

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

December 2, 2009

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **CITY OF RANCHO CORDOVA ANNEXATION OF THE SPHERE OF INFLUENCE [SUNRISE & FOLSOM BOULEVARDS AREA]**  
**[CEQA: LAFCo Addendum to Certified Negative Declaration prepared by the Lead Agency – City of Rancho Cordova] (09-07)**

**RECOMMENDATION**

1. Certify the Addendum, together with the Negative Declaration previously certified by the City of Rancho Cordova as the CEQA lead agency, as adequate and complete for the project cited above; and direct the Executive Officer to file the Notice of Determination with the County Clerk Recorder.
2. Approve the Annexation of the Sunrise & Folsom Boulevards Area Sphere of Influence, to the City of Rancho Cordova.
3. Designate the Executive Officer as Conducting Authority; and direct that the protest hearing be set after the close of the required 30-day reconsideration period.

**Applicant**

City Council  
c/o Joe Chinn, Assistant City Manager  
City of Rancho Cordova  
2729 Prospect Park Drive  
Rancho Cordova, California 95670  
(916) 851-8802

**Project Description**

The Sunrise & Folsom Boulevards Area (the area proposed for annexation is deemed to be the “affected territory”) encompasses 246 parcels, and approximately 768 acres. The affected territory is surrounded by the city on the west, east and south. Sunrise Blvd. runs along the west, Highway 50 constitutes the proposed northern boundary, and the Folsom South Canal forms the eastern edge. The area is defined as uninhabited, with fewer than twelve registered voters. It is developed with various commercial, industrial and employment intensive uses. There are relatively few parcels remaining to be developed.

No change in special district service provision or boundaries currently providing service to either the city or the annexation territory is proposed.

The effective date of the annexation will be upon the Executive Officer's filing of the Certificate of Completion with the Office of the Sacramento County Clerk/Recorder.

**General Annexation Requirements**

1. Plan for Services
2. Environmental Review
3. Property Tax Exchange Agreement between City of Rancho Cordova and County of Sacramento.
4. Regional Housing Needs Allocation (i.e., Fair Share Housing Agreement)
5. Rezoning Requirement.

At this public hearing, your Commission shall consider the request and receive any oral or written testimony. The Commission may approve or disapprove, with or without amendment, wholly, partially, or conditionally, the request.

**PLAN FOR SERVICES REVIEW**

**The Purpose and Intent of the Plan for Services Review**

When a city submits a resolution initiating an annexation proposal, the city shall also submit a plan for providing services within the affected territory. The “Plan for Services” (PFS) shall include:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

The PFS provides the necessary information and data to ensure that the Commission has access to all necessary information in a timely manner to make sound conclusions and determinations with respect to municipal services.

The Commission is responsible for making decisions based on staff research, analysis and recommendations. It is important that the Plan for Services contains sufficiently detailed information to support and justify the staff recommendations.

The PFS has been updated with the an Addendum, both are attached, and discussed more fully under the Services section of this report.

### **City of Rancho Cordova History and Background**

#### **History**

The City of Rancho Cordova and encompasses 33.6 square miles on the Highway 50 corridor between the City of Sacramento and the City of Folsom. It is bound by the American River to the North. The most recent population estimate for the City of Rancho Cordova is 61,817, according to a May 2009 estimate by the California State Department of Finance. This represents a 1.38% population increase from 2008.

The community voted 77.6 percent in favor of incorporation on November 5, 2002. Rancho Cordova celebrated the first day of cityhood on July 1, 2003, becoming the 478th city in the State of California. Located in the eastern part of Sacramento County, Rancho Cordova is a community with a rich history encompassing both agriculture and military service dating back to the first 12 miles of railroad in California, a thriving military base in its time, and the home of a successful aerospace industry. The City has a wealth of historic resources, including sites and buildings, artifacts, and memorabilia associated with Native Americans, gold mining, historic railroad operations, the Pony Express, Mather Field, and rocket testing at Aerojet. There are many sites of significant historic value to the community:

- A segment of the Sacramento Valley Railroad alignment that extended from Sacramento to Folsom near Folsom Boulevard, which highlights the development of communication and transportation facilities in the Rancho Cordova area and the region.
- The former location of Fifteen-Mile House, a station of the Central Overland Pony Express, which is near the intersection of White Rock Road and Sunrise Boulevard. This site also highlights the development of communication and transportation facilities in the Rancho Cordova area and the region.

- Pfingst Realty Company Building at 9878 Folsom Boulevard, which highlights the economic (commercial and agricultural) development of Rancho Cordova. It was built in 1860 and served as a train station for the area, being called Routier Station.
- The American River Grange Hall at 2720 Kilgore Road, which also highlights the economic (commercial and agricultural) development of Rancho Cordova. This site has been listed on the California Historic Landmarks list.
- Mathew Kilgore Cemetery located on Kilgore Road between Trade Center Drive and Sun Center Drive. It was established in 1874 and incorporated in 1888, more than 150 people are buried at the site. Along with the extended Kilgore family there are many other pioneer founding family plots with names such as Deterding, Studarus and Yost among others. The City of Rancho Cordova acquired the site in 2005.

This is the first annexation proposed by the City of Rancho Cordova.

**Demographics**

The city has experienced a steady growth rate. The California Department of Finance estimated population for 2008 was 61,000.

Year	Population	Increase	Change %	Annual % Change
2000	53,0651	1,743	3%	0.3%
2005	55,1092	2,044	4%	0.8%
2025	169,0813	74,289	78%	3.9%

Source: 1990 Census, 2000 Census, 2005 DOF estimates and SACOG Projections  
 Note: (1) 2000 Census estimate based on Census Tracts not City of Rancho Cordova boundaries, as the City was not incorporated until 2003 and therefore not recognized the U.S. Census as a city.  
 (2) DOF estimates  
 (3) SACOG population estimates based on a DOF 2005 population of 74,558

Employment	Over 45,000 employed within city limits
Largest industries:	Professional and business services, financial activities, educational and health services and trade, transportation and utilities
Business Clusters:	Home Improvement, Manufacturing, Medical Equipment & Health Services
Fortune 500 Companies:	Vision Service Plan, Aerojet, Franklin Templeton, EDS and Health Net
Household Data	Median Household Income: \$46,529 Average Household Income: \$55,778 High School Graduate or Higher: 84.2%

	Bachelor's Degree or higher:	18.9%
Housing	Approximately 23,656 households	
	Owner-Occupied Dwellings	55%
	Renter-Occupied Dwellings:	45%

[Sources: SRRI, SACTO, SACOG, US Census Bureau, Sacramento Bee, Grubb Ellis, DRA, Rancho Cordova Prospector Updated July 2008]

**City Council, City of Rancho Cordova**

Current City Council members, and terms of office, include:

Linda Budge	November 7, 2006	December 18, 2006	December 2006 - December 2010
Dan Skoglund (Mayor)	November 7, 2006	December 18, 2006	December 2006 - December 2010
Ken Cooley	November 4, 2008	December 15, 2008	December 2008 - December 2012
Robert J. McGarvey,	November 4, 2008	December 15, 2008	December 2008 - December 2012
David M.Sander	November 4, 2008	December 15, 2008	December 2008 - December 2012

The City Council is elected at large, and the Mayor is appointed by the City Council to serve a one year term, January to December. The City Council meets twice a month. Agenda material may be viewed @ <http://www.cityofranhocordova.org>.

**Budget and Finance Information**

The following table is taken from the current City budget, adopted July, 2009.

	General Fund	Special Revenue	Capital Projects	Debt Service	Enterprises	Internal Service	Redevelopment Agency	Agency	Total City Funds
<b>Revenues:</b>									
Taxes	\$ 26,362,000	\$ 1,077,600	\$ -	\$ -	\$ -	\$ -	\$ 1,586,600	\$ 4,829,600	\$ 36,855,800
Licenses & Permits	1,963,900	2,294,800	-	-	-	-	120,000	-	4,375,700
Fines & Forfeitures	626,800	48,100	-	-	-	-	15,000	-	699,900
Investment Earnings	1,095,700	10,900	-	-	-	-	166,600	-	1,273,200
Intergovernmental	754,000	32,800,000	-	-	-	-	-	-	33,654,000
Charges for Services & Other Revenues	4,538,900	-	40,000	-	185,000	-	-	-	4,733,900
<b>Total Revenues</b>	<b>\$ 37,511,300</b>	<b>\$ 36,228,400</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ 185,000</b>	<b>\$ -</b>	<b>\$ 1,586,600</b>	<b>\$ 5,131,200</b>	<b>\$ 80,662,500</b>
<b>Other Sources:</b>									
Transfers In	\$ 1,192,600	-	\$ 40,636,000	\$ 1,950,100	\$ -	\$ 40,000	\$ 1,361,600	\$ -	\$ 46,079,300
Proceeds from Debt	-	-	-	-	-	-	-	-	-
<b>Total Other Sources</b>	<b>\$ 1,192,600</b>	<b>\$ -</b>	<b>\$ 40,636,000</b>	<b>\$ 1,950,100</b>	<b>\$ -</b>	<b>\$ 40,000</b>	<b>\$ 1,361,600</b>	<b>\$ -</b>	<b>\$ 46,079,300</b>
<b>Total Revenues &amp; Other Sources</b>	<b>\$ 38,703,900</b>	<b>\$ 36,228,400</b>	<b>\$ 40,676,000</b>	<b>\$ 1,950,100</b>	<b>\$ 185,000</b>	<b>\$ 40,000</b>	<b>\$ 2,948,200</b>	<b>\$ 5,131,200</b>	<b>\$ 125,761,800</b>
<b>Expenditures:</b>									
Salaries	\$ 5,161,600	\$ 104,100	\$ -	\$ -	\$ -	\$ -	\$ 303,600	\$ -	\$ 5,469,300
Benefits	2,384,600	-	-	-	-	-	-	-	2,384,600
Operations	23,774,900	7,770,100	-	7,000	41,700	-	845,500	224,600	32,763,800
Capital Outlay	157,600	1,045,600	-	-	-	-	415,000	-	1,618,200
Capital Improvements	-	52,000	89,303,600	-	312,600	-	-	450,000	70,018,200
<b>Total Expenditures</b>	<b>\$ 31,478,100</b>	<b>\$ 8,871,800</b>	<b>\$ 89,303,600</b>	<b>\$ 7,000</b>	<b>\$ 354,300</b>	<b>\$ -</b>	<b>\$ 1,564,100</b>	<b>\$ 674,600</b>	<b>\$ 112,254,600</b>
<b>Other Uses:</b>									
Transfers Out	\$ 759,600	\$ 34,472,400	\$ -	\$ -	\$ -	\$ 20,000	\$ 1,503,400	\$ 9,325,900	\$ 46,079,300
Debt Service	-	-	-	1,943,100	-	-	225,000	4,180,000	12,618,100
Principal & Interest	5,460,300	-	-	1,943,100	-	-	225,000	4,180,000	12,618,400
<b>Total Other Uses</b>	<b>\$ 7,219,900</b>	<b>\$ 34,472,400</b>	<b>\$ -</b>	<b>\$ 1,943,100</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 1,728,400</b>	<b>\$ 12,515,900</b>	<b>\$ 57,897,700</b>
<b>Total Expenditures &amp; Other Uses</b>	<b>\$ 38,698,000</b>	<b>\$ 43,444,200</b>	<b>\$ 89,303,600</b>	<b>\$ 1,950,100</b>	<b>\$ 354,300</b>	<b>\$ 20,000</b>	<b>\$ 3,292,500</b>	<b>\$ 13,166,500</b>	<b>\$ 170,152,300</b>
Difference	\$ 5,200	\$ (7,215,800)	\$ (28,628,600)	\$ -	\$ (169,300)	\$ 20,000	\$ (344,300)	\$ (8,035,300)	\$ (44,390,500)
Est. Beginning Fund Balance	\$ 26,821,638	\$ 41,373,132	\$ 41,421,675	\$ -	\$ 141,623	\$ 1,321,495	\$ (670,052)	\$ 18,939,241	\$ 126,338,952
Est. Ending Fund Balance	\$ 26,827,038	\$ 34,157,332	\$ 12,793,075	\$ -	\$ (27,677)	\$ 1,341,495	\$ (1,014,552)	\$ 10,871,641	\$ 84,648,452

Based on the information shown above,<sup>1</sup> the City of Rancho Cordova appears to be financially viable and healthy.

