

Agenda Item No. 4

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
SACRAMENTO, California 95814
(916) 874-6458

March 1, 2006

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION OF NORTH VINEYARD STATION TO COUNTY SERVICE AREA NO. 10**
(15-05) [CEQA: Exempt Sec.15061(b)(3)]

CONTACT: Donald J. Lockhart, Assistant Executive Officer, (916) 874-2937

RECOMMENDATION

1. Certify the CEQA Categorical Exemption as adequate and complete for the Sphere of Influence Amendment and Annexation of North Vineyard Station to County Service Area No. 10, and direct your Executive Officer to file the Notice of Exemption with the appropriate government entity.
2. Approve the Sphere of Influence Amendment and Annexation of North Vineyard Station Specific Plan Area to County Service Area No. 10.
3. Condition approval of the annexation to County Service Area No. 10 on the terms and conditions listed below:
 - a) The Sphere of Influence for County Service Area No. 10 is amended to be coterminous with the boundary of North Vineyard Station Specific Plan, as set forth in attached Exhibit A.
 - b) The boundaries of the North Vineyard Station Specific Plan annexation to CSA No. 10 are set forth in Exhibit A.
 - c) The effective date of the annexation shall be upon filing of the Certificate of Completion by the Executive Officer.

4. Pursuant to provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, your Commission should exercise delegation of authority to the Executive Officer to act as Conducting Authority for the annexation to County Service Area No. 10 in order to complete the protest proceedings.
5. Authorize your Chair to sign the Resolution making these determinations.

PROPONENT

The Sacramento County Board of Supervisors
c/o Robert Davison
827 7th Street
Sacramento, CA 95814
(916)874-6525
davisonb@saccounty.net

The Sacramento County Board of Supervisors has adopted a resolution to initiate proceedings pursuant to the County Service Area Law, Chapter 2.2, Division 2, Title 3 of the Government Code (the “Law”) to annex the North Vineyard Station Specific Plan to CSA No. 10, a dependent special district, for the purpose of funding extended services, for compliance with previously imposed conditions of development and environmental mitigation measures.

BACKGROUND

County Service Area (CSA) No. 10

The proposal responds to adopted conditions of approval for the North Vineyard Station Specific Plan to annex to CSA No. 10 to fund the required extended transportation services.

The AQ-15 Air Quality Plan for the North Vineyard Station Specific Plan approved by the Board of Supervisors 1998 requires the Plan area to participate in a Transportation Management Association (TMA) to create, administer, and finance on-going programs to reduce vehicle trips, and the North Vineyard Station Financing Plan to include the means to fund the TMA. County Service Area No. 10 was established in 2003 as the best means available to the County to fund trip reduction services in new growth areas. No TMA exists in the North Vineyard Station area. The North Vineyard Station Financing Plan was adopted by the Board on November 10, 2004. Zoning ordinance conditions approved the same day for the initial Vineyard Creek (SZC-2004-0022) and Vineyard Point (SZC-2004-0023) projects in North Vineyard Station require their annexation to CSA No.10 or establishing some equivalent financing mechanism.

Proposed Benefit Zone No. 3

If the annexation is approved by your Commission, the County Board of Supervisors will extend CSA No. 10 transportation services delivery by establishing Benefit Zone No. 3 encompassing only:

Vineyard Point (Lennar Winncrest) – 181 acres

Vineyard Creek (Standard Pacific Corp. & North Vineyard Investors) - 105 acres

The proposed CSA10 extended transportation services for Benefit Zone No. 3 include the same range of trip reduction services already established in Benefit Zone No. 1 and 2. These include educational outreach, incentives for alternative mode travel, and transit shuttle service. Attachment A outlines the rationale for expanding CSA No.10 to include the North Vineyard Station Specific Plan area and summarizes the Engineer’s Report for Benefit Zone No. 3.

Purpose of CSA No. 10 and Benefit Zone No. 3

The purpose of Benefit Zone No. 3 is to extend certain transportation-related services to developing areas. Services would be funded by a property related charge pursuant to the California Constitution Article XIID, Section 6. The formation of Benefit Zone No. 3 fulfills certain conditions of development included in Sacramento County Ordinance No. SCZ 2000-018 for the Zinfandel Special Planning Area and related planning documents.

