,133,520	\$2,192,724	\$2,276,604	\$2,335,807	\$2,395,011	\$2,454,214

"city_pw"

Source: EPS.

[1] Assumes Public Works Director is hired with 6 months remaining in the first fiscal year of the City.
 [2] Site Development Services include functions performed by the County Engineer and County Surveyor.

Table C-8
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Parks and Recreation Cost Estimates

LAFCO Approved Boundary
Current VLF Methodology

El Dorado Hills CSD Parks and Recreation Service FY 03-04 CSD Actual Costs and Assumed Allocations to Other City Departments

CSD Functions	FY 03-04 Existing Costs	Assumed Allocation to Other City Functions					Total
		City Parks	City Recreation	Planning/ Public Works	Current Landscaping and Lighting	Remaining to General Govt. Departments	
Administration	\$731,707	\$0	\$0	\$0	\$0	\$731,707	\$731,707
Planning	\$171,295	\$22,004	\$0	\$73,276	\$33,893	\$42,122	\$171,295
Parks	\$1,514,030	\$1,022,672	\$0	\$491,358	\$0	\$0	\$1,514,030
Recreation	<u>\$1,099,415</u>	<u>\$0</u>	<u>\$1,099,415</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,099,415</u>
Total	\$3,516,446	\$1,044,675	\$1,099,415	\$564,634	\$33,893	\$773,829	\$3,516,446

CSD FY 03-04 Actuals With Reallocation to Match City Structure

Item	Gross Cost	Offsetting Revenues	Net Cost	Notes
Parks	\$1,044,675	\$143,590	\$901,086	Revenue for park and facility use 73.8% of cost recovered through program fees
Recreation	<u>\$1,099,415</u>	<u>\$811,173</u>	<u>\$288,242</u>	
Total Parks and Recreation Budget	\$2,144,090	\$954,762	\$1,189,328	
Functions Perf. by Other City Dept.	<u>\$1,372,356</u>	<u>\$0</u>	<u>\$1,372,356</u>	
Total Costs of Services	\$3,516,446	\$954,762	\$2,561,684	

Estimated Annual Cost per Item Under City Structure

Item	Gross Cost	Multiplier Unit	FY 03-04 Population	Future Multiplier
Recreation Program	\$1,099,415	per capita	28,155	\$39.05
Park Acre Maintenance		per acre		\$10,000
Open Space Maintenance		per acre		\$200
Swimming Pool	\$100,000	per pool		\$100,000
Recreation/Community Center	\$200,000	per center		\$200,000

"parks_worksheet"

Source: El Dorado Hills Community Services District Financial Statements, 6/30/04; EPS.

C-12

Table C-9
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Landscaping Fund (Parks & Recreation) Cost Estimates

LAFCO Approved Boundary Current VLF Methodology
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Description	Assumptions	Fiscal Year Ending								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
Parks and Recreation Department Cost Estimate Assumptions										
<u>Cumulative Additions Above FY 03-04 Totals</u>										
Population		7,790	10,218	13,152	15,580	16,794	18,514	19,728	20,942	22,156
Local Park Acres	5.0 per 1,000 pop	39.0	51.1	65.8	77.9	84.0	92.6	98.6	104.7	110.8
Open Space Acres	5.0 per 1,000 pop	39.0	51.1	65.8	77.9	84.0	92.6	98.6	104.7	110.8
Swimming Pools		1	1	1	1	1	1	1	1	1
Recreation/Community Ctr.		0	0	1	1	1	1	1	1	1
<u>Cumulative Additions above FY 03-04 to be Maintained by Parks Department [1]</u>										
Local Park Acres	25% of new acres maintained by Parks Dept.	9.7	12.8	16.4	19.5	21.0	23.1	24.7	26.2	27.7
Open Space Acres	25% of new acres maintained by Parks Dept.	9.7	12.8	16.4	19.5	21.0	23.1	24.7	26.2	27.7
Parks and Recreation General Fund Costs										
Baseline FY 03-04 Budget - See Table C-8										
Additional Costs above FY 03-04										
	Unit cost	Unit type								
Recreation	\$39.05	per population	\$304,189	\$398,999	\$513,568	\$608,378	\$655,783	\$722,947	\$770,352	\$817,757
Park Maintenance [1]	\$10,000	per Acre	\$97,375	\$127,725	\$164,400	\$194,750	\$209,925	\$231,425	\$246,600	\$261,775
Open Space Maintenance [1]	\$200	per Acre	\$1,948	\$2,555	\$3,288	\$3,895	\$4,199	\$4,629	\$4,932	\$5,236
Swimming Pool	\$100,000	per Pool	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Recreation/Community Center	\$200,000	per Center	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Park and Recreation General Fund Costs			\$2,647,602	\$2,773,369	\$3,125,346	\$3,251,113	\$3,313,997	\$3,403,091	\$3,465,974	\$3,528,858
Program Revenue Estimates										
		<u>FY 2003-04 Actuals</u>								
Recreation Revenues		\$811,173	\$1,035,610	\$1,105,563	\$1,190,095	\$1,260,048	\$1,295,024	\$1,344,579	\$1,379,556	\$1,414,532
Percentage of Recreation Costs Recovered			73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%
Park and Facility Use Revenues [2]		\$143,590	\$147,940	\$149,420	\$250,914	\$252,423	\$253,947	\$255,487	\$257,042	\$258,612
Landscaping and Lighting Costs [3]	FY 2003-04 Budget	\$448,685	\$746,653	\$839,524	\$951,749	\$1,044,620	\$1,091,056	\$1,156,846	\$1,203,281	\$1,249,717

*parks_gl

Source: El Dorado Hills CSD and EPS.

[1] Assumes in the future, 75.0% of new park acres and 75.0% of new open space acres will be maintained as part of a Landscaping and Lighting District, homeowner's association, or similar funding vehicle other than the City General Fund.

[2] Park and Facility use revenues assume a 1% annual increase plus \$100,000 per year from the community center rental charge revenues once the community center is opened.

[3] Assumes base equals FY 2003-04 budget plus park and open space maintenance not covered by the City General Fund.