There are three main budget issues that impact the finances of the City of Rancho Cordova

**Issue No. 1. Loan repayment for incorporation transition costs.**

The City of Rancho Cordova is required to repay the County of Sacramento transition costs for the services (Police, Street Maintenance and Animal Control Services) they provided to the City during the first year of operation. This was being paid back in five equal annual installments and FY 2008-09 represented the fifth and final year of payments. Future revenue may be diverted to the improvement of City services.

<sup>1</sup> City of Rancho Cordova 09-10 Annual Budget, Adopted June 2009.

**Issue No. 2. Vehicle license fee revenue.**

In May 2004, Governor Schwarzenegger proposed a VLF for property tax swap as a part of a state and local government budget agreement. The legislature included its version of the swap in the 2004 budget package.

The FY 2009-10 is the final year of the City's Vehicle License Fee (VLF) supplemental revenue, or what is commonly referred to as the "revenue bump." This revenue, according to Revenue and Taxation law in effect prior to July 2004, was allocated to newly incorporated cities in an amount equal to three times the number of registered voters in the City at the time of incorporation. Since FY 2003-04, the City has received an average of \$784,000 per year in the VLF bump with \$520,000 estimated for FY 2009-10. In FY 2010-11, Rancho Cordova will only receive its normally allocated VLF revenue according to current State law. This amount is significantly less than what is currently received due to the loss of the bump and due to the erosion of VLF allocation by excess State administrative fees and overall declining VLF revenues.

[Note: Cities annexing inhabited territories after August 5, 2004 receive an allocation in the amount of \$50 plus growth per resident at the time of annexation. This is an uninhabited annexation.]

**Issue No. 3. Revenue Neutrality Payment.**

In order for the new City of Rancho Cordova to be economically viable, and for the citizens within its corporate boundary to continue to receive substantially the same level of services as previously provided by the County of Sacramento, a mitigation payment extended over a longer period of time than 25 years. The County of Sacramento accepted a reduced mitigation payment over a longer period of time. As a result, repayment was calculated to extend for a period of approximately 31.5 years. At the end of 31.5 years, the County may, nevertheless, be required to reduce programs or raise new revenue to support its programs.

Revenue neutrality's impact on the City has been mitigated to an extent by the settlement with Sacramento County reached during FY 2006-07. These fixed payments will replace the formula approach previously used and provide a much more stable tax base for the City.

**Local Government Finance (General Fund)**

Local government finance is similar for both city and county government. Revenue (sales tax, property tax, utility user tax) are dependent on the local economy of the jurisdiction and the region. The economic downturn has affected the City of Rancho Cordova like most cities throughout California and the U.S. The impacts of falling revenues, particularly from sales taxes, building permits, and decreasing property values, has required the City to make increasingly difficult choices about the priorities, projects, and services to fund. During Fiscal Year 2006-07, the City received the highest amount of total revenues in the General Fund. Decreased consumer spending, flat or decreasing

assessed property values, and changes in some of the revenues received since incorporation have negatively impacted the City's budget in the years after FY 2006-07, and will continue to affect the health of the revenue stream for the next several years. The current economic conditions are adversely impacting federal, state and local government budgets. Generally, however, it is more cost effective and efficient to serve densely populated areas than rural areas.

### **Boundary Discussion**

The proposed annexation entails the entire unincorporated portion of the City of Rancho Cordova Sphere of Influence (SOI.) The area is largely urbanized or designated for development. This area was excluded from the approved incorporation boundary to reduce the required Revenue Neutrality mitigation payment to the County of Sacramento.

At the time of incorporation, the boundary approved by your Commission inadvertently created an island on the northeastern boundary of City of Rancho Cordova. The non-contiguous boundary created by the legal description for the new city was discovered by the State Board of Equalization in its effort to map the city's corporate boundary. Approval of this annexation will "clean up" this boundary irregularity. Property taxes will be allocated based on the Auditor's ratio at the time of the incorporation. The property owner, GenCorp (Aerojet), does not oppose the proposed annexation.

The affected territory is within the County Urban Services Boundary and the County of Sacramento Urban Policy Area. It is also within the City General Plan Planning Area. The Urban Service Boundary (USB) indicates a proposed ultimate urban boundary in the unincorporated territory of Sacramento County. This boundary, based upon natural and environmental constraints to urban growth, is intended to be a permanent boundary for unincorporated development, not subject to modification except under extraordinary circumstances. The USB should be used by urban infrastructure providers for developing very long range master plans which can be implemented over time as the urbanized area expands.

The City of Rancho Cordova has adopted the 2006 General Plan. The Urban Service Boundary (USB)/ Urban Policy Area (UPA) Policies of the County General Plan do not apply to cities in Sacramento County.

### **City of Rancho Cordova's Justification for Annexation**

This proposal has been initiated by the City Council Resolution No. 80-2007, adopted July 2, 2007. Listed below are the Council adopted goals, general conditions and General Plan policies and actions in support of the annexation.

#### **Citywide Goal #12 – Establish Logical City Boundaries**

Adopted by the City Council of Rancho Cordova, this Citywide Goal directs staff to promote logical boundaries of the City. Areas within the current Sphere of Influence



combine naturally with the incorporated City to form a logical City boundary south of Highway 50.

Prior to incorporation of the City, the area defined as the SOI was long considered a part of the Rancho Cordova community. Annexation of the SOI will join existing urban development with lands already in the City that are currently under review for urban development, thus creating a unified community.

As currently approved, the boundary of the City creates a disconnected island of City land that extends to Hazel Avenue. Annexation of SOI lands adjacent to Folsom Boulevard will resolve this existing boundary issue.

### **Support of Landowners and Businesses**

The City conducted thorough outreach on the annexation to affected property owners and businesses within the SOI. While initial concerns were received, the City has effectively addressed the concerns noted through the outreach program. The Planning Commission and City Council received no written or verbal comments in opposition to the annexation during public hearings for the annexation pre-zoning and the annexation resolution of application. This matter is more fully discussed in the Public and Agency Comments section of this report.

### **Efficient Provision of Services**

Due to the direct proximity of the SOI to the existing City, Rancho Cordova is well positioned to provide efficient services to the SOI area. This is particularly true for law enforcement services as the Rancho Cordova Police Department currently patrols up to Sunrise Boulevard along the SOI. Conversely, County Sherriff's patrols are required to serve a much broader geographic area with substantially fewer deputies for a given patrol area. Therefore, this annexation will allow a significant reduction in response time for many law enforcement calls for service. There are no changes in affected special district service areas as a result of this proposal.

### **General Plan Policies**

**Policy LU.3.3** – Participate in the Sacramento Area Council of Governments' regional planning programs (e.g., Blueprint, Regional Housing Needs Plan, Metropolitan Transportation Plan) and coordinate City plans and programs with those of the Council of Governments.

The City has been a strong advocate for the SACOG Blueprint and is actively participating in regional planning efforts. Annexation of the SOI will allow the City to pursue implementation of the Blueprint along the Sunrise Boulevard and Folsom Boulevard corridors.

**Policy LU.1.4** – Promote high quality, efficient, and cohesive land utilization that minimizes negative impacts (e.g., traffic congestion and visual blight) and environmental hazards (e.g., flood, soil stability) on adjacent neighborhoods and infrastructure and

preserve existing and future residential neighborhoods from encroachment of incompatible activities and land uses.

Annexation of the SOI would allow the City to pursue coordinated development and redevelopment along Sunrise Boulevard south of Highway 50. The current division of City lands to the west and County lands to the east limits the potential for unified and coordinated development strategies.

Sunrise Boulevard in the vicinity of Highway 50 currently experiences severe traffic congestion. Without careful planning and aggressive circulation improvement programs, increasing traffic may threaten the viability of existing businesses within Rancho Cordova. Annexation of the SOI to the City will allow effective coordination between land use entitlements and roadway improvements both along Sunrise Boulevard and on adjacent roads that feed to Sunrise.

**Policy LU.3.7** – Annexations should contribute to the orderly planning of the community, including promoting the City’s ultimate community vision and ensuring a well designed circulation system.

Annexation of the SOI will allow the orderly planning of development projects located in close proximity to one another that would otherwise be reviewed by separate jurisdictions under differing development standards

**Action LU.3.6.1** – All applications for annexations shall include a comprehensive land use plan for the affected territory, including pre-zoning and a plan for infrastructure financing and phasing. In considering applications for annexation, the City shall consider whether the annexation will accomplish the following:

- Constitute fiscally sound additions to the existing City;
- Be consistent with state law and Local Agency Formation Commission policies, standards, and criteria;
- Preserve neighborhood identities;
- Ensure the provision of adequate municipal services;
- Be consistent General Plan and Community Plan land use policies
- Incorporate smart growth principals for sustainable economic growth while maintaining environmental integrity and providing for social equity, and;
- Promote fiscally sound, efficient service boundaries.

Annexation of the existing SOI is consistent with the standards set forth in Action LU.3.6.1. While primarily intended to provide direction for undeveloped lands, the standards have been met as follows:

- The General Plan and the Folsom Boulevard Specific Plan provide comprehensive land use policies for the SOI.
- The City has pre-zoned the SOI area and has prepared a Plan for Services for the SOI area. Existing infrastructure is sufficient to support uses as described in the SOI pre-

zoning. Further analysis of infrastructure will occur as specific development projects are proposed and reviewed.

