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Print Date: Tuesday, June 26, 2007

Last modified: Thursday, June 21, 2007 9:24 PM PDT

Incorporation likely an uphill battle

By: Cheri March

A required two-year halt on incorporation applications is about to expire for El Dorado Hills, but cityhood advocates shouldn't hold their breath, says LAFCO's executive officer.

Jose Henriquez of El Dorado County LAFCO (Land Agency Formation Committee) told the El Dorado Hills Community Services District board on Thursday that incorporation would likely be a tough uphill battle.

"This is a very complicated process. I requested the opportunity to be here to at least give you an idea of what incorporation means," said Henriquez. "Incorporation procedures and laws are very technical. I took a class just to scratch the surface and it was a two-day course."

After nearly a decade of preparation, Measure P-incorporation-failed at the polls in November 2005 after opponents questioned EDH's fiscal viability.

"We had a big learning curve to climb," admitted incorporation supporter Paul Raveling at a recent Citizens Alliance meeting.

Proposed cities must not only be fiscally viable, but also be revenue-neutral to their county, meaning the county's lost revenue due to incorporation must balance with the cost saved by the services it no longer has to extend to the newly formed city. For example, while a city takes on responsibilities of public safety-such as fire or police services-counties must still handle services such as jails, courts, and social services. These costs must equalize.

If cityhood supporters believe revenue requirements can be met, there are two ways to begin the incorporation process, Henriquez said. LAFCO must receive either an application from a local agency or signatures of 25 percent or more of voters in the would-be city boundaries. The signatures must also meet certain land value requirements and be obtained and turned in within a six-month period.

Applications need to spell out a number of things, such as which organizations will be changed or dissolved.

Passing environmental reviews is another hurdle. The more undeveloped land that's included in the proposed city boundaries, the more difficult the environmental process, explained Henriquez. In the core of EDH, where buildout is almost complete, the environmental review would likely be minimal.

No matter how you look at it, "incorporation is at least a two-year process," he said. "There's really no way to shorten it."

The earliest a petition could be submitted to LAFCO is November 2007; if it fails, another two-year waiting period will begin.

But before submission, applicants must wait for end-of-year county data and make it through a 90-day revenue-neutrality negotiation period. "Even if you're ready to go by October, you're not going to make it by November," Henriquez warned.

Carmel Valley near Monterey, he pointed out, submitted signatures in 2003 and has yet to make it past revenue negotiations.

And then there are costs. On average, it takes \$100,000 for incorporation to make it to a ballot. But time drives up expenses; EDH's last cityhood effort cost nearly \$450,000.

There is always the vehicle license fee pool available for proposed cities. Though the funding sunsets on Jan. 1, 2009, Henriquez believes it will be reinstated. And, "there is a possibility of a state loan, but given current prices, I wouldn't count on it," Henriquez said.

Then there is the question of whether or not cityhood even stands a chance with voters. "Does the community desire to incorporate? There is some opposition that I don't believe has gone away," he said.

CSD General Manager Wayne Lowery proposed holding another meeting on the complex subject.

"If residents are interested in understanding the process, maybe we can facilitate a meeting to explain it in greater depth," he said.

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