Table C-10
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Law Enforcement Cost Estimates

LAFCO Approved Boundary
Current VLF Methodology

Description	Assumptions	Fiscal Year Ending									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	
<i>Start Up Costs</i>											
Sheriff's Estimated Costs to EDH [1]	<i>Spread over first 3 yrs.</i>										
Staffing	\$1,905,580	Gear = \$100,000									
Operating Exp.'s	\$127,069	Computers = \$83,000									
Equip. & Ancillary Services (Support)	<u>\$688,617</u>	Patrol Veh. = \$225,000									
Subtotal	\$2,721,266	\$408,000									
Internal Overhead	\$571,466	N/A									
Overheard Contingency @ 2.5%	<u>\$68,032</u>	N/A									
Total	\$3,360,764	\$408,000									
<i>From 2004 to 2008</i>											
Estimated City Expenditures	Annual Real Increase	0.0%	36.3%	7.6%	5.9%	2.8%	3.8%	2.6%	2.5%	2.5%	
Sheriff Costs [2]			\$0	\$4,579,844	\$4,929,891	\$5,219,569	\$5,364,408	\$5,569,616	\$5,714,455	\$5,859,294	\$6,004,133
Start-Up Costs	\$408,000	see above	<u>\$136,000</u>	<u>\$136,000</u>	<u>\$136,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Estimated Expenditures			\$136,000	\$4,715,844	\$5,065,891	\$5,219,569	\$5,364,408	\$5,569,616	\$5,714,455	\$5,859,294	\$6,004,133
<i>Annual Population Increase</i>											
Estimated Revenues to Offset Costs	Incremental Officers [3]										
Federal Crime Bill	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State of California COPS	\$100,000	per year	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Vehicle Abatement	\$0.64	per capita (County est.)	\$0	\$24,594	\$26,474	\$28,029	\$28,807	\$29,909	\$30,687	\$31,464	\$32,242
Fingerprint Trust	\$0.48	per capita (County est.)	<u>\$0</u>	<u>\$18,272</u>	<u>\$19,668</u>	<u>\$20,824</u>	<u>\$21,402</u>	<u>\$22,221</u>	<u>\$22,798</u>	<u>\$23,376</u>	<u>\$23,954</u>
Total Estimated Revenues			\$0	\$124,594	\$126,474	\$128,029	\$128,807	\$129,909	\$130,687	\$131,464	\$132,242
Total Net Estimated Expenditures for Law Enforcement Expenditures			\$136,000	\$4,591,250	\$4,939,418	\$5,091,540	\$5,235,601	\$5,439,707	\$5,583,769	\$5,727,830	\$5,871,891

Source: EPS.

"law_enf"

[1] Based on Sheriff's FY 2003-04 cost of providing law enforcement services to proposed incorporation area.
 [2] Includes the staffing, operations, and maintenance costs of providing local traffic control and enforcement services.
 [3] It is unlikely the new City will receive Federal Crime Bill funding.

APPENDIX D

REVENUES AND EXPENSES TO EL DORADO COUNTY

Table D-1	Change in GENERAL FUND Revenues and Expenses to El Dorado County	D-1
Table D-2	Calculation of Cost Transferred to New City – Government Code Section 56810.....	D-2
Table D-3	Change in ROAD FUND Revenues and Expenses to El Dorado County	D-3
Table D-4	Change in Revenues and Expenses to Fire Protection Districts.....	D-4

**Table D-1
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Change in GENERAL FUND Revenues and Expenses to El Dorado County [1]**

LAFCO Approved Boundary
Current VLF Methodology

Item	Fiscal Year 2003-04	Source
General Fund Revenues Transferred or Lost		
Property Taxes (Includes HOPTR)	\$2,122,822	Table B-3 (EPS estimate)
Sales Tax [2]	\$1,451,744	State Board of Equalization, based on FY 2003-04 estimate
Real Property Transfer Tax [3]	\$494,000	El Dorado County Recorder-Clerk estimate
Unitary Tax	\$16,255	Table B-2, Note 4 (EPS estimate)
Franchise Fees	\$0	Franchise Fee from PG&E reflected in County Road Fund
Business License Tax	\$0	Table B-2, Note 7 (EPS estimate)
Fines	\$0	Table B-2, Note 12 (EPS estimate)
Total Revenues Transferred	\$4,084,821	
Expenses Transferred (Net of General Fund Revenue Offsets)		
Sheriff	\$2,536,973	El Dorado County Sheriff's Dept. estimate
Animal Control	\$189,817	El Dorado County Health Dept. estimate
General Services (impact fee collection cost)	\$879	El Dorado County General Services Dept. estimate
Environmental Management Department	\$63,539	El Dorado County Environmental Management Dept. estimate
Planning	\$734,419	El Dorado County Planning Dept. estimate
Economic Development	\$35,000	El Dorado County Econ. Development (Chief Admin. Office) estimate
Building Department [4]	\$0	El Dorado County Building Dept. estimate
Department of Transportation (County Engineer)	\$76,550	El Dorado County Dept. of Transp. estimate
County Surveyor	<u>\$73,770</u>	El Dorado County Surveyor estimate
Total Expenses Transferred	\$3,710,947	
County Surplus or (Deficit)	(\$373,874)	
Additional Future Revenues to County		
Property Tax Administration Fees	\$46,837	Based on current County 2.21% charge
Jail Booking Fees	<u>\$18,037</u>	El Dorado County Sheriff's Dept. estimate
Total	\$64,874	
County Surplus or (Deficit) after Additional Future Revenues	(\$309,001)	

Source: El Dorado County, California State Board of Equalization, and EPS.

"net_fiscal"

[1] Calculations are based on actual revenues and expenses for FY 2003-04.

[2] Based on sales tax estimate for FY 2003-04 from SBE letter dated October 28, 2004. Estimate also includes 12% for unallocated sales tax.

[3] Based on California Revenue and Taxation Code §§ 11911-11929, which authorizes cities and counties to levy a real estate transfer tax at a rate of \$0.55 per \$1,000 va

[4] Net county cost shown as zero although in FY 2003-04 estimated revenues exceeded estimated costs. Estimated revenues exceed costs due to the timing of revenue receipts and/or calculation of estimated costs for the proposed incorporation area.

Table D-2
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Calculation of Cost Transferred to New City - Govt. Code Section 56810

LAFCO Approved Boundary Current VLF Methodology
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Fiscal Year 2003-04 County Cost Estimates	Total Cost [1]	Offsetting Revenue [2]	Net Cost Transferred
Sheriff	\$2,696,602	\$159,629	\$2,536,973
Animal Control	\$298,258	\$108,441	\$189,817
General Services (impact fee collection cost)	\$879	\$0	\$879
Environmental Management Department	\$138,089	\$74,550	\$63,539
Planning	\$958,292	\$223,874	\$734,419
Economic Development	\$35,000	\$0	\$35,000
Building Dept. [3]	\$2,325,295	\$2,325,295	\$0
Dept. of Trans. (County Engineer) [4]	\$1,225,656	\$1,149,106	\$76,550
County Surveyor	<u>\$148,070</u>	<u>\$74,300</u>	<u>\$73,770</u>
Total	\$7,826,142	\$4,115,196	\$3,710,947

"cost_transfer"

Source: El Dorado County Departments of Auditor-Controller; Planning, Transportation, Surveyor, Sheriff, and Public Health.