- Annexation of the SOI is fiscally sound in that the City's ability to protect and promote existing businesses in the City will be enhanced. The City will meet with the County pursuant to Revenue and Taxation Code Section 99(b) to discuss the amount of property tax revenues to be exchanged between and among the City and County.

- This annexation will be consistent with LAFCo policies and will correct an existing boundary for the City that is not currently consistent with LAFCo policies.

- Pre-zoning for the annexation has been carefully structured to protect the rights of property owners and businesses within the SOI and to minimize the creation of regulatory conflicts with existing land uses.

- The City has prepared a Plan for Services that documents how adequate municipal services will be provided.

- This annexation is consistent with General Plan policies as described herein.

- City policies will allow the transition of existing urban land uses to smart growth land uses. Given the area is already essentially developed, the transition to smart growth land use described in the General Plan will occur incrementally.

- Annexation of the SOI will affect a limited number of services provided by the City. For non-City services, this annexation will not affect municipal services. For City-provided municipal services (primarily law enforcement and road maintenance) the City is well positioned to provide enhanced services.

**Policy C.1.1** – Implement the Circulation Plan with the Roadway System and Sizing Diagram, shown as Figure C-1, as a modified grid network.

Annexation of the SOI will enhance the City's ability to promote and construct key roadway projects, including Folsom Boulevard and Sunrise Boulevard improvements, crossings of the Folsom South Canal, and the proposed new Rancho Cordova Parkway/Highway 50 interchange.

**Policy C.1.3** – Recognize that regional traffic beyond the City's control, as well as circulation system decisions made prior to incorporation or by other agencies, will make it infeasible to achieve the City's desired level of service on all roadways. Subject development projects which affect these roadways to the provisions of Policy C.1.2 to provide offsetting improvements to the vehicular and/or non-vehicular transportation system.

Annexation of the SOI will allow and ensure that future development projects that contribute traffic to already overburdened roadways will work with the City to identify and implement creative solutions to minimize negative traffic impacts within the existing Rancho Cordova limits.

## *Property Tax Exchange Agreement*

### **Summary**

The agreement provides that the City will retain sufficient revenues as generated within the affected territory, during each FY, to cover the cost of services for the City in the area. After costs are covered, 75% of the remaining revenues will go to the County, in addition to all Property Tax. This agreement will ensure the revenues in the annexation area are sufficient to fund the City service levels. The attached Property Tax Exchange Agreement and the Revenue Sharing Agreement were adopted by the City Council on October 5, 2009; and by the Board of Supervisors on November 10, 2009. [Note: consistent with Commission policy, your staff facilitated the mediation efforts. Upon the request of all parties, neutral meeting space was provided April 21, 2009.]

### **Background**

The City of Rancho Cordova and the County of Sacramento have, as part of the annexation process, adopted a Property Tax Sharing Agreement for the proposed annexation. If the annexation is approved, the County of Sacramento will continue to provide countywide services, i.e., jail, health and welfare programs, courts, probation, public defender, district attorney, election/voter registration services.

The City Council initiated this annexation by Resolution in 2007. The affected territory is comprised exclusively of commercial and industrial property and does not include any residents. As such, it generates revenue net of County service costs of approximately \$8.9 million.

The initiation of the proposal triggered the procedures set forth in Revenue and Taxation Code Section 99 ("Section 99") for processing such an application. Upon the City's filing of the Application with LAFCo, the LAFCo Executive Officer sent notice of the Application to all affected agencies, including the County Assessor and County Auditor. The County Auditor subsequently prepared and transmitted to the City the property tax calculations prescribed by subdivisions (2) and (3) of Section 99(b)(1)(B). These calculations were transmitted to the City and County and received by them on or about December 4, 2007. The receipt of the County Auditor's calculation of the estimated property tax revenue that would be allocated to the City and the County as a result of the proposed annexation then triggered the 60-day period for the City and the County to negotiate a property tax exchange agreement (Section 99(b)(1)(B)(4)).

The City and the County subsequently met to discuss the property tax sharing agreement at which time the City agreed to give the County 100% of all property tax and tax increment revenue generated within the area proposed for annexation. The County responded by indicating that it intended to engage a financial consultant to analyze the fiscal impact of the proposed annexation on the County since it was understood by both the City and the County that the area proposed for annexation generated substantially more County tax revenue than the County's cost of providing municipal-type services to

the area. The County's concern in this regard was that the City was attempting to "cherry pick" this area because it would generate a large revenue windfall for the City.

The purpose of the financial analysis was to determine the amount of the net revenue loss that would be incurred by the County as a result of the proposed annexation. The County also indicated to the City that it intended to expand the scope of the negotiations to seek more than only the required property tax revenue as part of the Section 99 negotiations. It was the interest of the County to not suffer any net revenue loss as a result of the proposed annexation. The City responded to the County by expressing an understanding of the County's revenue dilemma but also stating its position that there was no legally available mechanism to address the County's concerns since the Section 99 negotiations were statutorily limited to the exchange of property tax revenues. The City further indicated its legal position that the County had a legal duty to accept the City's offer of 100% of the property tax and tax increment revenue from the area proposed for annexation and that it would seek relief in the form of a petition for writ of mandate (i.e., litigation) should the County refuse to accept the City's offer.

The County declined to comply with this demand and the City filed the petition with the court on January 31, 2008. The petition alleged not only that the County had a legal duty to enter into a property tax sharing agreement based on the City's offer of 100% of property tax and tax increment revenue from the area proposed for annexation, but also that the City should not be obligated to comply with the mediation and arbitration process prescribed by Section 99 since the City had already offered the County everything to which the County was legally entitled.

Subsequent to the filing of City's writ petition, the City and the County reinitiated negotiations and agreed to retain a mutually acceptable fiscal consultant to analyze the net revenue impact of the proposed annexation on the City and the County. Due to various delays in retaining the consultant, a final report was not available to the City and the County until on or about December 23, 2008. The report concluded that the proposed annexation would result in a net revenue loss of \$8,903,500 to the County in fiscal year 2009-10 and a net revenue gain to the City of \$7,988,900 for the same fiscal year.<sup>2</sup>

After receipt of the Fiscal Analysis, the City and the County initiated the dispute resolution process provided for in Section 99 by jointly retaining a mediator. The resulting mediation ultimately led to a tentative settlement under which the County would retain 100% of all property tax revenue generated within the Annexation Area and 75% of all net sales, utility and transient occupancy tax revenue generated within the Annexation Area.<sup>3</sup> The County staff recommended Board of Supervisors approval of the

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<sup>2</sup> The difference in these figures is a function of the different cost of providing services as between the City and the County.

<sup>3</sup> Net revenue is the revenue remaining after deducting the City's cost of providing municipal services to the Annexation Area.

settlement, as it provides resolution of the pending litigation in light of the legal risks inherent in taking the matter to trial.

### **Regional Housing Needs Allocation (RHNA) Agreement**

The Sacramento Area Council of Governments (SACOG) is the responsible jurisdiction for determining the allocation of affordable housing units within the cities and counties under its jurisdiction. However, your Commission's must consider the extent to which the proposal will affect the City and the County in achieving their respective fair shares of the regional housing needs. The City and County also have reached agreement on the on the means of adjusting the County's Regional Housing Needs Allocation ("RHNA"), as provided for in the Housing Element of the County's General Plan, to reflect the annexation of the Sunrise-Folsom Area to the City. Government Code Section 65584.07(d)(1) provides that the City and the County may reach a mutually acceptable agreement for the transfer of a portion of the County's RHNA allocation to the City should LAFCo approve the Application. The agreement is binding on the Sacramento Area Council of Governments (SACOG.) After discussions between City and County staff regarding the appropriate share of the County's RHNA allocation to be transferred to the City, the County Executive is recommending that the Board approve a RHNA Agreement that transfers 102 dwelling units affordable to very low income households and 102 dwelling units affordable to low income households in the current County's RHNA allocation to the City, if LAFCo approves the application.

### **Transfer of Jurisdiction from County of Sacramento to City of Rancho Cordova**

The transfer of jurisdiction of the affected territory from the County of Sacramento to the City of will not have any significant negative impact on the businesses within of the affected territory. In fact, the annexation will facilitate service delivery, and clarify the city boundary in the area for public safety (i.e., CHP) service. A social and economic shared community of interest with the City of Rancho Cordova has existed since the incorporation, many landowners believe themselves to already be within the city limits of the City of Rancho Cordova.

The annexation area is within the boundary of the Sacramento Metropolitan Fire District (SMFD) which provides fire and life safety services. The Cordova Recreation and Park District provides park services. The area is also served by the Elk Grove-Cosumnes Cemetery District, and other special districts.

The City and County have similar taxes, assessments, and business license fees, thus there will be negligible impact to operating costs for business and property owners.

### **Effect of Transfer of Jurisdiction**

The City of Rancho Cordova will assume control of land use decisions, building inspections, animal control, police protection and other general government services. The area is nearly built out and is primarily mixed-use commercial in character. Based

on the City's of Plan for Services (PFS,) this annexation will not create any significant change in municipal service providers or levels of service for either the City of or the annexation territory. Expansion of service infrastructure to serve the annexation area will not be required.

The change of jurisdiction will enable residents of the area communities to participate in elections for Rancho Cordova City Council members. They remain within Sacramento County District #5 and are represented by Supervisor Don Nottoli. (Note, the County Registrar of Voters reports there to be eleven registered voters in the affected territory.)

***Summary of General Information***

***Sunrise & Folsom Boulevards Area Sphere of Influence***

Assessed Value	\$	144,126,097 (land)
	\$	<u>375,997,580 (structures)</u>
Total	\$	<u>520,123,677</u>

Registered Voters  
Eleven (11)

**Population Trends**

The Sacramento Area Council of Governments estimates the population of Sacramento County to be 1,218,860 in the year 2000. The population of Sacramento County is expected to increase to 1,695,498 by the year 2025. The average growth rate for Sacramento County from 1999 to 2025 is expected to be 1.35 percent.

**Projected Population Changes**

	<b>2000</b>	<b>2025</b>	<b>Growth Rate</b>	
			<b>%</b>	<b>Annual</b>
City of Elk Grove	72,685	168,465	2.32%	9.3%
City of Citrus Heights	89,050	91,125	2.3%	.9%
<i>City of Rancho Cordova</i>	<i>52,190</i>	<i>78,285</i>	<i>1.50%</i>	<i>6.0%</i>
City of Folsom	53,810	76,333	1.42%	5.7%
City of Sacramento	409,610	528,880	1.29%	5.2%
City of Isleton	850	1,360	1.60%	6.4%
City of Galt	18,425	33,790	1.83%	7.3%
Unincorporated Area	<u>522,240</u>	<u>717,260</u>	<u>1.37%</u>	<u>5.5%</u>
Total	1,218,860	1,695,498		

**Municipal Service Providers**

The required Plan for Services with Addendum is attached. Below is a summary of key services which may be impacted by the annexation. Generally, the service level will be enhanced under the auspices of the City.

