

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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November 6, 2013

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

**RE: PROPOSED CITY OF ELK GROVE SPHERE OF INFLUENCE
AMENDMENT (L AFC 09-10) (CEQA EIR SCH #2010092076)**

**CONTACT: Don Lockhart AICP, Assistant Executive Officer
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EXECUTIVE OFFICER'S RECOMMENDATION:

- 1. Adopt L AFC Resolution No. 2013-10-1106-09-10:** A Resolution of the Sacramento Local Agency Formation Commission Certifying the Final Environmental Impact Report for the City of Elk Grove Sphere of Influence Amendment [State Clearing House No. 2010092076].
- 2. Adopt L AFC Resolution No. 2013-11-1106-09-10:** A Resolution of the Sacramento Local Agency Formation Commission Adopting Findings of Fact and A Statement of Overriding Considerations for the City of Elk Grove Sphere of Influence Amendment.
- 3. Adopt L AFC Resolution No. 2013-12-1106-09-10:** A Resolution of the Sacramento Local Agency Formation Commission Adopting a Mitigation Monitoring and Reporting Program for the City of Elk Grove Sphere of Influence Amendment.
- 4. Adopt L AFC Resolution No. 2013-13-1106-09-10:** A Resolution of the Sacramento Local Agency Formation Commission 1) Making Written Determinations for the City of Elk Grove Municipal Services Review; and 2) Determinations Approving the City of Elk Grove Sphere of Influence Amendment.

EXECUTIVE OFFICER'S SUMMARY:

The City of Elk Grove has submitted a proposal to establish an amended Sphere of Influence. The City has proposed that the Sphere be approximately 7,869 acres. The City's application states the following reasons for this request:

This proposal is being filed to include the areas immediately south and southeast of the current City of Elk Grove within the City's Sphere of Influence (SOI). Current land use projections indicate that future growth will require additional lands outside of the City boundary. The City's available residential, industrial, and commercial land base is in the process of building out. The City is expected to continue its growth and would be unable to accommodate all anticipated growth within the City. SACOG projections indicate that employment land uses could more than double and housing land uses could almost double during their planning period analyzed. As a result, the City needs to establish a direction to accommodate its anticipated future growth by defining the area to be considered for long-term planning.

The City Council is initiating long term planning of the areas south and southeast of the City to ensure proper and orderly growth of the City, while supporting the preservation of agricultural and open space activities and uses. The City's General Plan designated the proposed SOI areas as 'Urban Study Area', which envisioned where growth would be most likely to occur. The City Council directed staff to begin the process of comprehensively planning the future growth areas on January 24, 2007. The first step of the process is to define the planning boundaries.

The City's existing SOI is coterminous with the City's boundaries. A larger SOI is needed, according to the Application, to define the City's probable boundaries and service area, which will be used for future long-term planning efforts.

Once the City's SOI is amended, the City will begin detailed planning for these areas. An approved SOI will allow the City to guide the future studies and to begin master planning for the area. Currently, there are no formal land use plans for the area. The area is not currently planned for any specific uses. Future in-depth analysis and planning is needed to determine specific land use and development.

At the present time, the proposed area does not need traditional urban services, as the area is primarily rural and agricultural. In addition, no land use changes are proposed at this time. Present needs for public facilities and services in the proposal area are being met by existing providers, private parties, or not needed. As the area is currently rural and agricultural, the demand for public services is low. There is no present need for additional public facilities and services in the proposal area. As no specific land use plan has been defined, existing uses are expected to remain the same. Existing service providers are expected to continue the current service level. Addition of the SOI Amendment area would cause no

additional immediate demand for municipal services, public facilities, or the financing of such facilities.

If anticipated growth is to occur, an expansion of public facilities and services to serve the area would be needed. Since there are no proposed development or land use changes, the demand and requirements for specific service expansions/extensions, financing, and timing cannot be established. Expansion of the City's SOI into the SOI Amendment area will provide direction to municipal water service providers about the location and extent of the City's growth. This will allow the provider to conduct long term planning to ensure adequate services and infrastructure are available to serve the anticipated growth of the City.

Under the law, the SOI is a plan for the probable physical boundaries and service area for the City. The purpose of the SOI is to provide for the present and future needs of the community. Anticipated growth of the area will require adequate planning for long term growth. Probable needs for new and expanded public facilities and services to support anticipated growth in the area have been analyzed in the Municipal Service Review, Infrastructure Section.

The Purpose of a Sphere of Influence

The *primary purpose* of a sphere of influence is a long range policy planning tool to be used by your Commission, the city, and municipal service providers to facilitate and develop planning and financing strategies to accommodate future growth in population and employment. A sphere may guide the direction of growth, but it does not drive the timing of growth.

A Sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency as determined by the Commission."

A Sphere of Influence does not change land use or give the affected agency (City of Elk Grove) any land use authority or entitlements. The Sphere only establishes a policy planning area to be used by the City and other affected agencies to effectively plan for growth as stated in the City's application.

Process

Sacramento LAFCo has prepared a Municipal Service Review and an Environmental Impact Report for this project. In addition, there has been extensive outreach to affected agencies, the Elk Grove community, the environmental community, and land owners affected by this project.

Analysis-Land Inventory and Proposed SOIA

The following table represents the current land inventory within the City of Elk Grove:

	Acres
Developed Land within City Boundary	14,021
Sheldon/Triangle (Rural Residential)	6,323
Projects In Development Phase	1,955
Projects Pending	458
Preserved	1,345
Vacant-No Projects Pending	2,872
Total Acres in the City of Elk Grove	26,974
SOIA Request	7,869
Total Acres	34,843

City SOIA Application

The City application for 7,869 acres represents a potential SOI increase of approximately 29 percent. It should be noted that the City of Elk Grove has significantly reduced its original request from almost 15,000 acres to 7,869 acres. The City of Elk Grove is either surrounded by the City of Sacramento and unincorporated existing and/or approved development to the north and open space, flood plain, and habitat constraints on the south, east, and west. It appears that the 7,869 would be the City's ultimate Sphere based on the existing constraints described above. The City has also stated in its application that this would be the City's ultimate Sphere of Influence boundary.

Currently, the City of Elk Grove has approximately 2,872 acres within the city limits that are not entitled. This represents approximately 11 percent of the area. The City of Elk Grove map dated May 24, 2013 illustrates that much of this acreage is fragmented throughout the City except for approximately 1,200 acres known as the "Southeast Planning Area" located along the southern boundary of the City. The City of Elk Grove is currently developing a land use plan for this area.

This is the largest remaining unentitled area within the City limits. Based on current market conditions, the undeveloped and unentitled areas within the City should be able to accommodate near term growth, however, the city is seeking a Sphere to meet its estimated long term growth projections and encourage new job growth to improve the jobs-housing balance.

The Enhanced Regional Alternative (ERA) under the Final Environmental Impact Report (FEIR) is a reduced sphere alternative and contains approximately 4,040 acres or would represent an increase of approximately 15 percent to City acreage.

The following table summarizes these two alternatives:

	Acres	Increase
City Limits (SOI Coterminous)	26,974	–
SOIA Application	7,869	29%
Enhanced Regional Alternative	4,040	15%

While the proposed SOIA request (application) of 7,869 acres represents an increase of about 29 percent, there are several potential development constraints within the proposed SOIA boundary. These constraints while not all permanent would likely have an impact on the potential timing of annexations and/or development for some of these areas. The following table summarizes these constraints:

Constraint	Acres
Flood Plain	987
Solar Farms	315
Vineyards	1,214
Total	2,516

The potential land constraints contain approximately 2,516 acres. Except for the lands within the flood plain, typically, solar farm and vineyard contracts range from 10 to 20 years with the option for one or more 5-year extensions. Factoring in these intermediate land use constraints, the effective size of the developable area is reduced to about 5,353 acres or approximately a 20 percent increase to the current SOI.

The following table illustrates the percent of area within the respective city Spheres of Influence within Sacramento County:

City	Sphere of Influence Area
City of Folsom (prior to annexation)	23.5%
City of Sacramento	23.5%
City of Galt	142.0%
City of Rancho Cordova	Coterminous Sphere
City of Citrus Heights	Coterminous Sphere
City of Isleton	Coterminous Sphere
Note: The incorporation of Rancho Cordova included a relatively large unentitled and undeveloped area to accommodate future growth. The City of Citrus Heights is surrounded by urban uses.	

Compared to other jurisdictions within Sacramento County, the City of Elk Grove Sphere of Influence application for 7,869 acres appears to be similar to Spheres of Influence for the City of Folsom and the City of Sacramento.

Analysis of Agricultural Lands within the Proposed SOIA Boundary

Government Code Section 56377 sets forth LAFCo requirements to avoid the conversion of Prime Agricultural Lands and open space, unless it fails to promote orderly growth:

In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:

- a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
- b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency.

As stated previously, the City of Elk Grove Sphere of Influence is coterminous with its City boundary and the City is generally surrounded on the north, east, and west by existing development as well as habitat and open space constraints. The only logical and orderly way for the City to grow is along its southern and southeastern boundaries. As a result, growth in this direction impacts Prime Farmland, Farmland of Statewide Importance, and habitat areas.