[1] Includes Gross Costs plus Indirect Costs as shown in **Table B-4**.

[2] Includes revenues from fees, charges, or grants that the new City would be able to use to offset the cost of service. Does not include restricted revenues received by the County that would not be subject to transfer to the new City.

[3] Building dept. revenues exceeded costs for FY 2003-04. Net county cost shown as zero as the timing of revenue collections may not match when expenditures take place.

[4] It is assumed that all Department of Transportation (excluding the County Engineer) costs transferred are offset by dedicated revenues.

D-2

**Table D-3
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Change in ROAD FUND Revenues and Expenses to El Dorado County [1]**

LAFCO Approved Boundary Current VLF Methodology
--

Item	Fiscal Year 2003-04	Source
Revenues Transferred or Lost		
Road Fund Property Tax	\$1,053,978	Table B-3 (EPS estimate)
Franchise Fees (PG&E Franchise Fees)	\$72,000	Table B-2, Note 6 (EPS estimate)
TDA Revenue for Road Maintenance	\$81,233	Transit Development Act funds 2003-04 estimate
State Shared 2106c Revenues	<u>\$214,782</u>	EPS estimate
Total Revenues Transferred	\$1,421,993	
Expenses (Net of Revenue Offsets)		
Road Maintenance	\$670,731	El Dorado County Dept. of Transp. estimate
County Surplus or (Deficit)	(\$751,262)	

"net_fiscal_roads"

Source: El Dorado County Auditor-Controller, Department of Transportation, and Transportation Commission.

[1] Calculations are based on actual revenues and expenses for Fiscal Year 2003-04.

D-3

**Table D-4
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Change in Revenues and Expenses to Fire Protection Districts [1]**

LAFCO Approved Boundary Current VLF Methodology
--

Item	Fiscal Year 2003-04	Source
Revenues Transferred or Lost	\$0	
Expenses (Net of Revenue Offsets)		
Contract Cost for Wildland Fire Protection [2]	\$216,307	California Department of Forestry
Fire Protection Districts Surplus or (Deficit)	(\$216,307)	

"net_fiscal_fire"

Source: California Department of Forestry.

[1] Fire Protection Districts include the El Dorado Hills County Water/Fire Protection District and the Rescue Fire Protection District. Calculations are based on actual revenues and expenses for Fiscal Year 2003-04.

[2] Based on estimated contract cost of \$13.00 per acre for a total of 16,639 acres of State Responsibility Acreage (SRA) that would become Local Responsibility Area following incorporation.

D-4

APPENDIX E

SENSITIVITY ANALYSES

Table E-1	Summary of Revenues and Expenses (Historical VLF Methodology).....	E-1
Table E-2	Summary of Revenues and Expenses (Current VLF Methodology & 25% Reduced Growth)	E-2
Table E-3	Summary of Revenues and Expenses (Historical VLF Methodology & 25% Reduced Growth)	E-3
Table E-4	Summary of CFA Sensitivity Analyses for FY 2009–10.....	E-4

Table E-1
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary
Historical VLF Methodology

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
GENERAL FUND										
Total General Fund Revenues [1]	\$14,864,353	\$17,335,665	\$18,631,512	\$19,908,476	\$20,881,445	\$21,434,854	\$21,926,657	\$22,064,878	\$22,759,987	
Total General Fund Expenditures	\$6,713,588	\$14,551,958	\$15,387,757	\$15,611,834	\$15,977,259	\$16,418,556	\$15,946,352	\$16,294,745	\$16,600,742	
General Fund Operating Surplus/(Deficit)	\$8,150,765	\$2,783,707	\$3,243,754	\$4,296,642	\$4,904,186	\$5,016,298	\$5,980,305	\$5,770,132	\$6,159,245	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [4]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Subtotal Mitigation Payments	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	
General Fund Operating Surplus/(Deficit) After Mitigation Payments	\$7,625,458	\$2,258,400	\$2,718,447	\$3,771,335	\$4,378,879	\$4,490,991	\$5,454,998	\$5,244,825	\$5,633,938	
General Fund Balance [5]	\$8,872,564	\$11,130,964	\$13,849,411	\$17,620,747	\$21,999,625	\$26,490,616	\$31,945,614	\$37,190,439	\$42,824,378	
ROAD MAINTENANCE FUND										
Road Fund Revenues	\$2,695,673	\$2,878,957	\$3,062,782	\$3,259,510	\$3,444,367	\$3,545,631	\$3,660,001	\$3,582,658	\$3,710,968	
Road Fund Expenses	\$1,486,400	\$1,588,732	\$1,714,836	\$1,817,168	\$1,876,713	\$1,960,029	\$2,019,575	\$2,079,120	\$2,138,666	
Road Fund Operating Surplus/(Deficit)	\$1,209,273	\$1,290,225	\$1,347,947	\$1,442,342	\$1,567,653	\$1,585,601	\$1,640,426	\$1,503,538	\$1,572,303	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	
Road Fund Operating Surplus/(Deficit) After Mitigation Payments	\$457,973	\$538,925	\$596,647	\$691,042	\$816,353	\$834,301	\$889,126	\$752,238	\$821,003	
Road Fund Balance [6]	\$624,509	\$1,163,434	\$1,760,081	\$2,451,123	\$3,267,476	\$4,101,778	\$4,990,903	\$5,743,142	\$6,564,145	
OTHER RESTRICTED FUND										
Other Restricted Fund Revenues	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restricted Fund Expenditures	\$829,756	\$4,743,357	\$5,498,666	\$5,209,944	\$4,415,583	\$5,065,252	\$4,670,891	\$4,776,530	\$4,882,169	
Other Restr. Fund Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Funds Operating Surplus/(Deficit)	\$8,083,430	\$2,797,325	\$3,315,094	\$4,462,377	\$5,195,232	\$5,325,292	\$6,344,124	\$5,997,064	\$6,454,941	
All Funds Balance	\$9,497,073	\$12,294,398	\$15,609,492	\$20,071,870	\$25,267,102	\$30,592,394	\$36,936,517	\$42,933,581	\$49,388,522	

"summary"

Source: EPS.

