

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

November 7, 2007

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **ENTERPRISE RESERVOIR SPHERE OF**
INFLUENCE AMENDMENT AND ANNEXATION TO
SACRAMENTO SUBURBAN WATER DISTRICT (07-07)

RECOMMENDATION

1. Find the Categorical Exemption as adequate and complete for the Enterprise Reservoir Sphere of Influence Amendment and Annexation to Sacramento Suburban Water District.
2. Adopt the Resolution Making Determinations Approving the Enterprise Sphere of Influence Amendment and Concurrent Annexation to Sacramento Suburban Water District.
3. Waive the Conducting Authority hearing due to 100 percent property owner consent of the proposed Sphere of Influence Amendment and Annexation.

FPPC Disclosure

No parties to this reorganization have declared any contribution to any members of the Commission.

Project Proponent

Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Project Location

917 Enterprise Drive, Sacramento, Ca
APN 285-0160—027 & 28
APN 285-023-014
Approximately 1.67 acres

Project Location and Site

The proposed annexation is located in the unincorporated area of Sacramento County, adjacent to and north of the City of Sacramento near Cal Expo. The proposed annexation contains 1.67 acres located adjacent to the American River Parkway near the intersection of Enterprise Drive and Northrop Avenue. Sacramento Suburban Water District (SSWD) purchased this site from County Sanitation District No. 1 as excess property. Sacramento Suburban Water District has constructed a well, treatment facility, pump station, and water storage facility on this site.

This SSWD project will help to reduce the demand on ground water supplies by providing facilities to store surface water supplies purchased from the City of Sacramento and provide for “in-lieu” recharge of the groundwater basin. These SSWD parcels create an island within the SCWA service area.

Project Description

The proposed project will annex several parcels of land owned by Sacramento Suburban Water District into the District boundary. The parcels are uninhabited and currently developed as a well, water treatment facilities, pump station site, and storage facility. These parcels are not contiguous to the Sacramento Suburban Water District boundary but are connected to its distribution system through underground transmission pipes.

This facility is used to provide water service only to customers in the Sacramento Suburban Water District South Service Area. However, the site and facilities are located within the Sacramento County Water Agency (SCWA) service boundary. Water service to the site is not provided by Sacramento County Water Agency.

Project Objective

The objective of these facilities are to provide reliable and efficient distribution of potable water to Sacramento Suburban Water District’s service area that is located within the City of Sacramento’s “place of use” to minimize impacts and depletion of ground water. These facilities enhance the SSWD surface water transmission capabilities so that the distribution system can operate with less reliance on groundwater wells when surface flows are available and abundant.

The SSWD will not serve surrounding parcels or will this annexation impact or interfere with SCWA, the current service provider.

SSWD primary reason to annex this site is to ensure that the land and improvements will not be subject to real property taxes. In most cases, land and improvements owned by a public entity outside of its District’s boundary are either subject to property taxes or possessory interest tax. However, in this situation, according to the California State Constitution, SSWD land and improvements are not subject to property taxes because the land was exempt from taxation prior to purchase by SSWD.

Nonetheless, SSWD believes that it is in its best interest to annex the Enterprise Reservoir site similar to the recent Antelope Reservoir site annexation to ensure that the land and improvements are not taxable.

Sacramento Suburban Water District

Service Territory

Sacramento Suburban Water District (SSWD) is the consolidation of the former Northridge and Arcade Water Districts. SSWD, consolidated on February 1, 2005, provides water service to portions of the following communities:

Community	Water Service Count (12/06)
City of Sacramento	927
Sacramento*	24,711
Carmichael	6,932
City of Citrus Heights	1,126
North Highlands	8,450
Antelope	2,401
Fair Oaks	98
McClellan Business Park	388
Total SSWD Services	45,074

Residential Services	40,225
Non-Residential Services**	4,850
Total Services	45,074

The average annual water use in acre-feet for SSWD users is estimated as follows:

Type of Service	Services (12/06)	Water Use AF (12/06)	Percent of Water Use per Service
Residential Services			
Flat	27,149	14,477	0.53
Metered	13,074	7,684	0.59
Non-Residential Services**	4,850	16,585	3.42
Total	45,073	38,746	0.86

*SSWD serves approximately 54% in the County of Sacramento. (12/06)

** This includes metered multi-family units and commercial accounts.

Service Territory Proposed for Annexation

The territory proposed for annexation is not contiguous with the boundaries of Sacramento Suburban Water District's South Service Area and is not within the District's Sphere of Influence and service boundary. SSWD owns all of the parcels to be annexed. The parcels to be annexed are contiguous to each other. The facilities are not manned on a daily basis unless maintenance is required i.e., there is no permanent on-site staff.