The Enhanced Regional Alternative contains approximately 4,040 acres located both inside and outside the County Urban Services Boundary (USB). Approximately one-half of the Enhanced Regional Alternative is located within the County USB and approximately one-half is located outside of the County USB. The area (approximately 2,064) located outside of the USB is generally consistent with the SACOG Blueprint. The SACOG Blueprint is a policy document for long range transportation planning and funding.

The Enhanced Regional Alternative contains Prime Farmland, Farmland of Statewide Importance, and Farmland of Local Importance.

The table below shows the allocation of farmland by major types within the Enhanced Regional Alternative.

Distribution of Farmland Type within Enhanced Regional Alternative			
	Acres	Prime Farmland	Statewide Importance
Enhanced Regional Alternative	4,040	151.2	1,640.6
Area within USB	2,064	0	368
Area Outside USB	1,976	151.2	1,272.6

As a result of the potential impact to agricultural lands, habitat, and open space lands, it is recommended that mitigation measures be imposed to preserve these resources lands if areas are annexed to the City.

The recommended mitigation measure for the conversion of agricultural land within the proposed Sphere of Influence is summarized as follows:

The City will require that applicants protect one (1) acre of existing farmland of equal or higher quality for each acre of Prime, Unique, or Farmland of Statewide Importance that would be developed as a result of the project.

In addition, the City will be required to mitigate for the loss of habitat and other biological resources as determined by State and Federal regulatory agencies. If approved, the City is also required to comply with the terms and conditions of any adopted habitat conservation plan. Finally, Terms and Conditions have been proposed to require the City to utilize its existing inventory of vacant land within the City prior to requesting annexation of new territory.

Executive Officer Recommendation

LAFCo recognizes that a city may need to grow to meet both population and employment demand occurring in the city and the region. The SOI allows the City and affected Special Districts to develop long range plans for that growth which include municipal service plans, infrastructure and financing plans.

No city approved growth or related impacts will occur in the SOI Area until it is annexed and development projects are under construction. In addition, annexations are subject to LAFCo terms and conditions as recommended in this Report, CEQA mitigation measures as stated in the FEIR, and additional LAFCo and CEQA review and analysis, which may impose additional conditions as well as mitigation measures.

In the event the City needs to annex land to meet growth, LAFCo encourages smart, orderly, and efficient growth patterns together with the preservation of agricultural, habitat, and open space

resources consistent with LAFCo policies, terms and conditions of SOIA approval, and the SACOG Blueprint.

Finally, there are a number of steps that must occur prior to annexation. The City must prezone the land proposed for annexation, develop service plans and financing plans. In the case of the City of Elk Grove, the city must rely on several special districts for municipal services. These agencies cannot plan for growth outside a city's Sphere of Influence. A sphere of influence would allow these agencies to incorporate the area within the Sphere into their Master Plans.

The City of Folsom most recent Sphere and annexation process took almost 20 years. As well, the City of Galt has had a large Sphere adopted in 1994 and amended in 2011 that has not resulted in any significant annexations to the City. The City of Sacramento has had a Sphere since the mid 1980's that has not resulted in any significant annexations, however, unincorporated development has occurred in some of these areas.

Therefore, it appears that a Sphere that represents a 15 percent increase is relatively reasonable in order to allow a city to meet long term growth.

In the Executive Officer's opinion, the City has capacity within its current boundary to accommodate growth in the near and perhaps intermediate term for both residential, commercial, and office growth. However, it does not appear that the City has sufficient area to accommodate industrial, manufacturing type uses, and other large employment type facilities sufficient to create true employment centers that would accommodate a reasonable jobs-housing balance sought by the City. The City of Elk Grove is well served by the regional transportation system. It has access to Interstate 5, State Route 99, heavy rail, and potentially the regionally planned JPA Connector that would link Interstate 5 and State Route 99 with Highway 50. In addition, this location is relatively close to Interstate 80 for east-west connections.

It is nearly impossible to predict the future and the amount of land that will be needed to accommodate future needs of any city. A sphere of influence establishes only a policy area to be considered for future annexations. It appears that many annexations and development projects of other land use jurisdictions involve relatively large areas (2,000-3,000 acres). Consequently, a larger Sphere may allow a city to be able to accommodate larger projects that involve job creation and development.

Distribution, industrial uses, small manufacturing, office, and large scale development projects may be more inclined to consider areas that can accommodate their needs and provide buffer areas from residential areas. Recently, nearly 1,700 acres were annexed to the City of Tracy to accommodate commercial, general office and business park/industrial development. As reported in The Tracy Registry, this is an example of the importance of having a sufficient inventory in advance:

Amazon is to occupy approximately 85 acres in an 870-acre business park that the city annexed in 1996, Malik said before the Sept. 3 council meeting. But that park has only smaller parcels remaining in the 20-acre to 40-acre range, and companies speaking to the city today want much larger sites.

City officials emphasized that the jobs being created by the operations paid “head-of-household” wages, which Malik said is an estimated \$52,000 a year. Seventy percent of Tracy’s work force migrates out of the city each workday to jobs in the more central Bay Area. The goal is to reduce that migration.

It appears that the City of Tracy is attempting to improve its jobs/housing balance and this effort in the case of Amazon has taken 17 years from the date of annexation (1996).

Based on this example, development takes many years and it appears the opportunity to attract these types of users requires a sufficient inventory of land to meet those needs. It does not happen quickly.

For example, the City of Roseville, has had many annexations that have been greater than 1,000 acres. The North Industrial annexation contained 2,045 acres but is only anticipated to have 643 single family and 400 multi-family units.

A larger Sphere would provide more opportunity to plan for uses requiring larger tracts of land and the opportunity to attract users that require this type of acreage. It also appears that there are a limited number of jurisdictions within Sacramento County that could accommodate this type of development. The Natomas area is currently impacted until levee improvements are completed for flood control. Potentially, the City of Folsom and the City of Rancho Cordova, as well as the City of Roseville may have sufficient area outside of their cities for this type of growth. For example, the City of Roseville was able to attract business and jobs from Sacramento due in part because of the building moratoriums related to the Natomas area in the 1980’s.

Currently, the City of Folsom (prior to annexation) and the City of Sacramento have Spheres that represent an area 23.5 percent greater than their existing city limits. The City of Galt has a sphere that is approximately 142 percent greater than its city limits. The Elk Grove application requested a sphere that is approximately 29 percent greater than its city limits. The Enhanced Regional Alternative would be approximately 15 percent greater than the city limits. Annexations will not occur until there is sufficient demand.

While staff has recommended the Enhanced Regional Alternative, the Commission has the discretion to: (1) deny the SOI amendment; (2) Modify (increase or decrease) staff’s recommendation for the SOI boundary based on public testimony and information provided to the Commission; (3) Approve the Executive Officer’s recommendation for the Enhanced Regional Alternative; or (4) Approve the full SOI as submitted in the application. The Environmental Impact Report has evaluated the entire 7,869 acre proposed SOI boundary. This allows the Commission to either approve the entire SOI or modify the proposal by reducing the boundary and/or adopting other appropriate terms and conditions.

The Executive Officer has recommended that the Commission approve the Enhanced Regional Alternative (ERA) as the boundary for the City of Elk Grove Sphere of Influence. This alternative contains approximately 4,040 acres or about 51 percent of what the City has

requested. This represents a Sphere boundary that is 15 percent greater than the current City limits.

**CITY OF ELK GROVE
SPHERE OF INFLUENCE AMENDMENT
LAFCO PROJECT NUMBER LAFC# 09-10
[SCH No. 2010092076]**

Project Title: City of Elk Grove Sphere of Influence Amendment

Proposal: Amendment of the City of Elk Grove Sphere of Influence (SOI) to add approximately 7,869 acres to the existing SOI, consistent with the 2003 City of Elk Grove General Plan

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INTRODUCTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code 56000 et seq.) establishes procedures for local government changes of organization. Your Commission has numerous powers under the Act, but of primary concern is the power to act on local agency boundary changes and to adopt spheres of influence for local agencies – cities and special districts.

Government Code section 56425, subdivision (a), specifies that “[i]n order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the Sphere of Influence of each local agency within the county.”

The Sacramento Local Agency Formation Commission (“Sacramento LAFCo”) has reviewed and analyzed the City of Elk Grove’s application for a Sphere of Influence Amendment (“SOIA”), and made careful determinations as to the environmental considerations involved, the provision of municipal services, and the need for the Sphere of Influence expansion. Additionally, numerous hearings were held by Sacramento LAFCo and the City of Elk Grove to hear and consider comments from the public and affected agencies. The public was also given a comment period to submit input on each draft of the Environmental Impact Report and each draft of the Municipal Services Review before these documents were finalized.

Approving an approximately 4,040 acre expansion pursuant to the Enhanced Regional Alternative (ERA) discussed in the Final EIR will allow the City to accomplish its stated goal of creating additional employment centers to improve the jobs-housing balance in the City, but also provides for orderly growth that addresses environmental and municipal services issues. It should be noted that a SOI is not a surveyed boundary, but is rather an illustrative policy map. The ERA has been further refined by staff from the Exhibit 5-2 presented in the EIR to avoid the splitting of parcels between I-5 and Hwy 99. To the west of Hwy 99, the ERA follows the Sacramento County USB as well as FEMA mapping criteria, which is fixed and can be readily ascertained. (See Exhibit B).