**Table of Municipal Service Providers**

<b>Service</b>	<b>Current SOI Provider</b>	<b>Provider for Annexed Area</b>	<b>Change in Service Provider? Yes/No</b>
<b>Government/Public Services</b>			
Animal Control	Sacramento County Animal Care and Regulation Department	City of Rancho Cordova Animal Services (contracting with SPCA for shelter services)	Yes
Building and Safety	Sacramento County Building Inspection Division	City of Rancho Cordova Building & Safety Department	Yes
Code Enforcement	Sacramento County Code Enforcement Division	Rancho Cordova Code Compliance	Yes
Electrical Service	Sacramento Municipal Utility District	Sacramento Municipal Utility District	No
Engineering	Sacramento County Public Works Department	City of Rancho Cordova Public Works Department	Yes
Fire Protection	Sacramento Metropolitan Fire District	Sacramento Metropolitan Fire District	No
Flood Control	Sacramento County Department of Public Works	Sacramento County Department of Public Works	No
General Government	Sacramento County Board of Supervisors	Rancho Cordova City Council	Yes
Law Enforcement	Sacramento County Sheriff and CHP (for traffic enforcement only)	City of Rancho Cordova Police Department (contract with County Sheriff)	Yes



Service	Current SOI Provider	Provider for Annexed Area	Change in Service Provider? Yes/No
Libraries	Sacramento Public Library	Sacramento Public Library	No
Parks and Recreation	Cordova Recreation and Park District and Bureau of Reclamation	Cordova Recreation and Park District and Bureau of Reclamation	No
Planning and Land Use Control	Sacramento County Department of Planning and Community Development	City of Rancho Cordova Planning Department	Yes
Public Works, Construction and Maintenance	Sacramento County Public Works Department, CSA 1, and Caltrans	City of Rancho Cordova Public Works Department, CSA 1, and Caltrans	Yes
Schools	Folsom-Cordova Unified School District	Folsom-Cordova Unified School District	No
Sewer Service	Sacramento Area Sewer District (SASD) and Sacramento Regional County Sanitation District	Sacramento Area Sewer District (SASD) and Sacramento Regional County Sanitation District	No
Transit Service	Sacramento Regional Transit	Sacramento Regional Transit	No
<b>Private Sector Services</b>			
Cellular Phone Service	Various private providers	Various private providers	No
Garbage Service	Private service providers through franchise agreements	Private service providers through franchise agreements	No
Natural Gas	Pacific Gas and Electric Company	Pacific Gas and Electric Company	No
Telephone Service	Various private providers	Various private providers	No
Television and Cable	Comcast	Comcast	No
<b>Joint Public/Private Sector Services</b>			
Water	Golden State Water Company, City of Folsom, and Sacramento County Water Agency Zone 40	Golden State Water Company, City of Folsom, and Sacramento County Water Agency Zone 40	No

The County of Sacramento Municipal Services Agency oversees many different County

departments, which includes the Department of Transportation (DOT). The DOT's services include public right-of-way construction and maintenance, traffic safety, pothole repair, and graffiti removal, among others. County Service Area 1 (CSA 1), a division in the DOT, provides street and highway lighting maintenance and operation services throughout the County. Caltrans provides infrastructure maintenance services to the highway interchanges throughout the County. They also provide landscaping and signal lighting services to the interchanges.

The Rancho Cordova Public Works Department focuses on projects and support services throughout the City that are primarily in the public right-of-way. These services include the operation and maintenance of roads, traffic calming, traffic signals, street signs, pothole patching, and graffiti abatement, as well as shuttle service and trip reduction programs. The Public Works Department also oversees residential solid waste pick-up (contracted through Allied Waste), and monthly street sweeping services (contracted through Wells Sweeping). CSA 1 provides street and highway lighting maintenance and operation services in the City of Rancho Cordova. Caltrans provides infrastructure maintenance services, including landscaping and signal lighting services, throughout the City.

Following annexation, all public works services would be the responsibility of the Rancho Cordova Public Works Department. Annexation would result in improved levels of service, including street sweeping services twice a month on arterial and collector roads and once a month for residential roads (except for the months of November and December when residential roads are swept twice a month during leaf season), pothole repair within 48 hours, and inclusion in the City's street resurfacing schedule. CSA 1 would continue to serve the annexation area. Caltrans would continue to provide services to highway interchanges (i.e. Hwy 50/Sunrise Blvd. and Hwy 50/Hazel Avenue). Annexation would result in a change to the public works services, excluding the services provided by CSA 1 and Caltrans. Services can be extended immediately upon annexation. The City will finance the extension of services through the City General Fund (fees for service), Special Revenue Fund (i.e., Gas Tax Fund, Measure A, Proposition 42, Service Districts), and the Capital Projects Fund.

### **Law Enforcement**

The City of Rancho Cordova is responsible for its own police force. It contracts for this service with the Sacramento County Sheriff's Department. The annexation area receives service from both the Sacramento Sheriff's Department and the California Highway Patrol (CHP). The CHP provides local traffic patrol within all unincorporated areas throughout the County.

The Sacramento County Sheriff's Department provides services throughout the unincorporated areas of Sacramento County. The Department is broken up into eight divisions, which includes the East Division, which surrounds the City of Rancho Cordova. Currently, the annexation area is within the patrol area of the East Division. The East Division provides patrol, investigative, Problem Oriented Policing, report

writing, crime prevention, and crime analysis functions to the unincorporated areas of Rosemont, Butterfield-Riviera East, Gold River, Rancho Murieta, and the remaining unincorporated area east to the Sacramento County line. The East Division operates out of the Rockingham Station at 10361 Rockingham Drive. Three officers cover all of the East Division which is approximately 138.2 square miles in size, encompassing both sides of the City of Rancho Cordova. The average response time for priority (emergency) calls in Sacramento County is approximately 14 minutes.

The City of Rancho Cordova has established a law enforcement services contract with the Sacramento County Sheriff's Department. The Rancho Cordova Police Department (RCPD) provides law enforcement services to the citizens of Rancho Cordova. Currently, the RCPD headquarters is located at 10361 Rockingham Drive. The City Police Department shares some of its resources with the Sacramento County Sheriff's Department. The average response time for priority calls in the City of Rancho Cordova is approximately 8 minutes. As of February 2007, the RCPD had 75 sworn personnel, which includes 6 lieutenants, 9 sergeants, 9 detectives, 35 patrol officers, 10 motor officers, and 6 POP (Problem Oriented Policing) officers. Upon annexation, the annexation area will be included in Patrol Zone 6 of the RCPD, although future developments in the City's eastern area would likely result in a splitting of beats to provide adequate staffing levels. The City would increase the overall number of officers in Patrol Zone 6 to meet the additional calls for service and to increase patrolling in the area.

The California Highway Patrol (CHP) provides traffic and emergency incident services to all California highways, interstates, and state and county roads. The annexation area is included in the patrol area of the CHP's Valley Division. The Valley Division patrols Highway 50, which is the northern border of the annexation area. Since the Rancho Cordova city limit line is the centerline of Sunrise Boulevard, the CHP is also currently responsible for traffic enforcement on Sunrise Boulevard northbound. However, most of the patrolling is accomplished on the highway, while state and county roads in the area are not patrolled regularly by the CHP and generally receive service only on a call-for service basis (i.e. accidents, complaints from business, etc.).

Following annexation, the annexation area would be served by the City of Rancho Cordova Police Department via a contract with the County Sheriff. Additionally, the RCPD would take over the responsibilities of the CHP for traffic enforcement, specifically on Sunrise Boulevard northbound, between just south of White Rock Road to Highway 50. This service change would allow for increased response times and services on the state and county roads in the annexation area. In addition, annexation would result in increased levels of service including expanded and improved criminal investigation services, and significant reductions in average response times to emergency calls by the RCPD.

### **Fire Protection Services**

The Sacramento Metropolitan Fire District (SMFD) provides fire protection services in

Rancho Cordova. The SMFD has the responsibility for structural fire protection, wild land fire suppression and emergency medical services within the City of Rancho Cordova as well as the annexation area.

The SMFD maintains an extensive system of fire stations around Sacramento County. More than 500 firefighters working out of 42 stations are directly responsible to mitigate a wide variety of emergency incidents. Stations 63, 65, and 66 are close to the SOI vicinity. Many of the District's engines have paramedics and all responding units provide EMT services. The District's personnel are trained and equipped to deal with swift water emergencies, confined space incidents, technical rescues, hazardous materials incidents, and crash fire rescue.

The Fire Department has a total of 673 full time employees. Over five hundred are assigned to the "line" and over one hundred are administrative support staff. There are nineteen reserve firefighters as well. Dispatch services are provided through a regional service in Sacramento County.

Station 63 is located at 12395 Folsom Boulevard, Station 65 is located at 11201 Coloma Road, and Station 66 is located at 3180 Kilgore Road. All three stations are located in the City limits of Rancho Cordova and are less than one mile from the SOI.

Following annexation, the annexation area would continue to receive fire protection from the SMFD. **No change** in the provision of fire protection services would occur in association with the annexation.

### **Parks, Recreation, and Open Space**

The Cordova Recreation and Park District (CRPD) owns and maintains parks, open space, trails, recreation facilities, and recreation programs in the City of Rancho Cordova and the annexation area. Rancho Cordova is home to an extensive system of public parks and recreation programs. The County operates and maintains the American River Parkway which runs through the City. The Bureau of Reclamation provides services to the Folsom South Canal and adjacent bicycle facility that is partially located within the annexation area. **Summary of Changes:** Following annexation, the annexation area would continue to receive park and open space services from the CRPD; however, there are no parks currently in the annexation area, nor are any planned for the annexation area at the current time. The Bureau of Reclamation would continue to provide services to the Folsom South Canal and adjacent bicycle facility. There would be no change to the provision of service as a result of the annexation.

### **Flood Control**

Currently, within the annexation area drainage maintenance and flood control services are the responsibility of County of Sacramento and are funded through the Sacramento County Stormwater Utility Fee and the overlapping portion of the Zone 12/Metropolitan Storm Drainage Maintenance District ad valorem property tax revenue boundary. Upon annexation of the subject area into the City of Rancho Cordova, drainage

and flood control services will be the responsibility of the City of Rancho Cordova. The ownership of all drainage and flood control facilities within the annexation area previously owned and maintained by the County of Sacramento will transfer to the City of Rancho Cordova. Upon annexation, the County of Sacramento Stormwater Utility Fee will no longer be collected within the annexation area and will be replaced by the collection of the City of Rancho Cordova Stormwater Utility Fee. Revenue from the Metropolitan Storm Drainage Maintenance District portion within the annexation area will continue to be collected and will also be used to fund drainage maintenance and flood control services in the City of Rancho Cordova. Upon annexation, and for one year following, Drainage and Flood Control Services will continue to be provided by Sacramento County Stormwater Utility staff, after which it is recommended that a formal agreement be developed with Sacramento County to provide service beyond that period. No Sacramento County Stormwater Utility or Zone 12/Metropolitan Storm Drain funds collected within the annexation area prior to annexation becoming effective will remain funds of the County of Sacramento. The City has the option of contracting with the County of Sacramento to provide drainage and flood control services through a separate agreement.