Benefit Zone No. 3 charges for residential and nonresidential development will fund transit shuttle services and/or other supplemental transportation services indefinitely as determined appropriate by the County Board of Supervisors.

A portion of CSA No.10 is within the City of Rancho Cordova. On September 19, 2005 the Rancho Cordova City Council adopted a resolution of application to LAFCo for the reorganization of CSA No.10 to detach its portion of the district, including existing Benefit Zones 1 and 2, prior to establishing its own successor financing district for trip reduction services. Your staff continues to work with City staff in the preparation of the application.

Funding

In order to finance the requirements and provide funding for the extended transportation service, the Sacramento County Board of Supervisors has initiated these proceedings for the annexation of the affected territory, and the establishment of Benefit Zone No. 3. Typically with the administration and operation of a CSA, the County Board of Supervisors, has sole discretion.

If your Commission approves the SOI Amendment, and related annexation to County Service Area No. 10, the Board of Supervisors would have the sole discretion to approve

annual service charges, which will be collected on property tax bills beginning FY 2007 - 08.

The Engineers Report derives a schedule of service charges for properties in Benefit Zone No.3 based on vehicle trip generation characteristics and associated cost of service for each land use category. Estimated service costs have been derived from the North Natomas TMA's trip reduction services budget. At full development in Benefit Zone No. 3 of CSA No.10 under the proposed schedule of annual service charges the residential and non-residential properties would contribute a total of \$451,200.

The Report proposes an annual rate inflation adjustment of service charges determined by the Consumer Price Index not to exceed 6%. Annual service charges for Benefit Zone No.3 by land use category follow:

- | | |
|---|------------------------|
| • Single-Family Residential | \$80 per dwelling unit |
| • Multi-Family Residential | \$56 per dwelling unit |
| • Retail & Service Commercial | \$2,051 per acre |
| • Park Office | \$1,763 per acre |
| • Undeveloped Residential and Non-Residential | no service charge |

County Service Area No. 10 and Sphere of Influence

The existing boundaries of County Service Area (CSA) No.10 and its Sphere of Influence are coterminous. These boundaries consist of all the lots, parcels and subdivisions of land located in the following subdivisions approved development projects:

The Villages of Zinfandel,
SunRidge
Mather Field. SPA

CSA No.10 is irregularly shaped, and is generally located south of International Boulevard and White Rock Road; north of Kiefer Road; east of the western boundary of Mather Field; and West of Grant Line Road.

Sphere of Influence Amendment and Benefit Zone No.3 Boundaries

The SOI will be amended to be coterminous with the affected territory. Benefit Zone No. 3 will consist of all the parcels located in the Vineyard Station Specific Plan. (Please see attachment B.) The affected territory of 1500+ acres is an irregular shape that covers the Vineyard Station Specific Plan, generally located:

- South of Florin Road;
- North of Gerber Road;
- East of Elder Creek; and
- West of Vineyard Road.

ANALYSIS OF PROPOSAL

County Service Area No.10

Your Commission established County Service Areas No. 10 in 2003, as a dependent special district. Pursuant to California Government Code, a County Service Area may provide a broad array of extended services, and "Miscellaneous extended services," including Transportation Services. At the time of the adoption of the resolution of intention to establish this CSA No.10 county service area, the Board of Supervisors specified the type or types of services to be provided within the area (Gov. Code Sec.25210.4, 25210.4a, 56036.(a) and 56375.).

A County Service Area is capable of providing a dependable and adjustable revenue source by placing a proportionate service charge on properties which derive benefit from the service provided. It allows the levying of service charges either on the property tax bill or on a utility.

Process for Sphere of Influence Amendment and Annexation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that your Commission retain the role of Conducting Authority (Sec. 56029.). The Board of Supervisors will exercise sole discretion in activating Benefit Zone No.3, and any subsequent Benefit Zones within CSA No.10 consistent with the boundaries set forth in Exhibit A in order to facilitate conducting of individual protest ballot proceedings for each North Vineyard Station development project after it receives development entitlements conditioned on participation in CSA No.10.