In further support of the Commission’s goals to promote orderly growth, Staff recommends imposing certain terms and conditions on approval of the 4,040 acre SOI. These terms and conditions are outlined in this report and would be imposed in addition to any mitigation measures required by the Environmental Impact Report. By imposing these requirements, LAFCo will also ensure that the City follows appropriate procedures if it decides to annex the SOIA Area in the future. The ERA SOI expansion thus presents an appropriate balance between the City’s need to grow and LAFCo’s responsibility to provide logical boundary changes and ensure orderly growth.

In conformity with the determinations set forth in this report, LAFCo staff (Staff) recommends that the Commission approve the Municipal Services Review (MSR) and adopt a reduced SOI, as described in the Enhanced Regional Alternative in the Final Environmental Impact Report

(“FEIR”). The ERA provides for a SOI expansion of 4,040 acres as opposed to the 7,869 acres requested by the City of Elk Grove.

BACKGROUND

This Background section outlines the context for the MSR and SOIA application, including a description of the proposed SOIA, a description of the City of Elk Grove, and an outline of current regional planning activity.

I. PROPOSED SPHERE OF INFLUENCE AMENDMENT PROPOSAL

The City of Elk Grove (Applicant) is requesting a Sphere of Influence Amendment as shown on the attached map. The Sphere of Influence Amendment proposes to add territory to the City’s Sphere of Influence as described in this report. A Sphere of Influence is defined as “a plan for the probable physical boundaries and service area of a local agency.” However, the Sphere of Influence does not change land use authority and no physical development can be approved or implemented by the City of Elk Grove until this territory is rezoned and annexed into the City. If this SOIA is approved, a subsequent annexation application, or series of applications, may be submitted to LAFCo. The City of Elk Grove would be the lead agency for processing an annexation and would be required to conduct a California Environmental Quality Act (CEQA) analysis of any proposed annexation based on the proposed rezoning. In addition, the city and county would need to enter into a property tax sharing agreement.

The proposed Sphere of Influence does not result in any change in land use authority, grant any development entitlements, or result in any immediate impact to the environment. It is a long range planning tool similar to a City General Plan.

As required by section 15124, subdivision (b), of the CEQA Guidelines, the objectives of the proposed City of Elk Grove SOI Amendment request are as follows:

- Amend the Sphere of Influence (SOI) boundary beyond the existing Elk Grove city limits to accommodate orderly and sustainable growth consistent with the City’s General Plan.
- Implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 consistent with public service conditions present or reasonably foreseeable in the proposed SOIA Area.
- Establish a logical boundary within which future and timely annexation requests by the City of Elk Grove may be considered. Establish an SOI for the City of Elk Grove that will facilitate the protection of important environmental, cultural, and agricultural resources.
- Provide sufficient land to accommodate a jobs-housing ratio for the City of Elk Grove that provides for sufficient residential and employment-generating lands uses to minimize the need for commuting to or from other jurisdictions.

A. Project Description

The proposed SOI Amendment (SOIA) consists of a request initiated by the Elk Grove City Council (Resolution #2008-54) to the Sacramento Local Agency Formation Commission (LAFCo) to amend the City of Elk Grove's SOI. The current SOI is coterminous with the City boundary, which is atypical. Generally, a city has an SOI that is larger than its boundaries so that it may plan for future growth.

The application to amend the SOI requests 7,869 acres generally described as the areas south of Bilby Road/Kammerer Road and Grant Line Road, as shown in Exhibit A. The City of Elk Grove application includes land use projections that indicate that future growth may require additional lands outside of the current City boundary. The City's available residential, industrial, and commercial land inventory is in the process of building-out and may be unable to accommodate all anticipated urban growth within the City limits. As a result, the City seeks to establish a direction to accommodate its anticipated future growth by designating an area for long-term planning that may also allow for a beneficial jobs-housing balance.

For purposes of analyzing environmental impacts, LAFCo staff, in consultation with City staff, has developed land use assumptions that would allow the Commission and the public to understand environmental effects of expanding the City's SOI that may result from potential growth during future annexations. There are no specific land use entitlements proposed at this time in conjunction with the proposed SOIA. California Government Code section 65300 provides that a city may comprehensively plan for lands outside of its jurisdiction without the area being within an approved SOI.

However, while the Elk Grove City Council has expressed its desire to have the proposed SOI area master planned, the Council has explicitly stated that no comprehensive planning of the area will occur unless and until LAFCo approves the SOIA. The City's General Plan currently does not include any land use designations for the proposed SOIA Area. The General Plan designations cover only the current City boundaries. The majority of the SOIA area is included in the Genial Plan planning area, as a "Study Area" Therefore, for the purposes of analyzing potential environmental impacts of the projects, land use assumptions were developed by LAFCo in consultation with City staff by considering existing land uses under the General Plan for other areas within the City, then projecting reasonably foreseeable land uses within the proposed SOIA Area based on the existing land use designations..

The current City boundaries with the coterminous SOI encompass 26,974 acres. The proposed SOIA would expand the existing SOI, not the city limits, by 7,869 acres, or by 29 percent, to a total SOI of 34,843 acres. However, anticipated future growth and expansion through the annexation process would be limited to areas outside of the FEMA 100-year floodplain, in accordance with Elk Grove Safety Policy SA 15. Likewise, the Central Valley Flood Management Planning Program will require 200-year floodplain protection for urban areas. This would limit future growth to 6,882 acres of the proposed 7,869-acre SOI expansion, leaving 13 percent of the area for non-urban uses, such as open space. The following table shows the total acreages in the existing and proposed SOIA areas.

SOI Boundary	Acreage
Current City boundaries/SOI	26,974
Proposed SOI Amendment	7,869
Total of Current City Boundaries and Proposed SOI Amendment	34,843

Source: City of Elk Grove, Sphere of Influence Amendment Application, 2010.

B. Project Location

The proposed SOIA Area is located in the unincorporated area of Sacramento County. The proposed Area is generally located south-southwest of the existing City of Elk Grove boundaries, close to the community of Franklin-Laguna. More specifically, the SOIA Area is described as the areas south of Bilby Road, Kammerer Road, and Grant Line Road, extending south to Eschinger Road and the edge of the 100-year floodplain boundary of the Cosumnes River; east toward the Cosumnes River and just past Freeman Road; and west toward Interstate 5 (I-5) and the Union Pacific Railroad tracks. The proposed boundary does not reach the Cosumnes River east of State Route 99 (SR-99) but follows the 100-year Federal Emergency Management Agency (FEMA)-designated floodplain.

C. Existing Land Uses in the SOIA Area

The 7,869-acre SOIA Area primarily contains agricultural uses consisting of fallow/row crops/nursery, orchards, vineyard, and dairy, poultry, livestock operations, and solar farms. Few structures exist within the project site, and these are limited to barns, rural housing, storage sheds with related structures, and solar array facilities. A small area surrounding the intersections of Hood Franklin Road/County Road J8 and Bilby Road/County Road J8 is developed with relatively suburban uses. This area is identified as the Old Town Franklin community. The existing land uses in this community can be described as a mix of rural housing, light industrial, commercial, and public facilities. Franklin Cemetery is located at the intersection of Franklin Boulevard and Hood Franklin Road. Sunset Skyranch Airport (Elk Grove Airport) was a privately owned airport that lies in the eastern portion of the SOIA Area, immediately adjacent to the existing Elk Grove city limits. Effective July 1, 2010, the airport was closed. Exhibit D shows the existing land uses on the SOIA Area.

The SOIA Area is mapped as containing 446.4 acres of Prime Farmland and 4,862.8 acres of Farmland of Statewide Importance. Both designations fall under the Important Farmland umbrella as classified by the California Department of Conservation Farmland Mapping and Monitoring Program.

Approximately 2,474 acres of the SOIA Area are covered by active, multiple Williamson Act contracts. Some property owners have filed a Notice of Non-Renewal on approximately 548.8 acres to initiate termination of the contract. (See Exhibit F).

Proposed South Sacramento Habitat Conservation Plan

The SSHCP process began in 1992 as a watershed study funded with monies granted from the United States Environmental Protection Agency (EPA). In 1993, state and federal regulatory agencies proposed shifting from a watershed study to a more comprehensive approach such as a habitat conservation plan. After an initial assessment confirmed that an HCP would be politically, economically, and biologically feasible, further work was conducted to identify possible strategies and economic constraints.

The proposed SOIA Area is located within the proposed South Sacramento Habitat Conservation Plan area. The SSHCP, which is in draft form and is currently being prepared, will be a regional approach to addressing issues related to urban development, habitat conservation, and habitat protection. The SOIA Area is located within the Urban Development Area. The current Draft SSHCP identifies the Urban Development Area (UDA) as 122,658 acres within the Plan Area where urbanization is anticipated to occur. Geographically, the UDA is that portion of the SSHCP Plan Area that is within the Sacramento County Urban Services Boundary (USB); the incorporated cities of Rancho Cordova, Elk Grove, and Galt; Galt's Sphere of Influence; and Elk Grove's proposed Sphere of Influence.