[1] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the historical VLF methodology, not based on the current VLF methodology, which results in a total revenue increase of approximately \$3,180,881 in FY 2006-07 if the historical VLF methodology is restored.
 [2] General fund operating surplus (deficit) prior to mitigation payment to County and other agencies.
 [3] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.
 [4] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.
 [5] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
 [6] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

E-1

Table E-2
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary Current VLF Methodology & 25% Reduced Growth

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
GENERAL FUND										
Total General Fund Revenues [1]	\$10,922,275	\$13,046,251	\$14,011,429	\$14,840,684	\$15,622,151	\$16,039,526	\$16,429,076	\$16,950,935	\$17,452,565	
Total General Fund Expenditures	\$6,549,939	\$13,967,588	\$14,592,082	\$14,447,457	\$14,881,641	\$15,218,786	\$14,726,554	\$15,003,371	\$15,254,066	
General Fund Operating Surplus/(Deficit)	\$4,372,336	(\$921,337)	(\$580,653)	\$393,226	\$740,510	\$820,740	\$1,702,523	\$1,947,565	\$2,198,499	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [4]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Subtotal Mitigation Payments	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	
General Fund Operating Surplus/(Deficit) After Mitigation Payments	\$3,847,029	(\$1,446,644)	(\$1,105,960)	(\$132,081)	\$215,203	\$295,433	\$1,177,216	\$1,422,258	\$1,673,192	
General Fund Balance [5]	\$5,094,135	\$3,647,491	\$2,541,531	\$2,409,450	\$2,624,653	\$2,920,086	\$4,097,301	\$5,519,559	\$7,192,751	
ROAD MAINTENANCE FUND										
Road Fund Revenues	\$2,559,813	\$2,699,836	\$2,840,287	\$2,990,440	\$3,131,714	\$3,210,317	\$3,298,774	\$3,139,935	\$3,237,782	
Road Fund Expenses	\$1,403,708	\$1,480,457	\$1,575,035	\$1,651,784	\$1,696,443	\$1,758,930	\$1,803,589	\$1,848,248	\$1,892,907	
Road Fund Operating Surplus/(Deficit)	\$1,156,105	\$1,219,379	\$1,265,253	\$1,338,656	\$1,435,270	\$1,451,387	\$1,495,185	\$1,291,687	\$1,344,875	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	
Road Fund Operating Surplus/(Deficit) After Mitigation Payments	\$404,805	\$468,079	\$513,953	\$587,356	\$683,970	\$700,087	\$743,885	\$540,387	\$593,575	
Road Fund Balance [6]	\$571,342	\$1,039,420	\$1,553,373	\$2,140,729	\$2,824,700	\$3,524,786	\$4,268,671	\$4,809,058	\$5,402,633	
OTHER RESTRICTED FUND										
Other Restricted Fund Revenues	\$755,283	\$4,046,440	\$4,612,965	\$4,396,423	\$3,800,696	\$4,287,948	\$3,992,221	\$4,071,494	\$4,150,767	
Other Restricted Fund Expenditures	\$755,283	\$4,046,440	\$4,612,965	\$4,396,423	\$3,800,696	\$4,287,948	\$3,992,221	\$4,071,494	\$4,150,767	
Other Restr. Fund Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Funds Operating Surplus/(Deficit)	\$4,251,834	(\$978,566)	(\$592,007)	\$455,275	\$899,173	\$995,519	\$1,921,100	\$1,962,645	\$2,266,767	
All Funds Balance	\$5,665,477	\$4,686,911	\$4,094,904	\$4,550,180	\$5,449,353	\$6,444,872	\$8,365,972	\$10,328,617	\$12,595,384	

"summary"

Source: EPS.

[1] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the current VLF methodology, not based on the historical VLF methodology, which results in a total revenue decrease of approximately \$3,056,566 in FY 2006-07 if there are no changes to the current legislation.

[2] General fund operating surplus (deficit) prior to mitigation payment to County and other agencies.

[3] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[4] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.

[5] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).

[6] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

Table E-3
 El Dorado Hills Incorporation
 Comprehensive Fiscal Analysis
 Summary of Revenues and Expenses (2004\$)

LAFCO Approved Boundary Historical VLF Method. & 25% Reduced Growth
--

Item	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
GENERAL FUND										
Total General Fund Revenues [1]	\$13,978,841	\$16,126,410	\$17,113,461	\$17,966,793	\$18,777,319	\$19,222,097	\$19,624,291	\$19,442,255	\$19,976,612	
Total General Fund Expenditures	\$6,557,674	\$13,975,724	\$14,600,718	\$14,456,507	\$14,890,897	\$15,228,336	\$14,736,310	\$15,013,333	\$15,264,235	
General Fund Operating Surplus/(Deficit)	\$7,421,167	\$2,150,686	\$2,512,743	\$3,510,286	\$3,886,421	\$3,993,762	\$4,887,981	\$4,428,921	\$4,712,377	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	(\$309,000)	
Less Mitigation Payment to Fire Districts [4]	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	(\$216,307)	
Subtotal Mitigation Payments	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)	
General Fund Operating Surplus/(Deficit) After Mitigation Payments	\$6,895,860	\$1,625,379	\$1,987,436	\$2,984,979	\$3,361,114	\$3,468,455	\$4,362,674	\$3,903,614	\$4,187,070	
General Fund Balance [5]	\$8,142,966	\$9,768,345	\$11,755,781	\$14,740,760	\$18,101,875	\$21,570,329	\$25,933,003	\$29,836,617	\$34,023,687	
ROAD MAINTENANCE FUND										
Road Fund Revenues	\$2,559,813	\$2,699,836	\$2,840,287	\$2,990,440	\$3,131,714	\$3,210,317	\$3,298,774	\$3,139,935	\$3,237,782	
Road Fund Expenses	\$1,403,708	\$1,480,457	\$1,575,035	\$1,651,784	\$1,696,443	\$1,758,930	\$1,803,589	\$1,848,248	\$1,892,907	
Road Fund Operating Surplus/(Deficit)	\$1,156,105	\$1,219,379	\$1,265,253	\$1,338,656	\$1,435,270	\$1,451,387	\$1,495,185	\$1,291,687	\$1,344,875	
Before Mitigation Payments [2]										
Less Mitigation Payment to County [3]	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	(\$751,300)	
Road Fund Operating Surplus/(Deficit) After Mitigation Payments	\$404,805	\$468,079	\$513,953	\$587,356	\$683,970	\$700,087	\$743,885	\$540,387	\$593,575	
Road Fund Balance [6]	\$571,342	\$1,039,420	\$1,553,373	\$2,140,729	\$2,824,700	\$3,524,786	\$4,268,671	\$4,809,058	\$5,402,633	
OTHER RESTRICTED FUND										
Other Restricted Fund Revenues	\$755,283	\$4,046,440	\$4,612,965	\$4,396,423	\$3,800,696	\$4,287,948	\$3,992,221	\$4,071,494	\$4,150,767	
Other Restricted Fund Expenditures	\$755,283	\$4,046,440	\$4,612,965	\$4,396,423	\$3,800,696	\$4,287,948	\$3,992,221	\$4,071,494	\$4,150,767	
Other Restr. Fund Operating Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Funds Operating Surplus/(Deficit)	\$7,300,665	\$2,093,458	\$2,501,389	\$3,572,335	\$4,045,085	\$4,168,541	\$5,106,559	\$4,444,001	\$4,780,645	
All Funds Balance	\$8,714,308	\$10,807,766	\$13,309,154	\$16,881,490	\$20,926,574	\$25,095,116	\$30,201,674	\$34,645,675	\$39,426,320	