Only the County of Sacramento Board of Supervisors has the authority to activate CSA No.10 Benefit Zone 3 and levy service charges. Annexation of North Vineyard Station to CSA No.10 up to the point of the initial levy in Benefit Zone No. 3 involves the following steps:

1. Board of Supervisors approves Resolution of Application to LAFCo for annexation of territory to CSA No.10.
2. Your Commission holds a public hearing to consider the Sphere of Influence Amendment and Annexation of North Vineyard Station Specific Plan to County Service Area No.10.
3. If your Commission approves the proposal, you may adopt a Resolution designating your Executive Officer as Conducting Authority to complete the proceedings.
4. The Board of Supervisors holds a public hearing and considers Proposition 218 protest ballots of the initial Benefit Zone No.3 parcel owners. The value of protest is weighted by proposed 2006-07 service charges and canvasses the results.
5. Board of Supervisors holds hearing to affirm 2006-07 service charges for activated parcels in CSA No.10 Benefit Zone No.3.

Your Commission has the power to review and approve or disapprove with or without amendment, wholly, partially, or conditionally, the Sphere of Influence Amendment and Annexation of North Vineyard Station Specific Plan to County Service Area No.10. If your Commission approves the proposal, then the proceedings will move to the Conducting Authority.

The annexation may be defeated by adequate protest submitted and not withdrawn during the Conducting Authority proceedings.

Description of Services

Benefit Zone No.3 will provide transportation services to both residential and nonresidential development within the North Vineyard Station Specific Plan area.

The purpose of CSA No.10 is to fund programs and services to implement trip reduction measures that improve mobility and coincidentally reduce air quality impacts. Such programs and services may include but are not limited to:

- On-site transportation coordinators and education outreach
- Incentives for alternative mode use such as transit subsidies, guaranteed ride home programs, and bicycles purchase subsidies
- Programs encouraging people to work close to where they live
- Grade school trip pool programs
- Transit shuttle system

Any component of the trip reduction strategy implemented through CSA No. 10 may be revised or discontinued if it is proven to be ineffective. Additional programs and services may be implemented as appropriate to assist in achieving the targeted reduction in daily vehicle trips. In the event the property owners fail to approve either the annexation to CSA No. 10 or the property assessment for the CSA, no building permits shall be issued. In no event shall any owner of land within the project enter into any home sale agreement prior to “formation” (annexation) to the CSA or an equivalent financing mechanism. For purposes of Benefit Zone 3, the term “formation” shall mean the completion of formation proceedings as required by Proposition 218.

The charges for residential and nonresidential development will fund transit shuttle services and/or other supplemental transportation services indefinitely as determined appropriate by the County Board of Supervisors. Supplemental transportation services may include the following:

- **Transit Shuttle** – shuttle for residents and/or employees between residential areas, employment centers, shopping and service centers and light rail stations and/or other public transit options; -
- **Guaranteed Ride Home** – free taxi rides and rental cars for ride sharers in case of an emergency;

- **Transit Subsidies** – financial assistance to encourage residents and employees to use transit or other alternative transportation measures;
- **Transportation Plans** - for employers and/or resident groups – plans which guide employers and resident groups on the implementation of trip reduction programs, such as ride share matching or other similar programs;
- **Education Programs** – various programs such as education of transit options, home office set up, alternative commute opportunities;
- **Infrastructure Support** – additional bike racks and lockers, transportation alternative and ride share informational boards/kiosks, and transit facilities;
- **Transportation Coordinator Training and Support** – instruction in mobility (transportation alternatives) for residential groups and work site coordinators;
- **Bicycle and Alternative Fuel Vehicle Incentives** – incentives for purchasing new bicycles or alternative fuel vehicles.

Environmental Considerations

LAFCo will act as the lead agency consistent with CEQA Guidelines §15050 et. seq., regarding the environmental documentation for the Sphere of Influence Amendment and Annexation of North Vineyard Station to County Service Area No. 10 for the purpose of providing a financing district for extended miscellaneous transportation service in the affected territory.

LAFCo has prepared a Notice of Exemption Section Sec.15061(b)(3), as the appropriate CEQA document due to its finding that the proposed project will not have a significant effect on the environment.