The proposal was initiated by SSWD in order to include all district facilities within SSWD District boundary.

Water Supply

Ground water will be the primary source of water for the territory in question. Surface water, however, will be used when supplies are available. This District practices conjunctive use, therefore, the South Service Area of SSWD will be using ground water and surface water. The Storage Facility is connected to the City of Sacramento's surface water system and can receive surface water through an agreement that provides up to 20 million gallons per day. SSWD is currently in the process of taking this water when available in lieu of pumping groundwater beginning in 2007. During times when surface water is in use; ground water wells will be at standby conditions. When surface water is not available ground water supply will be used in the South Service Area. Surface water is introduced from a pipeline from the City of Sacramento through the booster pump to the tank. The system can pump directly from the City's pipeline into the District's pipeline or into the tank and then into the system. Although the site is unmanned, SSWD provides water to serve the property and its facilities

The total water supply presently available to SSWD is estimated to be 102,297 acre-feet ground water (North Service Area 50,125 AF and South Service Area 52,182 AF) and when available up to 29,000 acre-feet of surface water. In November of 2006 the South

Service Area will begin receiving surface water. This water will be from the lower American River, diverted into the City of Sacramento's Fairbairn Treatment Plant. The quantity is 22,400 AF per year (20 million gallons per day).

SSWD's components of water use for the past four years are as follows:

Year	Surface Water (AF)	Percent of Use (%)	Ground Water (AF)	Percent of Use (%)	Total
2006	13,074	34	25,669	66	38,743
2005	14,363	35	26,828	65	41,191
2004	15,418	32	32,364	68	47,782
2003	15,072	33	30,316	67	45,388
2002*	16,931	35	31,676	65	48,607
Four Year Average	15,446	34	30,296	66	45,742

* SSWD consolidated on February 11, 2002.

Capital Improvements

SSWD in its long term capital improvement plan (CIP) is proposing to construct at a minimum of two new production wells within the next five years. One well is currently in the well drilling construction phase. One well is located in the North Service Area and the other in the South Service Area. In addition, a potential 3 MG above ground storage facility is proposed to be located next to the North Service Area Well site. Additional water main extensions are planned for installation to assist in transporting and enhancing future surface water supplies throughout the SSWD distribution system.

In the South Service Area, a 5 MG above ground storage facility and booster pump has commenced operations as previously planned. The new reservoir receives the surface water from the City of Sacramento as available or ground water from the Enterprise Well. A booster pump station is used to distribute either source into the South Service Area. A yearly water main replacement project is currently under construction. The main replacement project replaces existing inferior backyard infrastructure with new front yard in public right of way facilities. New metered water services and fire protection facilities are also included on these projects. SSWD anticipates replacing between 7 to 10 miles of transmission and distribution pipes each year for the next 20 years.

SSWD is also in its fifth year of a 20 year meter retrofit program with completion anticipated during 2024. SSWD is currently retrofitting approximately 1,400 residential water services each year for water meters not including new construction. This is a 20-year plan, which is anticipated to be completed by 2024. Over 39 percent of the District's 45,074 water service connections (2006) are now metered.

SSWD is a signatory to the Water Forum Memorandum of Understanding (WF). The WF objective is to protect the environmental benefits of the Lower American River and provide for reliable regional water supplies. SSWD remains engaged in the ongoing efforts to implement the pact. These elements include researching appropriate river flows for fish, developing new upstream diversion agreements, organizing ground water management programs, implementing water conservation programs, providing recreational improvements at Folsom Lake. Since its inception, the WF effort has been nationally recognized as a model of good public planning, providing an effective solution to related issues that affect a wide spectrum of interests.

Water Conservation Programs

SSWD has an ongoing water conservation program to encourage customers to use water wisely and to make conservation a habit of life. SSWD's Water Conservation Program addresses a wide range of water conservation "Best Management Practices" including but not limited to: offering free water evaluation reviews for residential, commercial and institutional customers; distribution of water savings kits which include but are not limited to low flow shower heads, low flow aerators and other plumbing retrofit devices; public information and school education programs; rebates for ultra-low-flow toilets; conservation pricing for metered water consumption; and many others.

SSWD's budget for the Water Conservation Program activities, not including cost of water meter retrofits, is approximately \$400,000 for 2007.

Infrastructure

There is no new infrastructure for this site. The existing infrastructure was installed in 2006 when SSWD completed the construction of the 5 million-gallon storage facility and booster pump station with an interconnection with the City of Sacramento for treated surface water.