"summary"

Source: EPS.

[1] Assumes the City will receive Motor Vehicle in Lieu Fee revenue based on the historical VLF methodology, not based on the current VLF methodology, which results in a total revenue increase of approximately \$3,056,566 in FY 2006-07 if the historical VLF methodology is restored.
 [2] General fund operating surplus (deficit) prior to mitigation payment to County and other agencies.
 [3] Mitigation payment to County based on revenue neutrality terms approved by LAFCO on June 1, 2005.
 [4] Mitigation payments to Fire Protection Districts based on revenue neutrality terms approved by LAFCO on June 1, 2005.
 [5] First year General Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the El Dorado Hills Community Services District fund balances (estimated at approximately \$1,175,517 in Fiscal Year 2003-04).
 [6] First year Road Fund balance for the City assumes first year annual surplus/(deficit) plus 100% of the Springfield Meadows CSD fund balance (estimated at approximately \$156,977 in Fiscal Year 2003-04).

E-3

Table E-4
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Summary of CFA Sensivity Analyses for FY 2009-10

LAFCO Approved Boundary

Item	LAFCO Approved Boundary (FY 2009-10)			
	Current VLF Methodology [1]		Historical VLF Methodology [1]	
	Base Growth Rate	Reduced Growth Rate [2]	Base Growth Rate	Reduced Growth Rate [2]
Annual Revenues	\$16,664,204	\$14,840,684	\$19,908,476	\$17,966,793
Annual Expenditures	\$15,601,875	\$14,447,457	\$15,611,834	\$14,456,507
Annual Surplus/(Deficit) Before Mitigation Payments	\$1,062,329	\$393,227	\$4,296,642	\$3,510,286
Less Mitigation Payments [3]	(\$525,307)	(\$525,307)	(\$525,307)	(\$525,307)
Annual Surplus/(Deficit) After Mitigation Payments	\$537,022	(\$132,080)	\$3,771,335	\$2,984,979
End of Year General Fund Balance [4]	\$4,807,177	\$2,409,450	\$17,620,747	\$14,740,760
End of Year Total Fund Balance [4]	\$7,258,300	\$4,550,180	\$20,071,870	\$16,881,490

"alt_comp"

Source: EPS.

- [1] Current VLF methodology means the VLF-revenue allocation based on formulas for new cities formed after to August 5, 2004. Historical VLF methodology means the VLF-revenue allocation based on formulas for new cities formed before August 5, 2004.
- [2] Assumes a 25% overall reduction in residential and nonresidential development compared to the base growth rate.
- [3] Mitigation payments assumed in CFA reflect final fiscal mitigation payments approved by LAFCO on June 1, 2005.
- [4] Equals total City fund balances which include the General Fund, the Road Fund, and other Restricted Funds.

COMPARATIVE CITY ANALYSIS APPENDIX

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Table 1
El Dorado Hills
Comprehensive Fiscal Analysis
General Fund Expenditure Comparison Summary Table

Fiscal Year Expenditures	Recently Incorporated Cities							
	Aliso Viejo		Goleta		Oakley		Rancho Santa Margarita	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
Population [1]	43,900		30,800		26,950		48,800	
City Council	\$91,323	\$2	\$118,725	\$4	\$127,500	\$5	\$96,676	\$2
City Manager	\$336,910	\$8	\$537,065	\$17	\$187,397	\$7	\$503,077	\$10
City Clerk	\$125,786	\$3	N/A	N/A	\$85,542	\$3	\$219,058	\$4
City Attorney	\$198,000	\$5	\$600,000	\$19	\$203,000	\$8	\$267,250	\$5
Finance	\$219,400	\$5	[2]		N/A	N/A	\$334,015	\$7
Administrative Services								
Human Resources	N/A	N/A	N/A	N/A	\$273,085	\$10	N/A	N/A
Information Services (IT)	N/A	N/A	N/A	N/A	\$97,250	\$4	N/A	N/A
Total Administrative Services [4]	\$224,735	\$5	\$964,780	\$31	\$370,335	\$14	N/A	N/A
Police	\$4,261,000	\$97	\$4,694,390	\$152	\$3,427,000	\$127	\$5,284,108	\$108
Animal Services	\$85,000	\$2	N/A	N/A	N/A	N/A	\$49,546	\$1
Planning	\$506,930	\$12	\$3,031,460	\$98	\$1,340,151	\$50	\$1,169,221	\$24
Public Works								
Administration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Building Inspection	\$181,500	\$4	N/A	N/A	N/A	N/A	\$491,580	\$10
Other Public Works	\$1,023,760	\$23	N/A	N/A	N/A	N/A	\$1,240,460	\$25
Total Public Works [5]	\$1,205,260	\$27	N/A	N/A	N/A	N/A	\$1,732,040	\$35
Parks and Recreation	\$171,485	\$4	\$2,333,760	\$76	\$140,843	\$5		
Non-Departmental	\$1,948,595	\$44	N/A	N/A	\$578,961	\$21	\$2,553,878	\$52
Other [6]	\$139,300	\$3	N/A	N/A	\$303,000	\$11	\$210,000	\$4
TOTAL GENERAL FUND EXPEND.	\$9,513,724	\$217	\$12,280,180	\$399	\$6,763,729	\$251	\$12,418,869	\$254

Source: City of Aliso Viejo Annual Budget 2003-2004 and FY 2003-2004 Mid-Year Budget Forecast, City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget, City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005, City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget, City of Yuba City 2004-2005 Budget