The proposed project consists of the expansion of the Sphere of Influence of County Service Area (CSA) No.10 to include the urbanizing project area, and the annexation of the area to CSA No.10. CSA No.10 was formed in compliance with Sacramento County General Plan policies and regional air quality policies to provide funding and management of vehicle trip reduction measures to reduce traffic congestion and reduce regional air pollutant emissions, thereby benefiting regional air quality.

Operations and programs provided by CSA No.10 to the project area include onsite transportation coordination, incentives for alternative modes of transportation, encouraging proximity of employment to residences, development of car pooling programs, funding transit shuttles, and other programs to reduce vehicle use.

CONSISTENCY WITH LAFCO POLICES AND PROCEDURES AND COUNTY GENERAL PLAN

Master Services Element/ Municipal Services Review

The Sphere of Influence Amendment for CSA No.10 is consistent with LAFCo Policies and Procedures which require a Master Services Element/ Municipal Services Review for the amendment of a Sphere of Influence.

Spheres of Influence are the primary planning tool for LAFCo. Sacramento LAFCo has developed standards related to the Master Services Element/ Municipal Services Review of any agency's Sphere of Influence. Agencies must have an updated Master Services Element/ Municipal Services Review which meets the following standards:

- a. Is consistent with the Master Services Element/ Municipal Services Review of the Spheres of Influence of any overlapping jurisdiction;
- b. Demonstrates that adequate services will be provided within the time frame needed by the inhabitants of the area included within the proposed boundary;
- c. Identifies existing land use and a reasonable projection of land uses which would occur if services were provided consistent with the updated Element;
- d. Presents a map that clearly indicates the location of existing and proposed facilities, including plan for timing and location of facilities;
- e. Describes the nature of each service to be provided;
- f. Describes the service level capacity of the service provider's facilities;
- g. Identifies the anticipated service level to be provided;
- h. Describes any actions, improvements, or construction necessary to reach required service levels, including costs and financing methods;
- i. Provides copies of district enabling legislation pertinent to the provision of service levels, including costs and financing methods;
- j. Identifies projected revenue and identifies savings occurring as a result of the action; and
- k. Provides existing and five year population projects within agency boundaries.

The proponent has provided the Engineer's Report (Report) for the proposal and the levy and collection of annual charges in Benefit Zone No.3 commencing in fiscal year 2007/08 (Exhibit C). The CSA No.10 and Benefit Zone No.3 structure (organization), proposed services, and method of apportionment and charges that are described in the Report are based on current development and improvement plans including all estimated direct expenditures, incidental expenses, and reserves associated with the extended services.

The Report complies with the Master Services Element/ Municipal Services Review criteria

The project is consistent with the County General Plan in that it will implement the adopted Transportation Systems Management (TSM) Plan, which complies a General Plan AQ-15 Plan calling for Transportation Management Association (TMA) membership and funding through a County Service Area (CSA), as well as provision of Transportation Demand Management (TDM) services including current TMA programs as well as marketing, sponsored ridesharing, transit pass sales, bicycle and shower facilities, shuttle transit, and parking management.

Analysis of Proposal

Your Commission has adopted specific standards for actions to ensure that fair and consistent decisions are reached in accordance with Cortese-Knox-Hertzberg legislation. Your Commission may make exceptions to these specific standards if it determines that such exceptions:

- Are necessary due to unique circumstances;
- Are necessary due to conflicts between general and specific standards;
- Result in improved quality or lower cost of services available; or
- There exists no feasible or logical alternative.

Standards

1. LAFCo will encourage special district annexation in areas that demonstrate a need for unmet or improved level of services due to the inadequate level or quality of services currently provided.
2. LAFCo requires a Master Services Element/ Municipal Services Review which defines financing, service levels and how services are delivered.
3. LAFCo requires a definite Sphere of Influence map, plan and definite boundaries.
4. The proposed district annexation should be consistent with the County's General Plan and any applicable Specific Plans.
5. LAFCo will not approve district formations when the Master Services Element/ Municipal Services Review conflicts with the Master Services Element/ Municipal Services Review of other agencies.
6. LAFCo will not approve an application for district annexation unless the proponent can demonstrate it can fund the services it intends to provide.