Zone 11A /Zone 11 B – Drainage Development Impact Fee - The annexation area lies within the Sacramento County Water Agency Zone 11A and Zone 11B which are watershed based developer funded drainage fee programs used to spread the costs of new development related trunk drainage facilities equitably among new development respectively within each Zone. The Zone 11A and Zone 11B funds are currently administered by the Sacramento County Department of Water Resources and funded solely by drainage development impact fees. Upon annexation, the portions of Zone 11A and Zone 11B within the annexation area shall continue to remain under the authority of the Sacramento County Water Agency unless altered by future agreement between the Sacramento County Water Agency and the City of Rancho Cordova." Following annexation, the annexation area would continue to receive flood control service from the Sacramento County Department of Water Resources. No change in the provision of flood control services would occur in association with the annexation.

### **Animal Control**

The Sacramento County Animal Care and Regulation Department provides animal control services within the City's existing SOI. The Department operates the county animal shelter; issues dog and cat licenses; provides 24-hour field services for pick-up of stray, injured or dead animals; provides low-cost rabies vaccination clinics; notifies owners of impounded licensed animals; and enforces state, federal and local animal control laws in the unincorporated area of the county and in the City of Rancho Cordova.

Following annexation, the annexation area would be served by the City of Rancho Cordova's Animal Services division. Division employees include two animal service officers who are responsible for investigating cruelty and neglect cases, providing animal licensing, and responding to emergencies. The Society for the Prevention of Cruelty to

Animals (SPCA) provides contract services to the City and provides shelter services, pet adoptions, spaying and neutering and educational programs. Annexation **would result in a change of** service provision. Services can be extended immediately upon annexation, and be financed by the General Fund.

### **Building and Safety**

The Sacramento County Municipal Services Agency Building Inspection Division currently serves the unincorporated area of Sacramento County with permit services including electrical, mechanical, plumbing, building, and moved building permits. There are three commercial field inspectors in the County. There are two residential field inspectors in the County, plus one inspector in the City of Rancho Cordova field office. The inspector in the Rancho Cordova field office only services permits within the City of Rancho Cordova boundaries.

The City of Rancho Cordova Building & Safety Department provides plan review, inspection and electrical, mechanical, plumbing, building, and building permit services to commercial and residential construction in the City of Rancho Cordova. There are ten commercial and residential building inspectors.

Following annexation, the City of Rancho Cordova Building & Safety Department would provide all plan review, inspection and permit services to the annexation area. This change in service provider allows for local service with shorter wait times at the public counter and allows residents to avoid the commute into downtown Sacramento. The permit approval process is also faster, since the City only processes applications within the City versus the entire County of Sacramento.

Annexation would result in a change of services regarding residential and commercial construction activities. Services can be extended immediately upon annexation. The services would be financed by fees for services provided by applicants for new development and construction.

### **Code Enforcement**

The Sacramento County Code Enforcement Division includes three geographical teams that provide services in the north, south, and east areas of the County, which enforce housing, zoning and vehicle abatement. The team that services the eastern portion of the county includes the Annexation Area. There are three code enforcement officers on the East team, one Senior Code Enforcement Officer, and one Supervising Code Enforcement Officer.

The City's Code Compliance program provides code enforcement services for the entire City of Rancho Cordova. The team provides services including addressing substandard and unsanitary rental housing, vehicle abatement and other public nuisances. For FY 2007-2008, the City's budget includes a Neighborhood Services Manager and five Code Compliance Officers.

Following annexation, the Code Compliance team would provide all housing, zoning and vehicle abatement services to the annexation area. Currently, due to the distance from the County offices to the City, and the lack of responsiveness from the County's Code Enforcement Division, the City's Code Compliance team has been providing service to the businesses in the annexation area. Therefore, annexation would provide for increased levels of service, including increased response times by the Code Compliance team. Annexation would result in a change of services to code enforcement activities.

### **Electrical Service**

The Sacramento Municipal Utilities District (SMUD) provides electrical service to the City of Rancho Cordova and surrounding areas. SMUD's service area covers nearly 900 square miles and serves more than 500,000 residential and commercial customers. SMUD is owned by its customers, and governed by an elected Board of Directors. The seven directors are elected to staggered four-year terms, and each represents a different geographic area, or ward, within SMUD's service area. The Board of Directors determines policy for the District and appoints the General Manager, who is responsible for the District's operations. The City of Rancho Cordova SOI is located within Ward 2, under the direction of Susan Patterson. The existing electric facilities within Ward 2 include 12- to 69-kV transmission lines and bulk and distribution substations at various locations throughout Rancho Cordova and the surrounding area.

Summary of Changes: Following annexation, the annexation area would continue to receive electrical service from SMUD. Therefore, no change in the provision of electrical service would occur in association with the annexation.

### **Engineering**

The Department of County Engineering oversees Consolidated Utilities Billing and Service (CUBS), the Construction Management and Inspection Division (CMID), and the Development & Surveyor Services Division (DSS). The Consolidated Utilities Billing and Service section provides rate and billing information for services. The CMID supports construction efforts in the County of Sacramento; this includes inspection, basic materials testing and construction management for publicly bid construction projects. DSS combines the Infrastructure Finance Section (IFS), Land Division and Site Improvement Review (LDSIR), the Survey section, and the Technical Resource section into one service division.

The City of Rancho Cordova Public Works Department incorporates engineering services, which include construction management, construction inspection, permitting, infrastructure finance services, and plan review support to the Building & Safety Department. The County's Consolidated Utilities Billing and Service (CUBS) division provides utility billing services for drainage and sewer to the City. Refuse and water billing services are provided by private agencies (see Garbage Service and Water Service discussions).

Summary of Changes: Following annexation, the annexation area would receive service from the engineering division within the City of Rancho Cordova's Public Works Department. Annexation into the City would allow for shorter plan review times, and quicker responses to inspection requests. Annexation would result in a change to the majority of services provided in the annexation area.

### **Water Supply**

#### **JOINT PUBLIC/PRIVATE SECTOR SERVICES**

##### **Water Service**

The Golden State Water Company, the City of Folsom, and the Sacramento County Water Agency provide the water services in the annexation area. The entire City of Rancho Cordova and surrounding areas fall within the Zone 40 Groundwater Management Zone, which was formed for fee collection to compensate for the construction of water facilities and the distribution system within the zone. Water is supplied to Zone 40 from a variety of different sources including surface water, groundwater, conservation, and reclaimed water. Zone 40 encompasses nearly 25,440 acres within its zone boundaries.

Following annexation, the area would continue to receive water service from the Golden State Water Company, the City of Folsom, and the Sacramento County Water Agency. Therefore, no change in the provision of water services would occur in association with the annexation.

##### **Water Forum Agreement**

The County of Sacramento, the City of Folsom and Golden State Water Company (formerly Southern CA Water Agency) are signatories to the Water Forum Agreement. Water Forum signatories include cities and counties that have land use planning responsibility. Water Forum signatories recognize there needs to be coordination between land use decision-makers and water planners.

Signatories acknowledge that Senate Bill 901 applies to cities and County approval of significant development projects. This law requires the city or County to request the identified public water purveyor to make an assessment regarding the adequacy of water supply to support new development.

Signatories to the Water Forum Agreement have agreed upon an estimated average annual sustainable yield of each of the three sub-areas of the Sacramento County groundwater basin and limits to diversions from the American River. The Water Forum Agreement includes surface water and groundwater to meet the region's projected water needs for growth planned to the year 2030.



## **Library**

The provision of library services will be unaffected by the annexation. Sacramento Public Library Authority will continue to provide library services to the area to be annexed. The Sacramento Public Library Authority was formed under a joint powers agreement on August 31, 1993; it has a nine member Board of Directors consisting of representatives from Sacramento City Council (4) and the Sacramento County Board of Supervisors (5).

## **Utilities**

The proposed annexation will have no impact on the provision of telephone, electric, gas or cable television services. After annexation, the City of Rancho Cordova will have the ability to impose a franchise fee.

## **Public Education**

The provision of public education will be unaffected by the proposed annexation. School districts are beyond the purview of LAFCo. School district reorganizations, boundary changes, and district formations are the purview of the State of California and local school district Boards of Education. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that affected school districts be notified of proposals before LAFCo. The various school districts have been notified of the proposed annexation and have made no comment.

The City is currently served by four school districts providing public elementary through high school educational facilities: Folsom Cordova Unified School District, Elk Grove Unified School District, Sacramento City Unified School District and San Juan Unified School District. The annexation territory is within the FCUSD. The majority of the current City is served by the FCUSD. Annexation does not impact the school district boundary.

The Folsom Cordova Unified School District provides public educational services to approximately 18,000 students in the cities of Folsom and Rancho Cordova. FCUSD schools currently include 19 elementary schools, four middle schools, and two high schools, plus continuing-education high schools and adult education. The teacher-student ratio is 1:19 for grades K-3 and 1:29 for grades 4-12. On a district level, FCUSD is operating at or near capacity for its elementary and high schools. The school district has experienced considerable growth in the past few years.

School districts are funded by 50% state and 50% local sources. The district can receive local funding through developer impact fees, tax revenue from Mello-Roos districts, and General Obligation (GO) bonds. Developer impact fees are the major source of funding for the district. Based on its Facility Needs Assessment, FCUSD demonstrated the need to for levy Level II developer fees in the Rancho Cordova SFID that are higher than the

statutory fee. As of August 2005, Level II fees for residential development are \$4.57 per square foot and \$0.36 per square foot for commercial/industrial construction (FCUSD 2005). Developer fees may be used to finance new schools and equipment, and to reconstruct existing facilities to maintain adequate housing for all the district's students. Mello-Roos districts are defined tax areas usually associated with new residential subdivisions, which are often used for additional school taxes.

In March 2002, Rancho Cordova voters passed Measure B, a \$49 million school-facilities GO bond providing funds for modernization of existing sites, construction of a new elementary school, replacement of aged portables, installation of technology infrastructure at all school sites in Rancho Cordova, and site acquisition for a second high school for the Rancho Cordova area. Elementary school students living in Rancho Cordova attend any one of 10 schools. There are also several private schools in the City. Located nearby are California State University, Sacramento, and the University of California, Davis, as well as branches of Golden Gate University and St. Mary's College.

### **Transportation/ Access**

The City is proximate to the State Highway 50 Corridor. The Sacramento International Airport is located approximately 26 miles north of the City of Elk Grove. Public transportation is provided by Regional Transit and is augmented with the "Rancho CordoVan" peak hour shuttle service. Three Regional Transit Light Rail stations serve the community of Rancho Cordova.