- [1] All recently incorporated and similarly sized city population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills population as of 1/1/2008.
- [2] Included in Administrative Services.
- [3] Included in Other Public Works.
- [4] For El Dorado Hills, includes General Services.
- [5] For El Dorado Hills, does not include non-General Fund building inspection and site development expenditures.
- [6] **Aliso Viejo** - Includes Emergency Operation Center (\$2,400) and Transfers Out (\$136,900).
Oakley - Includes County Repayment (\$306,000).
El Dorado Hills - Includes Prop. Tax Admin., LAFCO, Environmental Health, Contingency, and Loan Repayment.
Folsom - Includes Fire (\$9,691,243).
Rancho Santa Margarita - Includes Transfers Out (\$136,900).
Rocklin - Includes Fire (\$4,235,900) and Transfers Out (\$80,100).
West Sacramento - Includes Fire (\$6,222,129) and Transfers Out (\$8,518,836).
Yuba City - Includes Fire (\$5,451,765).

Table 1
El Dorado Hills
Comprehensive Fiscal Analysis
General Fund Expenditure Comparison Summary Table

Fiscal Year Expenditures	Similarly Sized Cities								El Dorado Hills	
	Folsom		Rocklin		West Sacramento		Yuba City		LAFCO Approved Boundary	
	2003-04		2003-04		2003-04 (Estimate)		2003-04		2008-09	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
Population [1]	63,900		46,000		36,450		48,700		41,321	
City Council	\$131,513	\$2	\$74,800	\$2	N/A	N/A	\$118,290	\$2	\$183,000	\$4
City Manager	\$1,082,519	\$17	\$391,200	\$9	\$100,000	\$3	\$276,208	\$6	\$691,878	\$17
City Clerk	\$419,459	\$7	\$172,800	\$4	N/A	N/A	N/A	N/A	\$213,422	\$5
City Attorney	\$799,107	\$13	\$263,900	\$6	N/A	N/A	\$101,000	\$2	\$707,018	\$17
Finance	\$1,805,053	\$28	\$416,700	\$9	N/A	N/A	[2]		\$488,102	\$12
Administrative Services										
Human Resources	N/A	N/A	N/A	N/A	N/A	N/A	\$691,053	\$14	\$0	\$0
Information Services (IT)	N/A	N/A	N/A	N/A	N/A	N/A	[2]		\$0	\$0
Total Administrative Services [4]	\$2,281,243	\$36	\$3,810,100	\$83	N/A	N/A	\$2,550,369	\$52	\$548,377	\$13
Police	\$13,399,698	\$210	\$7,113,000	\$155	\$9,642,977	\$265	\$7,280,415	\$149	\$4,939,418	\$120
Animal Services	N/A	N/A	\$210,200	\$5	\$255,392	\$7	N/A	N/A	\$261,264	\$6
Planning	N/A	N/A	\$1,152,700	\$25	\$268,561	\$7	\$1,219,873	\$25	\$910,850	\$22
Public Works										
Administration	N/A	N/A	\$83,200	\$2	N/A	N/A	[3]		\$277,696	\$7
Building Inspection	N/A	N/A	\$0	\$0	N/A	N/A	[3]		\$80,904	\$2
Other Public Works	\$7,901,345	\$124	\$4,213,400	\$92	N/A	N/A	\$2,907,234	\$60	\$0	\$0
Total Public Works [5]	\$7,901,345	\$124	\$4,296,600	\$93	N/A	N/A	\$2,907,234	\$60	\$358,601	\$9
Parks and Recreation	\$5,252,854	\$82	\$4,308,200	\$94	\$2,612,332	\$72	\$3,133,951	\$64	\$3,125,346	\$76
Non-Departmental	\$2,920,955	\$46	N/A	N/A	\$1,309,515	\$36	\$537,250	\$11	\$1,169,729	\$28
Other [6]	\$9,691,243	\$152	\$4,316,000	\$94	\$14,740,965	\$404	\$5,451,765	\$112	\$1,781,347	\$43
TOTAL GENERAL FUND EXPEND.	\$45,684,989	\$715	\$26,526,200	\$577	\$28,929,742	\$794	\$24,267,048	\$498	\$15,378,352	\$372

*exp_comp"

Source: City of Aliso Viejo Annual Budget 2003-2004 and FY 2003-2004 Mid-Year Budget Forecast, City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget, City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005, City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget, City of Yuba City 2004-2005 Budget

[1] All recently incorporated and similarly sized city population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills population as of 1/1/2008.

[2] Included in Administrative Services.

[3] Included in Other Public Works.

[4] For El Dorado Hills, includes General Services.

[5] For El Dorado Hills, does not include non-General Fund building inspection and site development expenditures.

[6] **Aliso Viejo** - Includes Emergency Operation Center (\$2,400) and Transfers Out (\$136,900).

Oakley - Includes County Repayment (\$306,000).

El Dorado Hills - Includes Prop. Tax Admin., LAFCO, Environmental Health, Contingency, and Loan Repayment.

Folsom - Includes Fire (\$9,691,243).

Rancho Santa Margarita - Includes Transfers Out (\$136,900).

Rocklin - Includes Fire (\$4,235,900) and Transfers Out (\$80,100).

West Sacramento - Includes Fire (\$6,222,129) and Transfers Out (\$8,518,836).

Yuba City - Includes Fire (\$5,451,765).

Table 2
El Dorado Hills
Comprehensive Fiscal Analysis
General Fund Revenue Comparison Summary Table

Fiscal Year Revenues	Recently Incorporated Cities							
	Aliso Viejo		Goleta		Oakley		Rancho Santa Margarita	
	2003-04		2003-04		2003-04		2003-04 (Estimate)	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
Population [1]	43,900		30,800		26,950		48,800	
General Operating Revenues								
Property Tax - City General [2]	\$1,639,000	\$37	\$1,740,534	\$57	\$1,907,000	\$71	\$1,460,000	\$30
Real Estate Transfer Tax	N/A	N/A	\$112,700	\$4	\$260,000	\$10	\$410,416	\$8
Sales and Use Tax	\$3,100,000	\$71	\$3,400,000	\$110	\$1,052,000	\$39	\$4,886,699	\$100
Utility Users Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franchise Fees	\$864,500	\$20	\$268,900	\$9	\$289,000	\$11	\$911,548	\$19
Motor Vehicle License Fee	\$3,450,000	\$79	\$2,600,000	\$84	\$1,586,000	\$59	\$3,694,725	\$76
Fees and Permits	\$253,620	\$6	\$1,614,750	\$52	\$2,262,000	\$84	\$755,154	\$15
Fines and Forfeitures	\$366,300	\$8	\$115,900	\$4	\$325,000	\$12	\$260,897	\$5
Transient Occupancy	N/A	N/A	\$2,140,000	\$69	N/A	N/A	N/A	N/A
Business Licenses	N/A	N/A	\$10,800	\$0	\$161,000	\$6	N/A	N/A
Other General Fund Revenues [3]	\$150,365	\$3	\$104,000	\$3	\$1,625,000	\$60	\$862,583	\$18
Total General Fund Revenues	\$9,823,785	\$224	\$12,107,584	\$393	\$9,467,000	\$351	\$13,242,022	\$271