Fire Protection Facilities

SSWD and the Sacramento Metropolitan Fire District (SMFD) review the plans at the time of construction. Fire protection in the form of fire hydrants and private fire suppression systems were installed for the buildings as required by local fire codes. These facilities were mutually agreed upon between SSWD and SMFD. Staff of SSWD and SMFD routinely confers on necessary requirements for development projects.

Fees and Charges

SSWD is an "enterprise district" in that its revenue sources are based on user service charges and fees. SSWD receives no property tax revenues. Water rates are typically assessed on a flat rate basis for single family, duplex, triplex, and four-plex residential accounts. Residential water services installed after April 2, 1991 are all metered and are billed at a metered rate. Non-residential accounts such as commercial, institutional,

landscape irrigation, multi-family, light industrial, etc., are assessed at a metered rate which were previously billed as such by each agency (Northridge and Arcade) prior to consolidation. SSWD assesses fees and charges for developer-constructed projects within the boundaries of the District. On January 22, 2007, the District Board approved a new three-year rate increase for water service. Since this is a district owned property, no connection fees were assessed.

Analysis

The proposed annexation is an uninhabited and it is considered a 100 percent consent annexation proposal. The proposal has no impact on either customers within Sacramento Suburban Water District, customers within SCWA territory, or SCWA itself. The primary purpose of the annexation is to ensure that Sacramento Suburban Water District remains exempt from property taxes. (Note: Property owned by a public agency outside its district boundary is subject to property taxes unless the property was tax exempt prior to purchase.)

CEQA

The proposed Sphere of Influence Amendment and Annexation is categorically exempt from CEQA. This project involves the annexation of District land containing District facilities allowed by County zoning regulations. In addition, the existing facilities are designed to serve only Sacramento Suburban Water District customers.

Sacramento County Water Agency

On August 23, 2007, the Sacramento County Water Agency sent a letter indicating that one of the parcels (APN 285-0231-014) is located within the boundary of SCWA. As a result, this could result in some confusion in the future. Other comments from affected agencies were neutral on this proposal.

LAFCo does not have any jurisdiction over the Sacramento County Water Agency for either detachments or annexations. In my opinion, the proposed annexation is not likely to cause any additional confusion that already exists due to the fact that above ground facilities have been built by another service provider within another entities jurisdiction.

SCWA has not retracted its objection, but I have spoken with Keith DeVore, Director of Water Resources and advised him that LAFCo would include terms and conditions similar to the Antelope Reservoir site that restricts Sacramento Suburban Water District from selling or using these parcels for other than providing water service and that Sacramento Suburban Water District would not attempt to provide water service to any surrounding parcels. I believe these conditions provide adequate protection and assurance that SSWD will respect the current service provider and not provide service outside of SSWD's District Boundary as long as these facilities are needed by SSWD.

Annexation is probably not required to assure tax exempt status however, the annexation would eliminate any question that SSWD land and facilities are tax exempt.