Transit and paratransit services are provided by Regional Transit (RT). Regional Transit is funded by a number of agencies, including federal, state and local monies as well as fees. Regional Transit is beyond the purview of LAFCo. LAFCo has no direct control over Regional Transit or its district boundaries. Regional Transit's district boundary was established by Statute. The County of Sacramento currently contributes to RT for transit services although there is no legal requirement for the County of Sacramento to either fund RT exclusively or to provide transit service to County residents.

Regional Transit has a eleven member Board of Directors consisting of representatives from Sacramento City Council (4), and Sacramento County Board of Supervisors (3), and one each from the Cities of Elk Grove, Citrus Heights, Folsom, and Rancho Cordova.

LAFCo encourages, when appropriate, the regional provision of services, e.g., sanitary sewer services, and services that extend beyond one community, in order to avoid duplication of services and minimize infrastructure investments. LAFCo recommends that the City of Rancho Cordova continue to work with Regional Transit to provide an equivalent level of transit service to businesses both within the City's current corporate boundary and to those within the proposal territory.

In November 2004, the City of Rancho Cordova began work on the Rancho Cordova Parkway Interchange, its first major roadway infrastructure project, since becoming incorporated in 2003. Working in partnership with Sacramento County and Caltrans, Rancho Cordova will complete three phases of work prior to the start of construction

slated for 2011. Phase I – Preliminary Engineering/Environmental Approval began in 2004 and will be completed in early 2010. Phase II – Preliminary Design will begin immediately following and will last approximately one year with Phase III – Final Design scheduled to begin in 2010. Construction of the Rancho Cordova Parkway Interchange is estimated to take approximately two years to complete.

The future interchange will be located between Sunrise Boulevard and Hazel Avenue. The project will require right-of-way acquisition on the south side of U.S. Highway 50, between Sunrise Boulevard and Hazel Avenue in the vicinity of the “Your Home Resort” property. The interchange will provide access to U.S. Highway 50 via a “south only” connection to a proposed arterial street that will extend south to White Rock Road. This street will serve the traffic demand of future development south of U.S. Highway 50 and relieve current traffic congestion on Sunrise Boulevard. The right-of-way for the interchange on the north side of the highway was reserved by Sacramento County as part of the original Gold River development. There are approximately eight acres of land available just east of Eureka Village in the Gold River Community. The annexation may facilitate construction of the proposed interchange project.

### **County Service Area No. 1 (Street Lighting)**

CSA No. 1 provides funding for the maintenance and operation of street and highway safety lights within the limits of both the City of Rancho Cordova and the proposal territory. Highway safety lights are installed per County of Sacramento development standards. These lights are located at the intersections of major streets and at the rear of properties abutting major streets.

County Service Area 1 (CSA1) maintains and operates the street lights. A service charge is collected on the annual property tax bills of benefiting properties and the revenue collected from properties within the proposed annexation area on the 2007 tax bills was approximately \$14,100.00. There are 218 street lights in the annexation area, therefore the revenue collected within the proposed annexation area is \$64.68 per light. At the time of incorporation, the City of Rancho Cordova (City) waived detachment from County Service Area 1 (CSA1) which provides a funding mechanism for the maintenance and operation of street and safety lights. The lights and the benefiting properties within the proposed annexation area must be administratively transferred from CSA1 Zone 1 to Zone 2. 100 percent of the costs associated with the transfer will be charged to the City. The street and safety lights will continue to be maintained by Sacramento County utilizing Zone 2 revenues as long as the City remains in CSA1.

For several years the revenue collected within CSA1 Zone 1 - Unincorporated has been supplemented with County road fund monies. In Fiscal Year 2007-08, the annual maintenance, operation and electrical expenditure in the unincorporated area was \$114.76 per light. When the proposed annexation occurs, the lights and properties will transfer into CSA1 Zone 2 – City of Rancho Cordova and the County will no longer supplement the service charge revenues. The City will have to make up any difference between

expenditures and revenues (\$114.76 - \$64.68 = \$50.08 per light) for street light maintenance if the current level of service is to be maintained.

**Traffic Signals** – There are signalized intersections located on the City/County boundary that are maintained by Sacramento County under a highway maintenance agreement with the City. Currently, the maintenance and operation costs of these shared traffic signals are split between the City and County. After the proposed annexation, these signals will be located entirely within City territory. 100 percent of the cost of the maintenance and operation of these traffic signals will become the City’s responsibility. The traffic signals may continue to be operated and maintained for the City by Sacramento County as long as the highway maintenance agreement is in force.

### **Highway 50 Interchange Landscape & Roadway Maintenance**

#### **Landscape**

The County of Sacramento has executed a long term freeway maintenance agreement with the State of California Department of Transportation (CALTRANS) for the maintenance of landscaping at the Sunrise Boulevard interchange with Highway 50. As a result of the proposed annexation, 100 percent of the interchange will be located in City territory. The freeway agreement with the State should be modified so that the City is responsible for maintaining the local portions of the interchange. The County may continue to maintain the local portions of the interchange for the City at City expense, as long as the existing highway maintenance agreement between the City and County is in force. The City will assume maintenance responsibilities after annexation.

### **City of Rancho Cordova General Plan**

#### **Planning and Land Use Control**

The Sacramento County Planning and Community Development Department controls planning and land use functions throughout the unincorporated county areas. The Department’s services include county-wide, specific, and community planning, current planning and zoning, code enforcement, community planning advisory councils, community planning councils, and planning review.

The City of Rancho Cordova Planning Department facilitates planning and land use control functions within the City. The Department’s services include current and longrange planning, General Plan implementation, environmental review, design review, regional coordination, and support to other City departments and the Planning Commission.

Following annexation, all planning and land use controls for the annexation area would fall under the responsibility of the City of Rancho Cordova Planning Department. Annexation would provide for better implementation of the City General Plan and the

Folsom Boulevard Specific Plan. Annexation would result in a change to planning and land use services.

As discussed previously, the proposal is consistent with the City of Rancho Cordova adopted General Plan.

### **Zoning, Prezoning**

The Attached tables show the parcel specific County zoning and respective City pre-zoning. The prezoning shall be consistent with the City General Plan. If the zoning becomes inconsistent with a General Plan by reason of amendment to the Plan, the zoning ordinance shall be amended within a reasonable time so that it is consistent with the General Plan as amended. A city may prezone unincorporated territory to determine the zoning that will apply to that territory upon annexation to the city. The zoning shall become effective at the same time that the annexation becomes effective.

In preparing the prezoning for the Rancho Cordova Sphere of Influence (SOI) annexation, the City carefully considered the existing land uses and applied designations that would generally accommodate those uses as well as provide greater flexibility for new alternative uses.

The prezoning designations are consistent with the City's 2006 General Plan and its recently updated Zoning Code. The City relies upon consolidated designations that allow a variety of land uses. County applied zoning of Limited Commercial, Auto Commercial and General Commercial have been consolidated into the City's Commercial Mixed Use (CMU). In addition to combining the multiple narrow focus commercial districts, the CMU district also allows a range of non-commercial uses, requiring only that commercial be the predominant (more than 50 percent area) use. This mixed use concept greatly expands the potential land uses for SOI property owners.

The City's prezoning recognizes existing land uses within the SOI near Hazel Avenue and the City has prezoned the territory consistent with the existing County zoning. The Aerojet Special Planning Area (Aerojet SPA) has been carried forward with City equivalent designations to reflect the existing core operations of Aerojet. The Heavy Industrial (M2) designation of the Schnitzer Steel facility has been prezoned M-2 by the City, in recognition of this facility's likelihood to continue operations. Both Aerojet and Schnitzer Steel raised no objections to the prezoning.

While the City has attempted to accommodate existing uses in the SOI, there are instances where existing uses will become Legal Non-Conforming uses under the City's prezoning designations. Heavy Industrial designations in the vicinity of White Rock Road and Sunrise Boulevard have been redesignated to Office Industrial Mixed Use, a designation that allows a range of light industrial and office industrial uses, generally consistent with land uses existing in the area. Adult oriented businesses found within the SOI are anticipated to continue operation, but establishment of new adult oriented businesses is not anticipated. The City has retained the numeric limits of total businesses

allowed within that Planning Area as established by Sacramento County, and has established additional location guidelines for such businesses.

Due to the complex mix of uses that were established under the County's general plan and zoning designations, it is likely that some uses will become Legal Non-Conforming Uses under the City's rezoning (some existing uses are also likely non-conforming under the County zoning designations). In these cases, the City has established very liberal non-conforming use regulations that allow such businesses to continue use indefinitely, allow complete reconstruction in the event of a catastrophic event, and allow the discretionary approval of expansions of non-conforming uses.

In conducting the rezoning public outreach program, the combination of expanded use opportunities of City mixed use districts, combined with business-friendly Legal Non-conforming Use provisions, created the incentives and the assurances needed for property owner support. As such, the City had no property owner opposition during the rezoning effort.

### **Cortese Knox-Hertzberg Local Government Reorganization Act of 2000**

The Commission shall have all of the ... powers and duties ... to review and approve or disapprove, with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the Commission .... A Commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A Commission shall require, as a condition to annexation, that a city prezone the territory to be annexed. However, the Commission shall not specify how, or in what manner, the territory shall be rezoned. The decision of the Commission shall be based upon the General Plan and pre-zoning of the city. [Government Code Section 56375(a)]

### **Significant Negative Service Impacts**

The proposed annexation should not result in any significant negative impacts on the cost and adequacy of the services currently provided in the SOI Area. In some cases, the service provider may change but the level or quality of service is not expected to decline. In most cases, the service provision may well increase to a higher level. It is anticipated that police service, in terms of number of officers and response times, will improve upon annexation.

### **California Environmental Quality Act (CEQA)**

The City of Rancho Cordova is the lead agency for this proposal. A Negative Declaration has been certified in conjunction with the assignment of the rezoning designations. Your staff prepared a Addendum to the Negative Declaration. This document is prepared pursuant to the California Environmental Quality Act (CEQA) (Public Resources Code

21000 *et seq.*) as an Addendum to the Initial Study / Negative Declaration (IS/ND) for the Sphere of Influence Annexation and Rezoning, certified by City of Rancho Cordova, as lead agency, on July 2, 2007. The IS/ND evaluated the impacts of the proposed annexation and rezoning of the City of Rancho Cordova Sphere of Influence. No modifications of the project have occurred since the adoption of the IS/ND, however, state legislation, such as AB 32 and SB 97 were passed that require CEQA documents to evaluate the extent to which a project may increase greenhouse gas (GHG) emissions or contribute to global climate change when compared to existing conditions. As a Responsible Agency for the project, the Sacramento Local Agency Formation Commission (LAFCo) is preparing this Addendum as the appropriate CEQA document to address the project's contribution to GHG emissions.