Source: City of Aliso Viejo Annual Budget 2003-2004, FY 2003-2004 Mid-Year Budget Forecast and General Fund Resources, City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget, City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005, City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget, City of Yuba City 2004-2005 Budget

[1] All recently incorporated and similarly sized city population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills pop. as of 1/1/2008.

[2] **West Sacramento** - Includes Secured and Unsecured Property Taxes, Supplemental Property Taxes, Prior Property Taxes, and Other Property Taxes.

Oakley - Includes all Property Taxes and Transfer Taxes.

[3] **Aliso Viejo** - Includes Use of Money (\$134,600), and Misc. Revenue (\$15,765).

Goleta - Includes Interest Income (\$100,000) and Miscellaneous (\$5,000).

Oakley - Includes Interest Income (\$175,000), Public Safety Revenue (\$773,000), and Other Income (\$677,000).

El Dorado Hills - Includes Fund Transfers In and Investment Earnings.

Folsom - Charge for Services (\$1,812,150), Interest Income (\$600,000), Transfers from Other Funds (\$7,564,846), and Other Revenue (\$349,083).

Rancho Santa Margarita - Includes Investment Income (\$256,135), Transfers from Gas Tax Fund (\$564,694), Misc. Grants (\$20,925), and Other Revenue (\$21,088).

Rocklin - Includes all Intergovernmental Revenues except Motor Vehicle in Lieu (\$2,573,000), Charges for Services (\$2,837,600),

Use of Money investment income (\$881,900), and Miscellaneous Fees (\$459,200)

West Sacramento Includes Use of Money (\$11,000), Homeowner's Property Tax Relief (\$180,000), Peace Officers Standards (\$25,000),

Other Revenue (\$80,000), Other Financing (\$1,195,000), and Transfers (\$120,756).

Yuba City - Includes Prop. 172 Funds, Homeowner Property Tax Relief (Intergovernmental), Investment Interest, Rents, and Other Income.

Table 2
El Dorado Hills
Comprehensive Fiscal Analysis
General Fund Revenue Comparison Summary Table

Fiscal Year Revenues	Similarly Sized Cities						El Dorado Hills			
	Folsom		Rocklin		West Sacramento		Yuba City		LAFCO Approved Boundary	
	2003-04		2003-04		2003-04 (Estimate)		2003-04		2008-09	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
Population [1]	63,900		46,000		36,450		48,700		41,321	
General Operating Revenues										
Property Tax - City General [2]	\$9,757,016	\$153	\$5,461,300	\$119	\$9,013,000	\$247	\$4,102,010	\$84	\$8,995,495	\$218
Real Estate Transfer Tax	\$450,000	\$7	\$463,000	\$10	\$233,000	\$6	\$250,000	\$5	\$556,030	\$13
Sales and Use Tax	\$17,671,753	\$277	\$5,309,000	\$115	\$14,250,000	\$391	\$8,150,000	\$167	\$2,028,544	\$49
Utility Users Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$29,535	\$1
Franchise Fees	\$530,424	\$8	\$1,210,000	\$26	\$500,000	\$14	\$1,010,000	\$21	\$459,692	\$11
Motor Vehicle License Fee	\$3,508,852	\$55	\$2,495,000	\$54	\$2,000,000	\$55	\$2,016,475	\$41	\$213,486	\$5
Fees and Permits	\$1,812,150	\$28	\$1,303,900	\$28	\$301,000	\$8	\$2,565,707	\$53	\$2,401,842	\$58
Fines and Forfeitures	\$131,000	\$2	\$77,000	\$2	\$180,000	\$5	N/A	N/A	\$41,321	\$1
Transient Occupancy	\$808,550	\$13	\$470,900	\$10	\$535,000	\$15	\$520,270	\$11	\$261,377	\$6
Business Licenses	\$415,000	N/A	\$630,900	\$14	N/A	N/A	\$558,500	\$11	\$49,213	\$1
Other General Fund Revenues [3]	\$8,282,133	\$130	\$4,256,700	\$93	\$1,619,756	\$44	\$2,418,385	\$50	\$372,923	\$9
Total General Fund Revenues	\$43,366,878	\$679	\$21,677,700	\$471	\$28,631,756	\$786	\$21,591,347	\$443	\$15,409,458	\$373

rev_comp

Source: City of Aliso Viejo Annual Budget 2003-2004, FY 2003-2004 Mid-Year Budget Forecast and General Fund Resources, City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget, City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005, City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget, City of Yuba City 2004-2005 Budget

[1] All recently incorporated and similarly sized city population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills pop. as of 1/1/2008.

[2] **West Sacramento** - Includes Secured and Unsecured Property Taxes, Supplemental Property Taxes, Prior Property Taxes, and Other Property Taxes.
Oakley - Includes all Property Taxes and Transfer Taxes.

[3] **Aliso Viejo** - Includes Use of Money (\$134,600), and Misc. Revenue (\$15,765).

Goleta - Includes Interest Income (\$100,000) and Miscellaneous (\$5,000).

Oakley - Includes Interest Income (\$175,000), Public Safety Revenue (\$773,000), and Other Income (\$677,000).

El Dorado Hills - Includes Fund Transfers In and Investment Earnings.

Folsom - Charge for Services (\$1,812,150), Interest Income (\$600,000), Transfers from Other Funds (\$7,564,846), and Other Revenue (\$349,083).

Rancho Santa Margarita - Includes Investment Income (\$256,135), Transfers from Gas Tax Fund (\$564,694), Misc. Grants (\$20,925), and Other Revenue (\$21,088).