Conclusion

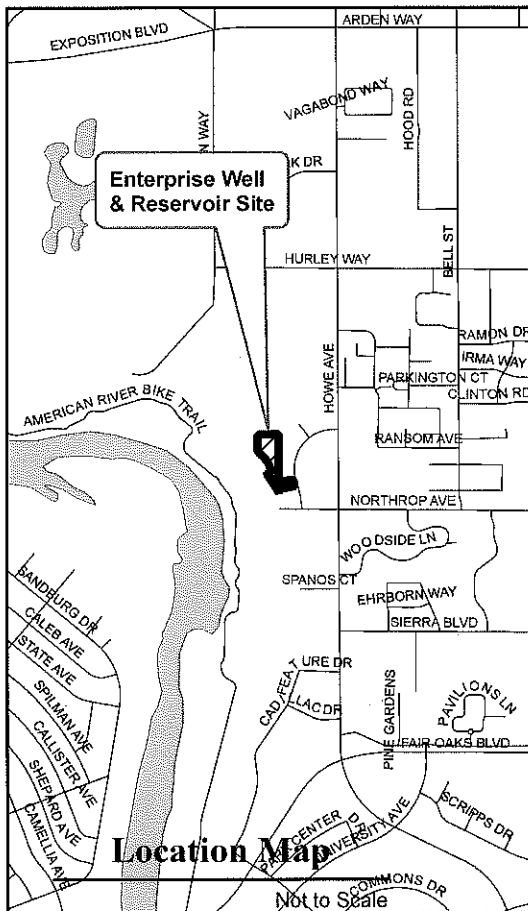
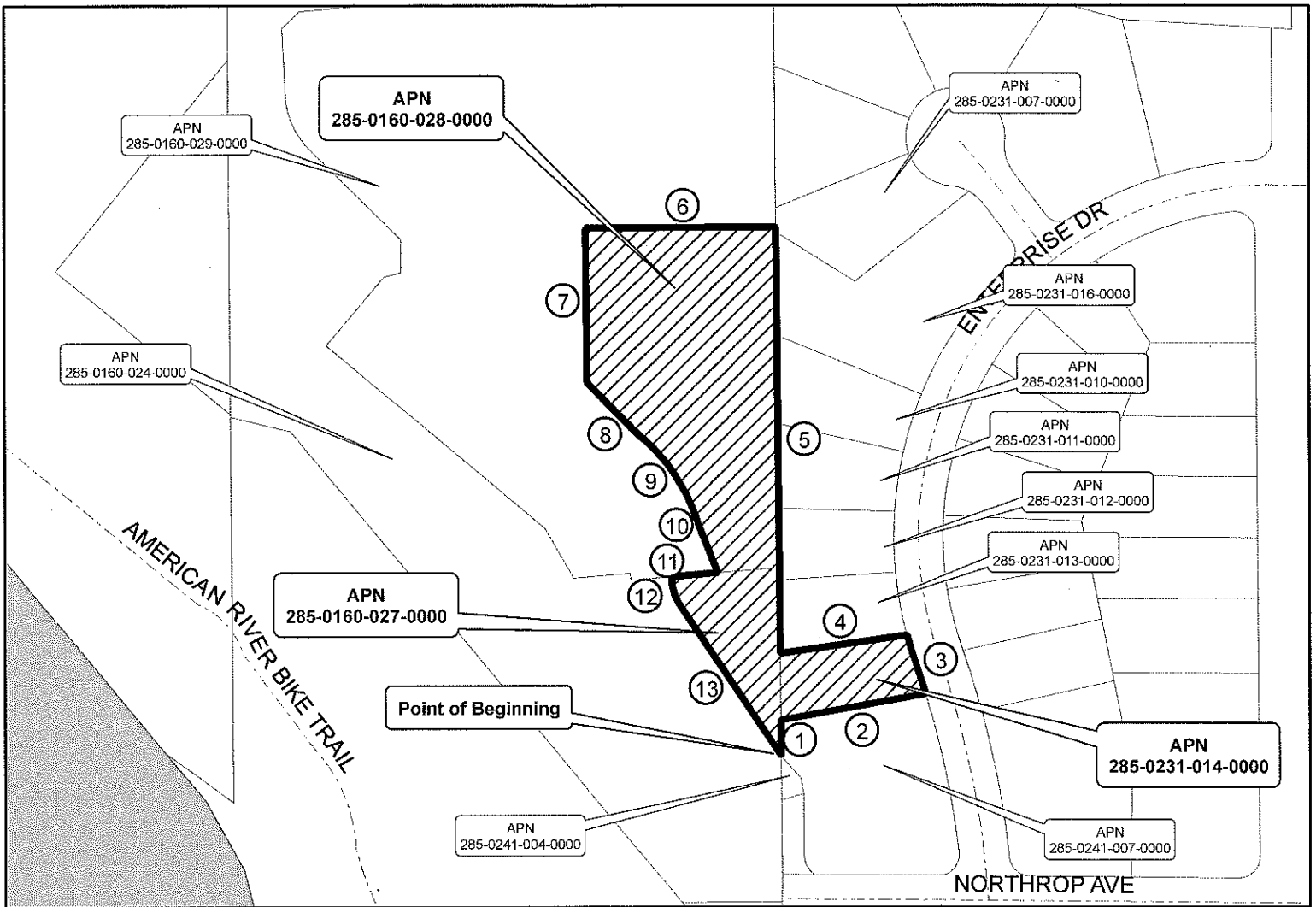
The proposed annexation of the Enterprise reservoir site does not represent annexation of additional service territory into the Sacramento Suburban Water District service area but merely, the annexation of District land and capital improvements that are currently serving the District.