The Sacramento LAFCo decided the preparation of an Addendum is the appropriate document because the inclusion of minor additional technical information, such as a summary of project-specific GHG emissions, does not constitute the conditions identified in the State CEQA Guidelines<sup>4</sup> §15162 that would require preparation of a subsequent environmental document. As such, the Addendum demonstrates that the environmental analysis and impacts identified in the SOI – Annexation and Rezoning IS/ND remain unchanged and the addition of the GHG analysis, described therein, supports the finding that the proposed project does not raise any new issues and does not exceed the level of impacts identified in the IS/ND.

### **Public Comment**

#### **(Within the Affected Territory)**

There appears to be no community or landowner opposition to the annexation of the SOI Area to the City of Rancho Cordova. Many business seemingly believe they are already within the corporate boundary of the City of Rancho Cordova. Staff has received comments from members of the public living in the Gold River area – north of Highway 50, which is not a part of this proposal. The concerns expressed were more focused on the impact of the annexation on the timing of construction of the Rancho Cordova Parkway crossing of Highway 50, roughly half-way between the Sunrise and Hazel interchanges. While there may be some corollary between that proposed project and the annexation, staff does not believe the matter to be under the purview of your Commission.

#### **(General Public Comments )**

Your staff has also received and responded to a Public Information request from a private attorney Ms. Osha Meserve, representing the Sunrise/ Folsom Business Alliance (SFBA). Staff was unable to find any record of such a group. The same attorney has requested a continuance of the matter until the next regularly scheduled Commission meeting, February 3, 2010. The City of Rancho Cordova has offered to meet with the SFBA, to no avail at the time of this report preparation. With such limited information, staff does not recommend that the proposal be subject to a continuance. (Please see attached related correspondence.)

### **Comments from Affected Agencies**

There have been no substantive comments from affected agencies or districts that currently serve the SOI area. Special districts will continue to serve the proposal territory; funding sources will not be impacted with the annexation. As mentioned above, the City of Rancho Cordova will assume service responsibility in several, but not all, areas currently provided by the County of Sacramento.

### **CONDUCTING AUTHORITY (PROTEST) PROCEEDINGS - UNINHABITED**

The affected territory is uninhabited, (i.e., fewer than twelve registered voters live in the service area.) Public Notice has been published in the Sacramento Bee, and mailed to 679 landowners in the affected territory, and within 500' of the perimeter of the annexation area.

No written protest of the change of organization (Annexation) have been received from affected landowners. If your Commission adopts the resolution approving the annexation proposal, 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 Commission, as Conducting Authority shall take one following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

Staff further recommends that your Commission designate the Executive Officer as the Conducting Authority; and direct that the Protest Hearing be set after the close of the reconsideration period. At the hearing, the Executive Officer shall determine the value of any oral or written protests, filed and not withdrawn.

### **CONCLUSION**

Your staff has conducted a thorough impartial analysis of this request, including extensive agency and public outreach.

The Sunrise & Folsom Boulevards Area Sphere of Influence is substantially surrounded by the City of Rancho Cordova on three sides. The existing business communities participate in the social and economic, educational and cultural activities of the City of Rancho Cordova, and are considered to be a part of the City by many.

The current and proposed land uses are consistent with the nature of development occurring regionally and with the nature of development occurring in the City of Rancho Cordova. The affected territory is currently receiving all necessary municipal services.



Current service levels are adequate and should not change as a result of the proposed annexation. In fact, some service levels may improve as a result of the annexation. Businesses will likely have a higher level of law enforcement service and a quicker response time.


The County of Sacramento and City of Rancho Cordova have reached a Property Tax and Revenue Sharing Agreement as it relates to the annexation of the Rancho Cordova Sphere of Influence (SOI). The revenue sharing agreement provides that the City will retain sufficient revenues from the Annexation Area during each fiscal year to cover the City's costs of services prior to sharing a portion of the remaining sales and use tax, transient occupancy tax, and utility users' tax revenues with the County. Thus, revenues from the annexation are, and will be, sufficient to fund the City level of and cost of services to the Annexation Area.

***I respectfully recommend the Commission:***

1. Certify the Addendum, together with the Negative Declaration previously certified by the City of Rancho Cordova as the CEQA lead agency, as adequate and complete for the project cited above; and direct the Executive Officer to file the Notice of Determination with the County Clerk Recorder.
2. Approve the Annexation of the Sunrise & Folsom Boulevards Area Sphere of Influence, to the City of Rancho Cordova.
3. Designate the Executive Officer as Conducting Authority; and direct that the protest hearing be set after the close of the required 30-day reconsideration period.

Respectfully submitted,

***SACRAMENTO LOCAL AGENCY FORMATION COMMISSION***

  
Peter Brundage  
Executive Officer

Attachments  
**DL:dl**  
(RC Annexation of SOI)

## ATTACHMENT No. 1

### Sacramento LAFCo Policies Related to Annexations

#### Sacramento LAFCo Policy on Conformance With Applicable General and Specific Plans

1. LAFCo will approve changes of organization or reorganization only if the proposal is consistent with the General Plan and relevant Specific Plans of the applicable planning jurisdiction.
2. For purposes of this standard, the applicable planning jurisdiction is as follows:
  - a. For annexations to a city, the applicable jurisdiction is the city to which annexation is proposed;
  - b. For applications for annexation to or detachment from a district all of whose territory lies within an adopted Sphere of Influence of a city, the General Plans of the City;
  - c. For an application for annexation to a special district for lands outside an adopted city Sphere of Influence, the Sacramento County General Plan;
  - d. For an application for annexation or detachment from a district whose territory lies in both the city and county, the General Plan of the city unless the project lies outside of the city's Sphere of Influence; and
  - e. For applications for incorporation, this standard is inapplicable.
3. For purposes of this standard, the proposal shall be deemed consistent if the proposed use is consistent with the applicable General Plan designation and text, the applicable General Plan is legally adequate and internally consistent and the anticipated types of services to be provided are appropriate to the land use designated for the area.
4. The governing body of the applicable planning jurisdiction shall recommend by resolution whether the proposal meets all applicable consistency requirements of state law, including internal consistency. LAFCo shall retain discretion to determine consistency pursuant to its jurisdiction to approve, disapprove or condition changes of organization or reorganization and may require additional information if necessary.

*Sacramento LAFCo Policy on Boundaries*

1. LAFCo will not accept as complete any application for a proposal unless it includes boundaries that are definite, certain and fully described.
2. LAFCo will approve only applications with boundaries that do the following:
  - a. Seek to correct where relevant illogical boundaries within the affected agency's Sphere of Influence;
  - b. Provide for a mixture of revenue producing and non- or limited-revenue producing properties; and
  - c. Follow where relevant natural or man-made features and include logical service areas.
3. The LAFCo will not approve applications with boundaries which:
  - a. Split neighborhoods or divide an existing identifiable community, commercial district, or other area having a social or economic identity;
  - b. Result in islands, corridors or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries;
  - c. Are drawn for the exclusive purpose of encompassing revenue-producing territories;
  - d. Create areas for which it is difficult to provide services;
  - e. Split parcels.
4. LAFCo will make exceptions to the requirements of this standard only if the exception:
  - a. Is rendered necessary due to unique circumstances;
  - b. Results in improved quality or lower cost of service available to the affected parties; and
  - c. There exists no feasible and logical alternative.

*Sacramento LAFCo Policy On Revenue Neutrality*

1. LAFCo will approve a proposal for a change of organization or reorganization only if the Commission finds that the proposal is revenue neutral at the time that the proposal comes before the Commission. A proposal is deemed revenue neutral if:
  - a. The proposal ensures that the amount of revenue transferred from an agency or agencies currently providing service in the subject territory to the proposed service-providing agency equals the expense which the current service provider bears in providing the services to be transferred.
  - b. In the event the expense to the current service provider exceeds the amount of revenue transferred, the current service provider and new service providing agency agree to revenue transfer provisions to compensate for the imbalance. Such provisions may include, but are not limited to tax-sharing, lump-sum payments and payments over a fixed period of time.
  - c. Where revenue neutrality is not possible because of the requirements of state law or these standards, LAFCo shall impose all feasible conditions available to reduce any revenue imbalance, or it may deny the proposal.
  - d. **A property tax exchange agreement has been reached pursuant to the Revenue and Taxation Code by the agencies participating in the change of organization or reorganization as required by law.**

*Sacramento LAFCo Policy on Agricultural Land Conservation*

LAFCo will exercise its powers to conserve agricultural land pursuant to the following standards.

1. LAFCo will approve a change of organization or reorganization which will result in the conversion of prime agricultural land in open space use to other uses only if the Commission finds that the proposal will lead to the planned, orderly and efficient development of an area. For purposes of this standard, a proposal leads to the planned, orderly and efficient development of an area only if all of the following criteria are met:
  - a. The land subject to the change of organization or reorganization is contiguous to either lands developed with an urban use or lands

which have received all discretionary approvals for urban development.

- b. The proposed development of the subject lands is consistent with the Sphere of Influence Plan, including the Master Services Element of the affected agency or agencies.
- c. Development of all or a substantial portion of the subject land is likely to occur within five years. In the case of very large developments, annexation should be phased wherever feasible. If the Commission finds phasing infeasible for specific reasons, it may approve annexation if all or a substantial portion of the subject land is likely to develop within a reasonable period of time.
- d. Insufficient vacant non-prime lands exist within the applicable Spheres of Influence that are planned, accessible and developable for the same general type of use.
- e. The proposal will have no significant adverse effect on the physical and economic integrity of other agricultural lands. In making this determination, LAFCo will consider the following factors:
  - 1. The agricultural significance of the subject and adjacent areas relative to other agricultural lands in the region.
  - 2. The use of the subject and the adjacent areas.
  - 3. Whether public facilities related to the proposal would be sized or situated so as to facilitate the conversion of adjacent or nearby agricultural land, or will be extended through or adjacent to, any other agricultural lands which lie between the project site and existing facilities.
  - 4. Whether natural or man-made barriers serve to buffer adjacent or nearby agricultural land from the effects of the proposed development.
  - 5. Applicable provisions of the General Plan open space and land use elements, applicable growth-management policies, or other statutory provisions designed to protect agriculture.

*Sacramento LAFCo Policy on Applying CEQA to Changes of Organization, Reorganization and Spheres of Influence*

The following standards will apply to LAFCo's compliance with the California Environmental Quality Act (CEQA) in reviewing requests for changes of organization, reorganization and Spheres of Influence.

1. In general, LAFCo will function as a Lead Agency in situations where:
  - a. LAFCo is the first agency in time to act;
  - b. The primary decision relates to a change of organization or reorganization or Sphere of Influence;
  - c. The applicant agency is unable to act as the Lead Agency; or
  - d. There are no underlying land use approvals involved.

Typically, LAFCo will act as Lead Agency in reviewing Spheres of Influence, city incorporations, or city annexations where no pre-zoning has been undertaken by the city prior to LAFCo approval.