No significant conservation or mitigation sites exist with the SOI project area except in the westernmost portions, where some parcels within the Stone Lakes National Wildlife Refuge are protected by a perpetual conservation agreement or owned by a conservancy group.

The proposed SSHCP area encompasses 345,000 acres in southern Sacramento County. The proposed SSHCP will consolidate environmental efforts to protect and enhance wetlands (primarily vernal pools) and upland habitats to provide ecologically viable conservation areas. It will also minimize regulatory hurdles and streamline the permitting process for development projects. The proposed SSHCP is planned to cover 40 different species of plants and wildlife including ten that are state or federally listed as threatened or endangered.

The SSHCP will be an agreement between state/federal wildlife and wetland regulators and local jurisdictions, which will allow land owners to engage in the incidental take of listed species (i.e., to destroy or degrade habitat) in return for conservation commitments from local jurisdictions. The options for securing these commitments are currently being developed and will be identified prior to the adoption of the SSHCP. The geographic scope of the SSHCP includes U.S. 50 to the north, Interstate 5 to the west, the Sacramento County line with El Dorado and Amador counties to the east, and San Joaquin County to the south. The Study Area excludes the City of Sacramento, the City of Folsom, the Sacramento-San Joaquin Delta, and the Sacramento County community of Rancho Murieta. Sacramento County is partnering with the cities of Rancho Cordova, Galt, and Elk Grove as well as the Capital SouthEast Connector Joint Powers Authority (JPA), the Sacramento Regional County Sanitation District and Sacramento County Water Agency to further advance the regional planning goals of the SSHCP.

Your staff has met several times with various stakeholders participating in the SSHCP process, including the City of Elk Grove, the County of Sacramento, SCWA, the Capital SouthEast Connector, the Sierra Club/Save the Sand Hill Cranes ("SOS"), Friends of Swainson's Hawk,

Habitat 2020/Environmental Council of Sacramento (“ECOS”), The Nature Conservancy, the Cosumnes River Preserve and Stone Lakes NWR Assoc. No consensus was reached from these meetings. These diverse parties expressed a range of positions, from full support to complete opposition to the proposed SOIA, as well as support of the Enhanced Regional Alternative.

The California Department of Fish and Wildlife (“DFW”) believes that the SSHCP, if revised to reduce the level of impacts to habitat in the mixed agricultural croplands in the western portion of the planning area, will be cumulatively and regionally the best biological scenario for achieving the standards required by FGC § 2080 et. seq.

Therefore, the DFW does not support the SOIA as proposed. Although the DFW prefers the CEQA “No Project” alternative, as it may best allow for successful implementation of the SSHCP. The DFW also believes that with the current draft of the SSHCP, it may be possible to implement the SSHCP successfully if the CEQA Enhanced Regional Alternative (ERA) were selected, since the ERA is limited to approximately one-half of the area of the proposed SOIA.

D. Surrounding Land Uses

At the time of adoption of the Elk Grove General Plan Update: 2003 Environmental Impact Report (EIR), and currently, the vicinity of the project is characterized by agricultural and rural residential land uses. While additional residential development may have occurred in the project area since certification of the Final EIR, all development activity within the SOIA Area has been consistent with existing Sacramento County General Plan land use designations.

North

The project site is bounded by the City of Elk Grove to the north. Residential uses dominate the western portion of the City, and rural residential and small-scale agricultural uses prevail in the eastern portion of the City to the north of the proposed SOIA Area boundary. City of Elk Grove land use designations north of the project site include Commercial, Medium Density Residential, Southeast Policy Area, Low Density Residential, and Estate Residential. The Laguna Ridge Specific Plan lies approximately 0.5 mile north of Kammerer Road.

The Southeast Policy Area has no pending land use entitlements. A 2006 development application for the Southeast Policy Area was withdrawn in 2010. Any future planning for the Southeast Policy Area will need to be consistent with the General Plan’s Land Use Element. Adjacent to the north is the approved Sterling Meadows project, comprising 984 single-family units and 200 multi-family units. The Lent Ranch Marketplace Special Planning Area lies to the north, with frontage along SR-99.

South

The unincorporated communities of Bruceville and Point Pleasant lie to the south and are not part of the proposed SOIA Area boundary. These communities are within the unincorporated community of Franklin-Laguna. Land uses in this area are similar to the adjacent agricultural land uses within the project site. County of Sacramento General Plan land use designations south of the project site include Agricultural Cropland. In addition, land within the legislative

boundary of the Stone Lakes National Wildlife Refuge, but not under conservation easement, is located south of the project between Franklin Boulevard and Interstate 5. This land is within the Cooperative Wildlife Management Area as described below.

East

The unincorporated communities of Wilton and Sheldon lie to the east and are not part of the proposed SOIA. Wilton is primarily rural in character, and rural residential development on large lots is typical of the area. Rural residential and agricultural uses exist immediately east of the project boundary. Land in this area also lies within the FEMA 100-year floodplain of the Cosumnes River. County of Sacramento land use designations east of the project site include General Agriculture, Agricultural Cropland, Natural Preserve, and Resource Conservation.

West

The Stone Lakes National Wildlife Refuge, managed by the U.S. Fish and Wildlife Service and which protects natural habitats and agricultural resources, forms the western boundary of the project site. The boundary for Stone Lakes National Wildlife Refuge was established in 1994 and includes a core refuge area of approximately 9,000 acres and an approximately 9,000-acre “Cooperative Wildlife Management Area” where the U.S. Fish and Wildlife Service may seek to enter into cooperative agreements and memoranda of understanding with landowners or the purchase of conservation easements. The Stone Lakes National Wildlife Refuge lies within the Sacramento-San Joaquin Delta. Land uses within the refuge include aquatic habitat, annual grasslands, seasonal wetlands, pastures, oak woodlands, and agricultural uses. In addition, grazing land within the Stone Lakes National Wildlife Refuge boundary between Franklin Boulevard and Interstate 5 is under a permanent conservation easement. Agricultural uses occupy the area immediately adjacent to the proposed SOIA Area’s western boundary. The County of Sacramento General Plan land use designations west of the project site include Agricultural Cropland, Natural Preserve, and Resource Conservation.

E. Existing County General Plan Land Use Designations

The proposed SOIA does not change or propose to change any land use designations. The existing land uses for the project area are determined by the County’s General Plan designations for the area. The current land use and zoning designations, are defined by the County’s General Plan and Zoning Ordinance, the primary land uses within the project site are agricultural residential.

The current General Plan land use mix is shown below:

County General Plan Land Use	Acreage
Agricultural Cropland	6,047.5
Agricultural Residential	83.8
Commercial/Office	6.9
General Agriculture (20 acre)	1,511.2
Intensive Industrial	37.9
Low Density Residential	29.7
Natural Preserve	78.2
Total¹	7,795.1

Notes:

1. Total acreage does not equal 7,869 because it represents net acreage based on Sacramento County General Plan 2030 land use designations (adopted in 2009) without land assumed for right of way.

Source: City of Elk Grove.

County Zoning	Acreage
A2 ^a	53
Agricultural-20 acres (AG20)	302
Agricultural-40 acres (AG40)	53
Agricultural-80 acres (AG80)	7,328
Agricultural Residential-2 acres (AR2)	18
Agricultural Residential-10 acres (AR10)	50
Limited Commercial zone (LC)	8
Heavy Industrial (M2)	20
Single Family Zone (R-1-A)	35
RR	2
Total	7,869

Note:

^a Multiple zoning designations: Agricultural-40 acres (AG40), Agricultural-80 acres (AG80)

Source: County of Sacramento, 2009.

II. THE CITY OF ELK GROVE

A. Location and City Limits

With an estimated population of 157,594 the City of Elk Grove is the 31st largest city in California, (CA DOF 2011.) The City of Elk Grove consists of approximately 42 square miles

(26,974 acres) in the southern portion of Sacramento County. Urban land uses generally consist of residential, commercial, office, industrial, recreational, and public uses within and adjacent to the City of Elk Grove. Natural features within the City's General Plan planning area include the Stone Lakes National Wildlife Refuge, the Cosumnes River, the Sacramento River associated tributaries (such as Deer Creek, Morrison Creek, and Laguna Creek), vegetation communities consisting of valley oak woodland, annual grassland, valley foothill riparian, and agricultural lands.

The current City Limits represents all incorporated lands that are governed by the City of Elk Grove. The current City Limits are coterminous with the current Sphere of Influence and encompass 26,974 acres.

B. History

In 1850, Elk Grove was established as a hotel and a stage-stop. It is located about 15 miles south of historic Sutter's Fort in downtown Sacramento, and thus became a crossroads for business, entertainment, mail service and agriculture, and acted as home base for gold miners in nearby communities. After it played its part in the early gold rush and statehood history in California, a close-knit community evolved with a distinctly rural and western lifestyle.