Each of the above standards and requirements have been satisfactorily met for the proposed Sphere of Influence Amendment and Annexation of North Vineyard Station Specific Plan to of County Service Area No. 10. Each of these items listed above has been discussed in detail in this report and in the accompanying attachments.

Effect of Proposal on Adjacent Areas

Once formed a CSA may continue to operate or expand within a city after incorporation only with the consent of the city. A portion of CSA No.10 is located within the City of Rancho Cordova (effective, July 1, 2003). The LAFCo Resolution making determinations for the incorporation of the City of Rancho Cordova , waived the automatic exclusion of city territory from a county service area formed to fund transportation services. Thus the City of Rancho Cordova and the County met and conferred to decide whether to continue funding transportation services through CSA No.10.

On September 19, 2005 the Rancho Cordova City Council adopted a resolution of application to LAFCo for the reorganization of CSA No.10 to detach its portion of the district, including existing Benefit Zones 1 and 2, prior to establishing its own successor financing district for trip reduction services. Your staff continues to work with City staff in the preparation of the application.

Affected Districts

The proposal was routed for review and comment to the Sacramento County Public Works Agency, Southgate Recreation and Park District, Sacramento Metropolitan Fire District, Sacramento Regional Transit District (RT), Sacramento Metropolitan Air Quality Management District (SMAQMD.)

Fees imposed as part of the CSA No.10 services will not be charged to public facilities, therefore the special districts within the proposed territory will experience no effect from the annexation of territory.

The Sacramento County Public Works Agency had no comments. Southgate Recreation and Park District and Sacramento Metropolitan Fire District do not oppose the proposal. It is anticipated that the extended transportation services may develop a complimentary relationship by increasing travel options to recreation programs and park sites.

The SMAQMD continues to maintain a strong position of support for Community Service Area No.10. Your Commission may recall that Mr. Ron Maertz, Transportation and Land Use Coordinator for the District, was the first person in the Sacramento region to propose the formation of the CSA. The District concurs that CSA No.10 is the best tool available for implementation of TMD management measures. It is crucial for the County of Sacramento to work closely with the District in order to devise effective means of the implementing the TMD measures listed in the Engineers Report.

Regional Transit staff supports the proposal. RT staff continues to collaborate with the County staff for the successful implementation of Benefit Zone No.3.

Conducting Authority Proceedings

The affected territory is inhabited, with 133 registered voters onsite. Notice has been provided to all affected agencies, landowners and registered voters in the affected territory. No written protest of the Reorganization has been submitted. Staff received one phone call requesting clarification of the proposal.

After your commission has adopted a resolution making determinations on the reorganization, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the resolution within 30 days of adoption. [56895 (a)(b)]

Your Executive Officer, as Conducting Authority shall take one following actions:

- (1) Terminate proceedings if a majority protest.
- (2) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:
 - (A) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.
 - (B) At least 25 percent of the number of landowners who also own at least 25 percent of the assessed value of land within the affected territory.
- (3) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25 percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory. [CKH Sec. 57075]

Staff further recommends that the Conducting Authority Protest Hearing be set after the close of the reconsideration period. At the hearing, your Executive Officer shall determine the value of any oral or written protest filed and not withdrawn. [CKH Sec 56666(a) & 57052]

The Board of Supervisors may activate CSA No.10 transportation services delivery by establishing Benefit Zones. Benefit Zone No.3 is proposed, encompassing only approved development sites within the 1,595-acre North Vineyard Station Specific Plan area. Only the County of Sacramento Board of Supervisors has the authority to activate CSA No.10 Benefit Zone No.3 and levy service charges.

No demand is associated with undeveloped land and no charge is levied on this land use.

RECOMMENDATION

I recommend your Commission approve the Resolution approving (1) the Sphere of Influence Amendment for County Service Area No.10; (2) the annexation of the affected territory as described in the Attached Exhibit A, and (3) designation of the Executive Officer to act as Conducting Authority to complete the protest proceedings.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

Attachments:

Maps (Exhibit A)
Board of Supervisors Staff Report, with Engineers Report
CEQA Findings Of Fact and Notice of Exemption
Agency Correspondence

PB:DL:Maf
(North Vineyard Annex CSA 10)