Rocklin - Includes all Intergovernmental Revenues except Motor Vehicle in Lieu (\$2,573,000), Charges for Services (\$2,837,600), Use of Money investment income (\$881,900), and Miscellaneous Fees (\$459,200)

West Sacramento Includes Use of Money (\$11,000), Homeowner's Property Tax Relief (\$180,000), Peace Officers Standards (\$25,000), Other Revenue (\$80,000), Other Financing (\$1,195,000), and Transfers (\$120,756).

Yuba City - Includes Prop. 172 Funds, Homeowner Property Tax Relief (Intergovernmental), Investment Interest, Rents, and Other Income.

Table 3
El Dorado Hills
Comprehensive Fiscal Analysis
Staffing Level Comparison Summary Table

City Fiscal Year	Recently Incorporated Cities							
	Aliso Viejo [1]		Goleta		Oakley		Rancho Santa Margarita	
	2003-04		2003-04		2003-04		2003-04 (Estimate)	
	Staff	Per 1,000	Staff	Per 1,000	Staff	Per 1,000	Staff	Per 1,000
Population [2]	43,900		30,800		26,950		48,800	
City Council			5.00	0.16				
City Manager			3.80	0.12	3.25	0.12	8.75	0.18
City Clerk					2.50	0.09	2.50	0.05
City Attorney					1.50	0.06		
Finance					3.00	0.11	2.00	0.04
Administrative Services			4.50	0.15	1.25	0.05		
Planning			13.50	0.44			4.75	0.10
Public Works [4]								
Parks and Recreation [5]					5.50	0.20		
Community Development			7.00	0.23			2.50	0.05
Non-Departmental								
Other					2.00	0.07		
TOTAL			33.80	1.10	19.00	0.71	20.50	0.42

Source: City of Aliso Viejo Annual Budget 2003-2004 and FY 2003-2004 Mid-Year Budget Forecast,
 City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget,
 City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005,
 City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget,
 City of Yuba City 2004-2005 Budget

[1] Staffing levels not available for Aliso Viejo.

[2] All recently incorporated and similarly sized city population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills population as of 1/1/2008.

[3] Included with City Council.

[4] For El Dorado Hills, Public Works staffing levels represent Public Works Administration staffing only and do not include staffing funded by restricted revenues.

[5] For El Dorado Hills, staffing levels are for full-time equivalents only and are based on the El Dorado Hills Community Services District (EDHCSD) organizational chart. EDHCSD also employs 47 seasonal employees.

Table 3
El Dorado Hills
Comprehensive Fiscal Analysis
Staffing Level Comparison Summary Table

City	Similarly Sized Cities								El Dorado Hills	
	Folsom		Rocklin		West Sacramento		Yuba City		LAFCO Approved Boundary	
	2003-04	Per	2003-04	Per	2003-04 (Estimate)	Per	2003-04	Per	2008-09	Per
Fiscal Year	Staff	1,000	Staff	1,000	Staff	1,000	Staff	1,000	Staff	1,000
Population [2]	63,900		46,000		36,450		48,700		41,321	
City Council	5.00	0.08	10.00	0.22			5.00	0.10	5.00	0.12
City Manager	5.00	0.08	[3]		19.00	0.52	2.00	0.04	4.00	0.10
City Clerk	4.00	0.06	[3]						2.00	0.05
City Attorney	5.00	0.08	[3]							
Finance	19.00	0.30	[3]		13.00	0.36	12.00	0.25	4.00	0.10
Administrative Services							17.00	0.35	4.00	0.10
Planning	24.00	0.38	7.00	0.15	13.80	0.38	3.00	0.06	8.50	0.21
Public Works [4]	59.10	0.92	20.50	0.45	52.00	1.43	23.40	0.48	1.50	0.04
Parks and Recreation [5]	67.70	1.06	35.00	0.76	23.00	0.63	26.00	0.53	25.50	0.62
Community Development					49.00	1.34				
Non-Departmental										
Other	102.50	1.60	53.00	1.15						
TOTAL	291.30	4.56	125.50	2.73	169.80	4.66	88.40	1.82	54.50	1.32

staff_comp

Source: City of Aliso Viejo Annual Budget 2003-2004 and FY 2003-2004 Mid-Year Budget Forecast,
 City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget,
 City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005,
 City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget,
 City of Yuba City 2004-2005 Budget

- [1] Staffing levels not available for Aliso Viejo.
- [2] All recently incorporated and similarly sized city population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills population as of 1/1/2008.
- [3] Included with City Council.
- [4] For El Dorado Hills, Public Works staffing levels represent Public Works Administration staffing only and do not include staffing funded by restricted revenues.
- [5] For El Dorado Hills, staffing levels are for full-time equivalents only and are based on the El Dorado Hills Community Services District (EDHCSD) organizational chart. EDHCSD also employs 47 seasonal employees.

Table 4
El Dorado Hills Incorporation
Comprehensive Fiscal Analysis
Police Expenditure and Service Level Comparison Summary Table

Item	Recently Incorporated Cities				Similarly Sized Cities				El Dorado Hills [2] LAFCO Approved Boundary
	Aliso Viejo	Goleta [1]	Oakley	Rancho Santa Margarita	Folsom	Rocklin	West Sacramento	Yuba City	
Population [3]	43,900	30,800	26,950	48,800	63,900	46,000	36,450	48,700	41,321
Total Expenditures	\$4,261,000	\$4,694,390	\$3,427,000	\$5,284,108	\$13,399,698	\$7,113,000	\$9,642,977	\$7,280,415	\$4,939,418
Expenditures / Capita	\$97	\$152	\$127	\$108	\$210	\$155	\$265	\$149	\$120
Sworn Officers	N/A	33	20	N/A	73	46	60	56	N/A
Expenditures / Officer	N/A	\$142,254	\$171,350	N/A	\$183,558	\$154,630	\$162,067	\$130,007	N/A
Officers / Thous. Population	N/A	1.07	0.74	N/A	1.14	1.00	1.63	1.15	N/A

"police_comp"

Source: City of Aliso Viejo Annual Budget 2003-2004 and FY 2003-2004 Mid-Year Budget Forecast, City of Goleta Operating Budget 2003-2004, City of Oakley 2004-2005 Annual Budget, City of Rancho Santa Margarita Adopted Operating Budget & Capital Improvement Plan Fiscal Year 2004-2005, City of Rocklin Final Budget 2004-2005, City of West Sacramento 2003-2004 Final Budget, City of Yuba City 2004-2005 Budget.

[1] Expenditure and staffing levels based on contract law enforcement services.

[2] Police expenditure estimates as of Fiscal Year 2008-09.

[3] All population figures from the California Department of Finance as of 1/1/2003. Estimated El Dorado Hills population as of 1/1/2008.