Despite its close proximity to California's capital city, Elk Grove remained quietly independent of Sacramento's growth and development as it expanded into adjoining areas until the 1980s. Elk Grove had its start in agriculture and it is still a big part of the area's economy today, with vineyards, dairy and cattle and row crops; but, now, there are also high technology, professional service, and commercial and retail enterprises.

C. Governance

The City of Elk Grove incorporated on July 1, 2000. It is a general law city and operates on the Manager-City Council model of governance. Elk Grove is a "limited service" municipality, providing police, community development and public works services. Various other services are provided by independent special districts and the County of Sacramento.

D. Elk Grove General Plan Study Area

The Elk Grove 2003 General Plan defines "The Study Area" as the area within which information has been collected for the General Plan update process. This boundary is larger than the city limits and current SOI. This boundary does not indicate any specific intent or plan on the part of the City to expand into the area. It is rather an area where the City has concerns regarding future developments and their associated impacts on Elk Grove.

E. Population and Demographics

The following tables were prepared by City staff, and provide current demographic information for the City of Elk Grove. This information provides a general overview of the community's profile.

Current local population (2013) ¹	159,074
Current regional population (2013) ¹	1,418,788 (Sacramento County)
Avg. Household Size (2011) ²	3.2 persons per household
Median Age (2011) ²	36.3 years
Total Housing Units (2011) ²	51,784
Occupied Housing Units (2011) ²	47,641
Vacant Housing Units (2011) ²	4,143
<p><i>Sources:</i></p> <p>¹ <i>State of California, Department of Finance E-4 Historical Population Estimates for Cities, Counties, and the State, 2011-2013, with 2010 Census Benchmark, May 2013</i></p> <p>² <i>2011 American Community Survey 1-Year Estimates</i></p> <p>Note: Estimates provided by the 2011 American Community Survey 1-Year Estimates are based on a total population of 154,920 and not the latest population estimate of 159,074 as issued annually by the State of California Department of Finance.</p>	

Age Distribution of Population		
Age Group	Total (2011)	% Distribution
Under 19 years	48,658	31.4%
20 - 24 years	8,935	10.6%
25 - 44 years	39,971	25.8%
45 - 64 years	41,442	26.8%
65 years and older	15,914	10.2%
<p><i>Source: 2011 American Community Survey 1-Year Estimates</i></p>		

Educational Attainment of Population over 25 Years of Age

Years of School Completed	Total (2011)	% Distribution
Less than High School	9,051	9.3%
High School	19,271	19.8%
Some College	24,818	25.5%
Associate's Degree	9,733	10%
Bachelor's Degree	21,217	21.8%
Graduate or Professional Degree	13,373	13.6%

Source: 2011 American Community Survey 1-Year Estimates

Income Level

Median Household (2011)	Average Household (2011)
\$73,250	\$93,339

Source: 2011 American Community Survey 1-Year Estimates

Household Income Distribution

Annual Income	Total (2011)	% Distribution
Under \$35,000	7,419	15.6%
\$35,000 - \$49,999	5,816	12.2%
\$50,000 - \$74,999	11,336	23.8%
\$75,000 - \$99,999	7,046	14.8%
\$100,000 - \$199,999	12,497	26.2%
Over \$200,000	3,527	7.4%

Source: 2011 American Community Survey 1-Year Estimates

Historic Population Estimates

Year	Population ^{1,2}	Increase	% Change From Prior Year
2001	76,298	----	----
2002	82,932	6,634	8.7%
2003	88,954	6,022	7.3%
2004	113,391	24,437	27.5%
2005	125,703	12,312	10.9%
2006	135,996	10,293	8.2%
2007	142,003	6,007	4.4%
2008	146,083	4,080	2.9%
2009	149,302	3,219	2.2%
2010	152,652	3,350	2.2%
2011	154,440	1,788	1.2%
2012	155,763	1,497	0.9%
2013	159,074	3,311	2.1%

¹ Population estimates are as of January 1st of the respective year.

² The population estimates includes the 2000 and 2010 decennial census counts. The revised estimates attempt to provide a consistent data series reflecting both decennial census counts by utilizing the Error of Closure (EOC) adjustment procedure.

Sources: State of California, Department of Finance, E-4 Historical Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 and 2010 Census Counts, Revised November 2012; and E-4 Historical Population Estimates for Cities, Counties, and the State, 2011-2013, with 2010 Census Benchmark, May 2013.

Labor Force and Unemployment

Employment Status	Total (2011)	% Distribution
Population 16 Years and Over	117,955	
Civilian Labor Force	80,331	68.1%
Employed	70,806	60.0%
Unemployed	9,525	8.1%
Armed Forces	165	0.1%
Not In Labor force	37,459	31.8%

Source: 2011 American Community Survey 1-Year Estimates

Industry		
Employment by Sector - City of Elk Grove		
Industry Sector	Total (2011)	% Distribution
Agriculture/Forestry/Fishing and Hunting/Mining	113	0.2%
Construction	3,115	4.5%
Manufacturing	2,551	3.6%
Wholesale	1,476	2.1%
Retail	10,136	14.3%
Transportation, Communications, Utilities	3,341	4.7%
Information	1,489	2.1%
Finance, Insurance, Real Estate	2,556	3.6%
Business/Professional Services/Waste Management	7,686	10.9%
Education/Health Care Services/Social Assistance	20,200	28.5%
Arts/Entertainment/Recreation/Accommodation/Food Services	5,405	7.6%
Other Services, except public transportation	3,272	4.6%
Public Administration	9,426	13.3%

Source: 2011 American Community Survey 1-Year Estimates

Principal Employers		
Company / Distribution		
Company	Estimated Employees	Percentage of Total City Employment
Elk Grove Unified School District	5,000	14.02%
Apple Computer, Inc.	1,800	5.05%
Kaiser Permanente	1,468	4.12%
Methodist Hospital of Sacramento	550	1.54%
AllData	400	1.12%
Cosumnes River College	330	0.93%
City of Elk Grove	289	0.81%
Wal-Mart	273	0.77%
Bimbo Bakeries, Inc.	265	0.74%
Elk Grove Bank of Stockton	237	0.66%

Source: City of Elk Grove Comprehensive Annual Financial Report Fiscal Year Ended 2011-2012

Transportation

Airports

Name	Type	Distance in Miles	FBO (Y/N)
Sacramento International (SMF)	Public / County of Sacramento	26.5 miles North I-5 / Airport Blvd. Exit	Yes
Sacramento Executive (SAC)	Public / City of Sacramento	13 miles North Freeport Blvd. / Airport Entrance	Yes
Stockton Metro (SCK)	Public / County of San Joaquin	40 miles South S. Airport Way / Airport Entrance	Yes

Source: Google Map (2013)

Distance to Markets

City	Distance in Miles/Direction	Drive Time
Stockton, CA	36 miles South	39 minutes
Sacramento, CA	17 miles North	23 minutes
San Francisco, CA	101 miles West	1 hour 42 minutes
Reno/Sparks, NV	144 miles North East	2 hours 19 minutes
Redding, CA	177 miles North	2 hours 40 minutes
Los Angeles, CA	372 miles South	5 hours 24 minutes
San Diego, CA	493 miles South	7 hours 14 minutes

Source: Google Map (August 2013)

Motor Freight & Contract Carriers (partial list)

Company	Terminal Location	Services	Area Served
Saia LTL Freight	Elk Grove, CA	Long-distance transport	All major
YRC Freight	Sacramento, CA	Long-distance transport	All major
Con-way Freight	Sacramento, CA	Long-distance transport	All major
Old Dominion Freight Line	West Sacramento, CA	Long-distance transport	All major

Source and Date: YellowPages.com (August 2013)

Parcel Carriers		
Name	Latest Drop-off	Services
FedEx	Mon-Fri Express 3:45 p.m. to 4:40 p.m.	Express, Ground, Packing, & Supplies
	Saturday Express: 2:00 p.m. to 2:45 p.m.	
United Parcel Service	Mon-Fri: (Ground) 4:30 pm to 6:00 pm	Air, Ground, International
	Mon-Fri: (Air) 4:30 p.m.	
	Sat. (Air Only) 1:30 p.m. to 2:00 p.m.	
US Postal Service		
Sources: FedEx Authorized Ship Centers within 5 miles of Elk Grove city center, www.fedex.com/us/ (August 2013); UPS Customer Centers within 5 miles of Elk Grove city center, www.ups.com (August 2013)		

Nearest Seaports		
Name	Distance	Services
Port of West Sacramento 916.371.8800	18 miles Industrial Blvd.	<ul style="list-style-type: none"> • Not Available
Port of Stockton 209.946.0246	38 miles South on Highway 99	<ul style="list-style-type: none"> • 200 Trucking companies service the port • Rail (UP, BNSF) • Berthing for 17 vessels • Customs inspection scheduled hours • 7.7 million sq. ft. of warehousing • Stevedoring • Truck Scales
Sources: Google Map (August 2013); www.portof Stockton.com/ (August 2013); www.ssmarine.com/locations/pacificSW/portofwestsacramento.asp (August 2013)		

Education

2-Year Colleges (within 25 miles)