Respectfully submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

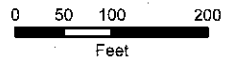
Peter Brundage
Executive Officer

PB
(Enterprise Reservoir)



Courses:

1. North 00deg 18' 49" West, 37.36 Feet
2. North 79deg 27' 11" East, 177.90 Feet
3. Curve Radius 1,570.00 Feet, Subtended by North 15deg 33' 29" West, 75 Feet
4. South 80deg 55' 18" West, 157.18 Feet
5. North 00deg 18' 49" West, 526.10 Feet
6. South 89deg 41' 11" West, 230.00 Feet
5. South 00deg 18' 49" East, 187.08 Feet
6. South 48deg 56" 10" East, 90.24 Feet
7. Curve Radius 232.50 Feet, Subtended by South 33deg 02' 34" East, 126.75 Feet
8. South 17deg 13' 29" East, 63.41 Feet
9. South 89deg 39' 35" West, 55.54 Feet
10. South 03deg 11' 04" West, 7.76 Feet
11. Curve Radius 45 Feet, Subtended by South 11deg 51' 36" East, 27.52 Feet
13. South 33deg 11' 03" East, 231.82 Feet



Enterprise Well & Reservoir Sacramento Suburban Water District	
Assessor Parcel Number: 285-0160-028-0000 285-0160-027-0000 285-0231-014-0000	LAFCO Resolution Number: 00-00
Acreage: 2.37 Acres	Date: 04/16/2007
Scale: 1" = 200'	Enterprise Well & Reservoir Annexation Resolution No. 0000 Being a portion of Section 21 T. 10 N., R.1.E.
SACRAMENTO SUBURBAN WATER DISTRICT	Base Data: Sacramento County Gis Base Map Projection: CA State Plane 2, NAD83 Prepared by: DAV - SSWD Sacramento, CA, April, 2007 Enterprise - LAFCO.mxd

<p align="center">RECORDING REQUESTED</p> <p>WHEN RECORDED MAIL TO:</p> <p>Environmental Coordinator Sacramento Local Agency Formation Commission 1112 I Street, Suite 100 Sacramento, CA 95814</p> <p>CONTACT PERSON: PETER BRUNDAGE TELEPHONE: (916) 874-6458</p>	<p align="center">SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE</p>
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NOTICE OF EXEMPTION

<p>PROJECT TITLE: Sacramento Suburban Water District - 917 Enterprise Drive Sphere of Influence Amendment & Annexation Control Number(s): (07-07)</p>
<p>PROJECT LOCATION: The project area consists of three parcels located northwest of the intersection of Northrop Avenue and Howe Avenue in unincorporated Sacramento County, generally surrounded by Enterprise Drive on the east; Northrop Avenue on the south; and the American River Parkway on the west and north.</p>
<p>ASSESSOR'S PARCEL NUMBERS: 285-0160-027-0000; 285-0160-028-0000; 285-023-014-0000</p>
<p>DESCRIPTION OF PROJECT: The proposed project would expand the District's Sphere of Influence and boundary to encompass the site of an existing water supply well (Enterprise/Northrop Well 75), a booster pump station, and the Enterprise/Northrop Reservoir tank on property owned by the District. No additional construction or changes in operation of the facilities are proposed with the project.</p>

NAME OF PUBLIC AGENCY APPROVING PROJECT: Local Agency Formation Commission

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Sacramento Suburban Water District, Warren Jung

EXEMPT STATUS: (CHECK ONE):

Ministerial (§21080(b); §15628);

Declared Emergency (§21080(b)(3); §15269(a));

Emergency Project (§21080(b)(4), §15269(b)(c));

General Rule (§15061(b)(3));

Categorical Exemption – State Type and Section Number: 15319(a), Class 19 - Annexation of Existing Facilities

Statutory Exemption: - State Code Number:

REASONS WHY PROJECT IS EXEMPT OR DOES NOT REQUIRE FURTHER ENVIRONMENTAL DOCUMENTATION: The Sacramento Suburban Water District is currently operating domestic water facilities within the project area. The nature of the provided services would not change with implementation of the sphere of influence amendment and annexation. Additionally, facilities on the site are fully constructed with water supply and treatment facilities. No additional construction or development would result as a consequence of the proposed project. No activities are proposed that would have a potentially significant effect on the environment. Therefore, the proposed project, consisting of an amendment of the sphere of influence of the Sacramento Suburban Water District and annexation to the District, is exempt from the provisions of CEQA.

<p>ENVIRONMENTAL COORDINATOR OF SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, STATE OF CALIFORNIA</p>	<p>Copy to:</p>	<p>State of California Office of Planning and Research – State Clearinghouse 1400 Tenth Street Sacramento, CA 95814 County of Sacramento County Clerk 600 8th Street, Room 101 Sacramento, CA 95814</p>
<p>By: _____ Peter Brundage Environmental Coordinator</p>		