LAFCo will act as a Responsible Agency in all other situations. Typically, LAFCo is a Responsible Agency in reviewing an application for annexation to a city where pre-zoning has occurred.

2. In preparing an Initial Study for a project subject to LAFCo review, LAFCo will generally consider the project to have the potential to significantly affect the environment if one or more of the following situations exists:
  - a. Any of the circumstances referred to in the State CEQA Guidelines exist.
  - b. If build-out of the project may result in the capacity of any public service or facility to become exceeded or substantially affected. For purposes of this provision, public facilities or services include, but are not limited to: sewage disposal, water service, flood control facilities, drainage facilities, law enforcement, fire protection, school, parks, libraries, gas and electric service and solid waste disposal. A public service or facility shall be considered "substantially affected" if the additional demand generated by the project would result in the facility or service exceeding 110 percent of its design capacity, or 120 percent of the available capacity.

- c. If the project would physically divide an existing community or other area having identifiable social and economic homogeneity.
- d. If the project is inconsistent with applicable Sphere(s) of Influence and no Amendment is applied for.
- e. If the project has substantial growth-inducing potential because it would result in:
  - 1. Extending a major roadway into an undeveloped area;
  - 2. Extending a sewer trunk line to a substantial area not currently served;
  - 3. Extending water service to a substantial area not currently served;
  - 4. Providing electric service to a substantial area not currently served;
  - 5. Providing or requiring flood control or other public facility which will protect the public safety so as to permit new development in an area substantially larger than the proposed project;
  - 6. Providing any other public service or facility to a substantial area which could not grow without such service; and
  - 7. Encouraging or fostering growth in a substantial area.
- f. If the project, in conjunction with other past, present and reasonably foreseeable future projects would result in significant cumulative environmental impacts.
- g. If the project would result in substantial noncontiguous urban development.
- h. If the project would conflict with the open space goals and policies of a community.

**Sacramento LAFCo Policy Regarding Efficient Services and Orderly Development**

LAFCo has determined that community needs for efficient services and orderly development are generally met most effectively by proposals which:

1. Correct a threat to the public health and safety;
2. Consolidate the activities of public agencies in order to obtain economies from the provision of consolidated services;
3. Consolidate services and service providers if such consolidations enhance the efficiency and quality of service; and
4. Restructure agency boundaries and service areas to provide more logical, effective, and efficient local government services.

**Sacramento LAFCo Policy Regarding Need for Services**

LAFCo will determine that a need for service exists if either of the following situations is present:

1. The growth rate and density pattern indicate that the subject area will be developed for urban use within five years; or
2. The subject territory has been pre-zoned, is designated for urban uses in the appropriate land use authority's General Plan and development at the site is not inconsistent with the policies of the General Plan.

**Sacramento LAFCo Policy Standards for Annexation to and Detachment from All Agencies**

These standards govern LAFCo determinations regarding annexations and detachments to and from all agencies.

1. An application to LAFCo for an annexation or detachment requires the submittal of an application form, supporting documentation, and fees. In addition, the application shall be accompanied by a response to the applicable standards set forth in this section. On or after January 1, 1992, no application for an annexation proposed by an agency shall be accepted by LAFCo in the absence of a Sphere of Influence Master Services Element for that agency approved by LAFCo as provided in LAFCo standards.



2. The proposed annexation or detachment must be consistent with Sacramento LAFCo General Policies and General Standards.
3. The proposed annexation or detachment must be consistent with the Sphere of Influence boundary. The land subject to annexation shall lie within the existing Sphere of Influence boundary of the annexing city or district.
4. The proposed annexation must be consistent with the applicable Master Services Element. An annexation or detachment shall be approved only if the Services Element of the Sphere of Influence plan of the affected agency (or agencies) demonstrates that adequate services will be provided within the time frame needed by the inhabitants of the annexed or detached area. Proposed annexations for land areas that lie outside of the current and next five-year increments of projected service delivery in the Services Element are presumed not to comply with this standard unless the applicant clearly establishes that special and unique circumstances exist which ensure the provision of quality services during the applicable time frame for the affected area consistent with the other standards.
5. The annexation must provide the lowest cost and highest quality of urban services for the affected population. LAFCo will approve an annexation or detachment only if the Commission determines that the annexing agency possesses the capability to provide the most efficient delivery of applicable urban services for the affected population.
  - a. For purposes of this standard, the most efficient services are those which are provided at the most optimum combination of service cost and service level. In the case of providers with similar service costs, the provider with higher service levels shall be deemed more efficient. In the case of providers of similar service levels, the provider at the lowest cost shall be deemed more efficient. In comparing the providers of adequate but low-cost services, with high-quality, high-cost services, the Commission shall retain discretion to determine the optimum efficiency based on compliance with the other provisions of the standards.
  - b. For purposes of this standard, "affected population" means (1) the population which inhabits or will inhabit the area to be annexed; (2) the population currently served by a service provider operating in the area proposed to be annexed; (3) inhabitants of potential alternative service providers; and (4) in the case of a detachment, the inhabitants of both the area detached and those remaining in the area currently served by the service providers.

- c. In evaluating the capability of an annexing agency or of alternative agencies, to provide the required service, LAFCo shall utilize the service elements of the proposed annexing entity, current service providers, and potential alternative service providers. In addition, LAFCo shall take into account the following factors:
    1. Physical accessibility of the territory to the agency's service provision resources. For example, is the agency the provider of sewer services which is located closest to the subject territory?
    2. The agency's possession of or ability to acquire resources necessary to provide the needed service. For example, an agency may be judged unable to acquire water rights necessary to provide the water services needed by a territory proposed for annexation.
    3. The agency's historic service provision effectiveness and efficiency. For example, an agency may be judged an inefficient service provider if it has a previously documented history of service disruptions, accidents, safety hazards, excessive complaints, non-compliance with CEQA, illegal activities or excess costs/charges.
    4. The appropriateness of the agency's organizational structure to meeting service needs.
  - d. LAFCo shall determine the most efficient overall service provider or combination of providers.
6. Applications to annex unincorporated islands will be approved by the LAFCo Commission. Annexations to annex lands mostly surrounded or within a Sphere of Influence which otherwise correct illogical distortion of boundaries which will be approved unless they would violate another provision of these standards.
  7. Annexation of cities shall reflect logical allocations of existing roads and rights-of-way.
  8. Annexation boundaries shall be adjusted to maximize the amount of developed urban land inside a city's Sphere of Influence plan which is annexed to the city.

9. An annexation or attachment shall not be approved merely to facilitate the delivery of one or a few services to the detriment of the delivery of a larger number of services or services more basic to public health and welfare.
10. LAFCo will not approve city annexation requests for territory that is not pre-zoned.
11. The LAFCo Commission shall take one of the following three actions on an application for annexation or detachment:
  - a. Approve the application if it has found the change to result in the most efficient delivery of services for the affected population and complies with other applicable standards;
  - b. Approve the application on the condition that the applicant agree to actions necessary to maximize the efficiency of urban services. These may include, but are not limited to:
    1. Waiver of detachment from an existing service provider or, in the alternative, appropriate detachment fees;
    2. Entering into a Joint Powers Agreement with another service provider.
  - c. Deny the annexation on the grounds that a more efficient combination of services for the affected population may be provided by either existing or a combination of new and existing service providers.

In the event of such a denial, LAFCo may present to the applicant, the conducting agency, and affected service providers, a statement of the reasons for denial, and recommendations for actions necessary to ensure the most efficient form of urban services delivery to the affected population.

**Sacramento LAFCo Policy Determination of Costs**

1. Service cost identification and measurement for purposes of determining revenue impacts and for purposes of assessing financial feasibility should be based on the actual cost of service provided. If actual costs cannot reasonably be identified and measured, costs should be allocated based upon the measure which most accurately reflects the level of service received.
2. When calculating property tax revenues to be transferred in the case of an incorporation or the formation of a district, LAFCo must identify the proportion of the County Property Tax Revenue to County General Purpose Revenue, as well

as the portion of the cost of services which is funded through General Purpose Revenue.

3. The information provided by the State Board of Equalization will determine the amount of sales tax revenue and state subventions generated within the subject territory as part of the determination of financial impact.
4. LAFCo will consider factors to minimize financial impacts by any of the following means:
  - a. Waiver of detachment from an existing service provider, or alternatively, a fund exchange agreement in compensation for the potential adverse impact caused by such detachment;
  - b. Agreement between the applicant and an agency to annex the subject territory to a different service provider;
  - c. A Joint Powers Agreement with another service provider;
  - d. Modification of the proposal (e.g., changed boundaries) which eliminates the harmful impact, or reduces the harmful impact to an acceptable level;  
or
  - e. Tax sharing, lump-sum payments, or payments over a fixed period of time.

**Sacramento LAFCo Policy Specific Standards by Type of Action Annexation to Cities**

1. LAFCo will utilize Spheres of Influence through application with the following standards:
  - a. LAFCo will approve an application for annexation only if the proposal conforms to and lies wholly within the approved Spheres of Influence boundary for the affected agency;
  - b. LAFCo generally will not allow Spheres of Influence to be amended concurrently with annexation proposals;
  - c. LAFCo will favorably consider proposals that are a part of an orderly, phased annexation program by an agency for territory within its Sphere of Influence;
  - d. An annexation must be consistent with a city's Master Services Element of its Sphere of Influence Plan; and

- e. LAFCo encourages the annexation to each city of all islands of unincorporated territory and all substantially surrounded unincorporated areas located within the city's Sphere of Influence.
2. LAFCo will favorably consider proposals to annex streets where adjacent municipal lands will generate additional traffic and where there are isolated sections of county road that will result from an annexation proposals. Cities shall annex a roadway portion when fifty percent of the property on either or both sides of the street is within the city.
3. LAFCo will favorably consider annexations with boundary lines located so that all streets and rights-of-way will be placed within the same city as the properties which either abut thereon or for the benefit of which such streets and right-of-way are intended.
4. An annexation may not result in islands of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries unless findings are made that annexation as proposed is necessary for orderly growth, and cannot be annexed to another city or incorporated as a new city. Annexations of territory must be contiguous to the annexing city or district. Territory is not contiguous if its only connection is a strip of land more than 300 feet long and less than 200 feet wide.
5. LAFCo opposes extension of services by a city without annexation, unless such extension is by contract with another governmental entity or a private utility.
6. A Master Services Element shall contain the following:
  - a. A projection of the geographic extend of service capabilities during the next 20 years denominated in 5-year increments. In the case of cities, a shorter time frame may be appropriate if the applicable general plan has a shorter planning period.
  - b. Projected level of service capabilities in the same time frames and geographical areas.
  - c. Actual and projected costs of services to consumers. This shall include a statement of actual and projected allocation of the cost of services between existing and new residents.
  - d. The services element shall contain sufficient information concerning current and projected capital programs, revenues, costs, rate structures and financing, and other information necessary to support the projected service capabilities and areas set forth in the Element.