Institution	Location	Distance	FTE Enrollment (2006)	Public/Private
Cosumnes River College	Sacramento, CA	5 miles	14,143	Public
Sacramento City College	Sacramento, CA	8 miles	24,381	Public
Carrington College	Sacramento, CA	11 miles	1,392	Private
Asher College	Sacramento, CA	18 miles	726	Private
Wyotech	West Sacramento, CA	21 miles	1,417	Private
Kaplan College	Sacramento, CA	21 miles	558	Private
Bryan College	Gold River, CA	26 miles	544	Private
Heald College	Rancho Cordova, CA	24 miles	1,329	Private
ITT Technical Institute	Rancho Cordova, CA	24 miles	577	Private
Universal Technical Institute of N. Cal.	Sacramento, CA	24 miles	1,953	Private
American River College	Sacramento, CA	23 miles	31,088	Public
MTI College	Sacramento, CA	24 miles	584	Private

Source: National Center for Education Statistics, <http://nces.ed.gov> (August 2013); Google Map (August 2013)

4-Year Universities and Colleges (within 30 miles)

Institution	Location	Distance	FTE Enrollment (2006)	Public/Private
CSU Sacramento	Sacramento, CA	16 miles	28,539	Public
The Art Institute of California – Sacramento	Sacramento, CA	19 miles	1,245	Private
University of Phoenix	Sacramento, CA	19 miles	3,885	Private
University of California, Davis	Davis, CA	31 miles	32,354	Public

Source: National Center for Education Statistics, <http://nces.ed.gov> (August 2013); Google Map (August 2013)

Vocational Training			
Provider	Location	Distance	Programs
Center for Employment Training	Sacramento, CA	10 miles	<ul style="list-style-type: none"> • Business Office Technology , • HVAC Technician & Green Technology • Medical Assistant , • Medical Administrative Assistant
Charles A Jones Skills Business Education Center	Sacramento, CA	11 miles	<ul style="list-style-type: none"> • Business Management and Marketing • Communications Technologies • Health Professions and Related Clinical Sciences • Legal Studies • Mechanic and Repair Technologies • Culinary Services • Transportation and Materials Moving
Anthem College	Rancho Cordova, CA	13 miles	<ul style="list-style-type: none"> • Dental Assisting • Health and Medical Administrative Services • Medical/Clinical Assistant • Rehabilitation and Therapeutic Professions • Pharmacy Technician
UEI College	Stockton, CA	34 miles	<ul style="list-style-type: none"> • Business Office Administration • Computer Systems Technology • Criminal Security Administration • Dental Assistant • Pharmacy Technician
National Career Education	Rancho Cordova, CA	24 miles	<ul style="list-style-type: none"> • Electrician • Medical Assistant • Optical-Optometric Assistant

Source: National Center for Education Statistics, <http://nces.ed.gov> (August 2013); Google Map (August 2013)

Safety		
Crime Rate		
Jurisdiction	Violent Crime Rate per 1,000 (2011)	Property Crime Rate per 1,000 (2011)
City of Elk Grove	3.4	21.1
City of Galt	1.8	17.6
City of Stockton	14.1	52.4
City of Lodi	3.8	38.8
City of Sacramento	7.1	39.3
Sacramento County (Unincorporated)	4.9	21
State of California	4.1	25.8

Sources: www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/offenses-known-to-law-enforcement/standard-links/city-agency; www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/offenses-known-to-law-enforcement/standard-links/county-agency; www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/tables/table-5; E-4 Historical Population Estimates for Cities, Counties, and the State, 2011-2013, with 2010 Census Benchmark, May 2013.

III. CURRENT REGIONAL PLANNING ACTIVITY

The table below shows twenty-six land use proposals in various stages of either the entitlement process or development process in Sacramento County (including Elk Grove), Sutter County, and Placer County. This provides context for the Commission regarding the proposed Sphere of Influence Application Area (SOIA Area) and it documents the amount of residential and employment acreage capacity pending, available on the ground, or in the “pipeline.”

Database date /1/	Plan Number	Plan Name	Housing Units	Employment Land Uses (SQ FT) /2/	Employment Land Uses (Acres) /2/
2010	1	Sac County- Easton Specific Plan	1,644	3,527,900	
2010	2	Sac County- Florin Vineyards Community Plan	9,919	unknown	1,306
2010	3	Sac County- North Vineyard Station Specific Plan	6,063	unknown	39
None	4	Sac County- East Franklin	unknown	unknown	
2010	5	Elk Grove- Laguna Ridge Specific Plan	7,762	3,342,000	
2010	6	Rancho Cordova- Rio Del Oro Specific Plan	11,771	unknown	522
2010	7	Rancho Cordova- Sunridge Specific Plan	8,763	unknown	174
2010	8	Rancho Cordova- Suncreek Specific Plan	5,616	unknown	

2010	9	Rancho Cordova- Ranch at Sunridge (Preserve)	2,713	165,000	
None	10	Sac City- North Natomas Community Plan	unknown	10,900,000	
2010	11	Sac City- Delta Shores Specific Plan	5,092	1,461,600	
2010	12	Sac City- Greenbriar Specific Plan	3,473	288,000	
2010	13	Folsom- SOI Specific Plan	10,210	5,054,616	
2010	14	Sutter- South Sutter Specific Plan	17,500	49,706,000	
2010	15	Placer- Regional University Specific Plan	4,387	unknown	622
2010	16	Elk Grove- South of Kammerer	unknown	unknown	
2010	17	Roseville- MOU North Creekview Specific Plan	2,011	190,000	
2010	18	Placer- Placer Vineyards Specific Plan	14,132	3,553,081	
2010	19	Sac County - Metro Air Park SPA	unknown	unknown	
2010	20	Sac City- Natomas Joint Vision Area	unknown	unknown	
2010	21	Sac County- Elverta Specific Plan	4,957	unknown	19
2010	22	Sac County- Cordova Hills Specific Plan	9,010	unknown	3,170,000
2013	23	Sac County- New Bridge	3,075	500,000	45
2013	24	Sac County-Jackson Township	6,143	1,996,100	101
2013	25	Sac County- Jackson West Specific Plan	17,893	17,276,332	1,433
2010	26	Sac County- South Mather	2,161		Neighborhood Comm - 10 acres, University Site (Net) - 152.87 acres, Sports Complex (net) - 126.19 acres
2010	27	Elk Grove- Southeast Planning Area	4,600	unknown	

/1/ Database date:

"2010": data collected circa 2010 to support update of the 2012 MTP/SCS.

"None": no data available.

"2013": data collected after 2012 MTP/SCS adoption.

EXECUTIVE OFFICER'S ANALYSIS

The Commission is considering the City of Elk Grove's application for a Sphere of Influence Amendment (SOIA), the provision of municipal services, the environmental considerations involved, and the need for the Sphere of Influence expansion. The following analysis details the applicable statutes, guidelines, regulations, and policies, and applies them to the instant SOIA application.

I. MUNICIPAL SERVICES REVIEW

In order to prepare the Sphere of Influence Amendment for the proposal, the Commission must conduct a service review of the municipal services provided in the affected territory. The Municipal Services Review ("MSR") is the instrument required to provide 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 MSR was prepared by the City of Elk Gove and reviewed by LAFCo staff. (The complete updated MSR was previously distributed to your Commission in August). The Draft MSR was posted to the Commission website, and notice provided to County departments affected agencies, interested parties and the general public. The MSR has been the subject of three review cycles of 45 days each, originally in 2008, then revised and updated per public and agency comments received again in 2010, and most recently in 2012. The Draft MSR was provided for information to your Commission in August 2008, and in March 2012. The Final Draft MSR was posted to the website in August 2013, and is presented for your consideration this evening. Upon your Commission making the necessary Determinations, the Draft will then become the Final MSR.

Information compiled through the MSR shows that the area proposed for inclusion within the Sphere of Influence of the City of Elk Grove will improve government structure options. Future residents will share common municipal services currently provided to City lands. This will result in a uniform expansion of land uses and allow the future residents to benefit from similar levels of service, governmental structure and vision presently provided within the City of Elk Grove.

The future extension of service to this project area by the City of Elk Grove and affected agencies will provide a well-planned and logical expansion of services currently provided to the existing residents within the City. Similarly, by providing for comprehensive service planning to the project area, the service levels to the existing City will not be negatively affected, and in some cases will be improved through future funding and construction of various proposed infrastructure improvements.

The MSR addresses the adequacy of each provider's current services, major infrastructure and facilities to serve existing users in Elk Grove's proposed Sphere of Influence Amendment (SOIA) Area and their abilities to extend services, in the event of annexation and related growth of the area. The adequacy of each provider's facilities is generally based on each provider's current and long range plans and service standards consistent with local policies, standards and procedures. This self-assessment is augmented, where necessary and appropriate, by comparison to surrounding communities or industry standards.

The MSR is organized by service, with each of the urban services considered in relation to the availability of infrastructure to meet the existing and future service demands. Several municipal services are provided by public service providers other than the City of Elk Grove. Some service providers may require amendments to respective service areas to provide service. Such action would be agency specific to any related SOIA with the required MSR in the event of any future annexation.

The MSR concludes that the City's rates and fees are reasonable compared to other comparable cities' and demonstrates efficient management of its rate structuring opportunities, as set forth in the MSR and the Record of Proceedings. The MSR further includes statements for each existing district specifying the functions or classes of services provided by those districts. The MSR also establishes the nature, location, and extent of any functions or classes of services provided by existing districts.

The MSR prepared by the City in consultation with LAFCo includes an assessment of services and providers and states how providers will plan for and implement the respective services SOIA, if approved. If the SOIA is approved, the County and affected agencies will be able to develop the required master plans regarding the financing and timing of proposed facilities.

The MSR is based on a review of all enabling legislation pertinent to the provision of services.

A. Required MSR Determinations

Pursuant to Government Code section 56430, the Commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed and shall prepare a written statement of its determination with respect to each of the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

In accordance with this requirement, the Sacramento LAFCo in consideration of the City of Elk Grove Proposed SOIA (LAFC #09-10) makes the following determinations.

1. Growth and Population

The SOIA Area was included for consideration as part of the long-term vision of the City with the 2003 Elk Grove General Plan to accommodate future growth and development. In accordance with the General Plan, the City will work with Sacramento LAFCo to establish and update the SOI.

Over the last decade Elk Grove has experienced significant residential growth. While much of this development is newer, particularly west of Highway 99, according to SACOG, the City is almost 75 percent built out in terms of residential uses and 56 percent built out in employment uses. The MTP/SCS forecast for Elk Grove adds 16,992 new housing units and 19,189 new employees to the city. Approximately 26 percent of these housing units and 47 percent of the employees are building out the city's Established Communities and Rural Residential Communities. The majority of the new growth, approximately 74 percent of the housing growth and 53 percent of the employment growth, will occur in the city's Developing Communities Laguna Ridge and the Triangle Special Planning Area. Three other new growth areas in the city, all in the southern portion of the city adjacent to Laguna Ridge, represent the next increment of new growth for the city. This area is covered by three Developing Communities, the adopted Lent Ranch Marketplace Special Planning Area and two policy areas, Sterling Meadows and Southeast Planning Area.

The City anticipates that a portion of the increased employment numbers will be accommodated in the SOIA Area. According to SACOG, Elk Grove will grow by 19,189 new employees for a total of 33,373, with an additional 16,992 new housing units. Also, SACOG's projects Elk Grove will reach a population of 192,889 by 2035 (SACOG 2012.)

2. Location and Characteristics of any Disadvantaged Unincorporated Communities

Several small communities are located adjacent or proximate to the proposed SOIA Area, including Bruceville, Old Town Franklin, Point Pleasant, and Wilton. Bruceville and Point Pleasant are south of the proposed SOIA Area and would not be affected by the SOIA. Old Town Franklin is immediately adjacent to the City and would be completely included within the SOIA Area. Implementation of the SOIA would place Old Town Franklin into the City SOI but would not result in any actions that may divide the community. Wilton is located across the Cosumnes River, outside of the proposed SOIA Area, and would not be included in the proposed SOIA Area. As such, the SOIA is consistent with the LAFCo policy requiring that an SOIA shall not split neighborhoods or divide an existing identifiable community of interest and no impact would occur.

None of these communities would be identified as a "Disadvantaged Unincorporated Community" (DUC) – defined as either inhabited territory, or a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

The City of Elk Grove is a general law city which provides limited municipal services, including land use governance, public works and law enforcement. For an update of a sphere of influence of a city or district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the Commission shall make a finding regarding any impacts to any existing DUC. The City does not provide, maintain or operate any of the noted public facilities or services. The affected special districts that would provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection are not a part of this City application. (56425 & 56430.)

3. *Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies*

Water

Water service to the area is currently accomplished with individual wells on private property. The City of Elk Grove does not provide any municipal water supply, treatment or delivery system. The proposed SOIA may be served by the Sacramento County Water Agency, the Elk Grove Water District. However, during the rezoning process in conjunction with any future annexation, the City will have to evaluate the water service demand on surrounding agricultural lands, and the appropriate water service provider. The City of Elk Grove is currently not a signatory of the WFA.

The Sacramento County Water Agency (“SCWA”) is a logical municipal and industrial (“M&I”) water service provider for future urban land uses in the proposed SOIA Area. SCWA would need to plan and extend infrastructure and services to fully serve the entire SOI Amendment area. The SCWA is not subject to LAFCo purview. The Board of Supervisors would oversee any changes to the SCWA service area.

The Elk Grove Water District (“EGWD”) is a potential M&I water service provider for future development in the proposed SOIA Area east of State Route 99. EGWD would need to plan and extend infrastructure and services to fully serve this portion of the SOI Amendment area. As mentioned above, the EGWD is subject to LAFCo purview.

The Omochumne-Hartnell Water District (“OHWD”) provides groundwater recharge and untreated irrigation water strictly for agricultural uses. OHWD’s current service area includes the entire northeastern portion of the proposed SOIA Area. Future growth of the proposed SOIA Area may not necessitate water services from OHWD as they do not currently provide M&I service. OHWD would remain the irrigation water service provider until urban growth occurs – affected territory may be proposed for detachment from the district, concurrently with an annexation proposal. However, OHWD has indicated that the District is preparing a plan regarding the provision of domestic water service within its boundaries. Should OHWD be able to provide M&I services in the future, they could be considered a service provider in the event of urban development in the proposed SOIA Area.

Prior to submittal of any application to annex territory within the SOIA Area, the City of Elk Grove will provide a Plan for Services that demonstrates compliance with Federal Clean Drinking Water Act standards; and that sufficient, sustainable potable water supplies adequate

for projected needs are available to accommodate the build-out of the annexation territory, with no adverse impact to existing ratepayers. In addition, other conditions regarding the timely availability of water and other water issues are contained later in this Report.

Wastewater

Portions of the proposed SOIA Area are within the service boundaries of the Sacramento Area Sewer District (local collection and conveyance) and the Sacramento Regional County Sanitation District (regional treatment). As the proposed SOIA Area is primarily agricultural, the predominant wastewater service consists of private onsite septic systems.

Urbanization in the proposed SOIA Area would require adequate municipal wastewater service. As no municipal wastewater services are currently provided to the proposed SOIA Area, future extension of wastewater service will require annexation into a wastewater service provider's boundaries. Some service providers may require amendments to the respective service areas to provide service. Such action would be agency specific to any related SOIA and MSR in the event of future annexation. As part of the annexation application, the City will have to demonstrate adequate wastewater service capacity availability for the SOIA territory based on rezoning and land uses designated by the City.

Storm Drainage and Flood Control

Sacramento County Water Agency ("SCWA") provides for the construction of major drainage facilities in the urban and urbanizing areas of the unincorporated county and the cities of Citrus Heights, Elk Grove, and Rancho Cordova. A majority of the City of Elk Grove and a portion of the proposed SOIA Area are within SCWA's Zone 11A. Fees collected within the Zone at the time of development fund the construction of the major drainage infrastructure in the urbanizing areas. The SCWA is not subject to LAFCo purview. The Board of Supervisors would oversee any changes to the SCWA service area.

SCWA Development Review staff evaluates new development proposals for subdivisions and commercial properties to ensure that improvement plans are in compliance with drainage and floodplain management policies. New development is required to conform to County standards, drainage ordinances, and floodplain development policies. SCWA also administers the Federal Emergency Management Agency ("FEMA") National Flood Insurance Program ("NFIP") for the unincorporated portion of the County.

The potential development and eventual build out of the SOIA will increase site runoff, and will require the construction and maintenance of additional drainage infrastructure and facilities to ensure adequate service. As part of any future annexation application, the City will have to demonstrate adequate planning for sufficient facilities to accommodate the increased drainage requirements related to the proposed development. Prior to annexation of any or part of the SOIA Area, the City of Elk Grove shall require that new projects in the SOIA Area not result in new or increased flooding impacts on adjoining parcels on upstream and downstream areas. These requirements have been included in the EIR mitigation measures in Mitigation Measure HYD-3

Solid Waste

The Sacramento Regional Solid Waste Authority (“SWA”) is a joint powers authority between two agencies, the County and the City of Sacramento. SWA regulates commercial solid waste collection by franchised haulers through the SWA Code. The proposed SOIA Area is currently within the service boundaries of the Sacramento County Municipal Services Agency, Department of Waste Management & Recycling, but service is provided by mostly private franchised hauling companies for the commercial and industrial customers.

In the event of annexation, solid waste service would be provided through the City Integrated Waste Department, which manages the City’s residential solid waste franchise and plans, coordinates, promotes and implements citywide solid waste reduction, recycling, composting, and public education activities. The City’s solid waste is currently managed under an exclusive franchise agreement by Republic Services.

Any future growth or change in organization is not anticipated to significantly affect the current solid waste services provided. Solid waste collection and disposal for commercial, industrial, and multifamily residential units would be serviced by the current private haulers. It is anticipated that single family residential customers would be served by the City contractors.

In the event of annexation, the City’s franchised hauler will collect all of the waste and recyclables within the City. There is adequate infrastructure at build out to ensure collection of solid waste generated within the area. The solid waste facilities that the City contractors utilize have indicated they have existing capacity to accommodate the build out of the proposed SOIA Area, ensuring sufficient disposal facilities.

Under Mitigation Measure USS-4, at the time of submittal of any application to annex any or all territory within the Sphere of Influence Amendment (SOIA) Area, the City of Elk Grove shall identify solid waste services, including contract service operation if applicable, to be extended, the level and range of services, timing of services, improvements of facility upgrades associated with the services, and how the services will be financed to accommodate the build-out of the SOIA Area.

Circulation and Transportation

The County of Sacramento Department of Transportation will continue to provide adequate roadway service in the unincorporated area without the SOIA. In the event of an annexation, a Property Tax Exchange Agreement between the City and the County would not significantly reduce the County funds available to sufficiently maintain funding to provide adequate roadway services. As part of any future annexation application, the City will have to demonstrate that it can provide adequate roadway service to and within the SOIA Area proposed to be annexed.

Public Safety

Sacramento County’s Sheriff’s Department currently provides service without the SOIA. As part of any annexation application, the City of Elk Grove will have to demonstrate that it will be able

to provide law enforcement services to the proposed area to be annexed. This plan would be part of the required service plan submitted to LAFCo.

Cosumnes Community Services District (“CCSD”) will be the fire and emergency service provider regardless of annexation. Prior to any future annexation, the City of Elk Grove and Cosumnes Community Services District would have to develop a plan for service to the serve the SOIA Area proposed for annexation. The plan for service will need to address operations and maintenance and capital improvements that will be required.

The SOI Amendment will not increase the need for higher levels of law enforcement and fire protection within the area, as it is currently undeveloped. The City of Elk Grove’s Police Department is able to provide full services to the area. The Police Facility is located at 8400 Laguna Palms Way north of the SOIA Area. As part of the annexation application, the City of Elk Grove will be required to provide a plan for services for LAFCo consideration.

Animal Control

In the event of any future annexation, the City will provide animal control services. The City’s Animal Services Division provides animal control services for the entire City. Services include investigating public nuisance, investigating bite reports, licensing, pick-up, and checking on the humane conditions of animals. As part of any annexation application, the City of Elk Grove will be required to provide a plan for services for LAFCo consideration.

Code Enforcement

The County’s Code Enforcement Division is able to provide adequate service within the SOIA Area. The property will provide minimal demands for City of Elk Grove Code Enforcement Division and immediate needs are met with existing personnel and infrastructure. Any future annexation application will need to demonstrate that the City of Elk Grove can provide code enforcement services to any areas proposed for annexation.

Parks and Recreation

The City of Elk Grove is authorized to provide parks and recreational services within the City. The Cosumnes Community Services District (“CCSD”) is the current authorized parks and recreation service provider in the city and the proposed SOIA Area. As part of any future annexation application, the City of Elk Grove will have to prepare a finance and service plan for the area proposed to be annexed, in consultation with CCSD.

Libraries

The Sacramento Public Library Joint Powers Agreement is already providing service to the area and has sufficient capacity to adequately serve the project area. Upon any future annexation, the SOIA Area would be required to participate in the annual Library Fund assessments.

Electricity and Natural Gas

Pacific Gas and Electric is a private provider currently providing natural gas in the SOIA and is able to adequately serve future growth to the SOIA Area. Sacramento Municipal Utility District is currently providing electricity to the SOIA Area and is able to adequately serve any future growth. There will be no change in service providers.

Prior to annexation, the City of Elk Grove will have to demonstrate that SMUD is able to adequately serve the area.

Public Transportation and Mass Transit

The City operates the “e-tran” bus system. Routes are coordinated with Regional Transit (RT) buses and light rail and South County Transit/Link (SCT/LINK) to areas outside the city. Main transfer points are at the Cosumnes River College, Meadowview Light Rail Station and Laguna Town Hall. Services are funded with Transportation Development Act (TDA) and Federal Transit Administration (FTA) funds.

The City of Elk Grove Transit Services has also created a Transportation Demand Management Program (TDM) to promote and encourage the use of alternative transportation within Elk Grove. The City is developing partnerships with public and private employers within the City to work together in addressing local transportation and air quality issues. The goal is to promote innovative solutions to parking, commuting and air quality problems.

The City of Elk Grove TDM program is managed by the City of Elk Grove, Development Services, Transit Services. The program is funded by grants from the Sacramento Area Council of Governments, City Transportation Development Act (TDA) revenue and from revenue generated from major development projects within the City limits that may potentially contribute to increase congestion on local roadways.

“E-van” is a service of e-tran that provides services required under the Americans with Disabilities Act (ADA) and for seniors that are age 75 years old and older. Services are funded with Transportation Development Act (TDA) and Federal Transit Administration (FTA) revenues.

E-van offers ADA service within the city limits of Elk Grove and to medical facilities in South Sacramento for passengers that are unable to board e-tran fixed route vehicles. Seniors that are age 75 years old and older can also use e-van.

E-van also provides regional service to ADA certified passengers through the urbanized Sacramento area for medical related trips only. These communities and cities include Sacramento, Carmichael, Fair Oaks, Rancho Cordova, Citrus Heights, Rio Linda, Elverta, Arden/Arcade, Orangevale, Antelope, North Highlands, and portions of Folsom.

Prior to annexation, the City of Elk Grove will have to show that transportation services will be adequately provided to serve the area.

4. *Financial ability of agencies to provide services*

It should be noted that services which may be provided by other affected agencies will be subject to the policies, infrastructure and finance planning of the respective agencies. Such discussion is not addressed in this MSR. Some service providers may require amendments to respective service areas to provide service. Such action would be agency specific to any related SOIA with MSR and future annexation. The MSR therefore focuses on the financial ability of the City.

The City is financially stable, as has sufficient assets and funds available for its continued operation. Most City services are supported by the General Fund. The General Fund contains all the City's general revenues that are not specifically levied or collected for other City functions and related expenditures. The General Fund provides support to such areas as general governmental operations, public safety, roadways, and community development.

Specific municipal services, which depend on usage, are almost entirely supported by enterprise funds. Services include drainage, solid waste, and transit. Enterprise funds are generally sufficient to cover existing operating costs. Unlike most enterprise funds that are fully funded from user fees, the Transit operations receives its operating revenue from multiple sources including transit grants, local transportation funding and user fees.

Any application for annexation will have to demonstrate that the affected public agency is able to financially provide for its respective services through a Financial Plan and analysis or demonstrate that future development would be responsible for the related development impact fees and infrastructure implementation per the requirements of the City of Elk Grove or affected agencies to the satisfaction of LAFCo.

5. *Status of, and opportunities for, shared facilities*

The City utilizes a sufficient range of cost avoidance opportunities; including facilities sharing, utilizing technologies to improve workflow, use of volunteers, and cooperative coordination with other service providers. These arrangements shall be articulated in the required plan for services, in the event of an annexation proposal for the SOIA.

6. *Accountability for community service needs, including governmental structure and operational efficiencies*

The City is able to operate effectively under the current General Law statutes. The City of Elk Grove was incorporated as a general law city on July 1, 2000, and operates under the general law statutes defined under the California Government Codes, which enumerates their powers and specifies their structure. This form of government allows the City to provide the following services: public safety, streets, solid waste/recycling, sanitation, culture, parks and recreation, public improvements, land use planning and zoning, general administrative services. Services provided by others include: utilities, electricity, and other general governmental services contract, such as street lighting.

The City operates under the Council/Manager form of government, a system that combines the policy leadership of elected officials in the form of a city council, with the managerial expertise of an appointed city manager.

Elk Grove is a general law city under California law with five elected representatives on the City Council, the mayor and four councilmembers. The office of the elective mayor is decided by the voters, with the position elected citywide (at-large), having a residency requirement within the City limits, and serves a two-year term. There are four council residency districts, and councilmembers are elected citywide (at-large) and serve four-year terms. Each councilmember must reside within the district of the city that they oversee.

The City Council is the legislative body of Elk Grove, consisting of the mayor and four councilmembers. The office of the elective mayor elected citywide (at-large), and serves a two-year term. There are four council residency districts, and councilmembers are elected citywide (at-large) and serve four-year terms. Each councilmember must reside within the district of the city that they oversee.

The City Council has a broad range of municipal powers including the review and approval of an annual budget, establishing community goals and objectives, approving the City's general plan, reviewing and approving major projects and hearing community problems and concerns. The City Manager is appointed by the City Council and serves as the chief administrative officer of the organization. The City Manager is responsible for administration of City affairs, day-to-day operations, and implementation of Council policies. The City Attorney, also appointed by the City Council, advises and represents the City and City Council in all legal affairs. The Council meets on the second and fourth Wednesdays of each month. Council meetings can be viewed on Cable Channel 14, or reviewed online at <http://www.elkgrovecity.org>. City Hall is located at 8401 Laguna Palms Way.

No change in the current government structure is necessary to continue the adequate provision of municipal services in consultation and coordination with affected agencies and service providers. As a City, Elk Grove is a legally separate and fiscally independent agency. It can issue debt, set and modify budgets and fees, and sue or be sued.

The City works to meet its goals for each service provided. The overall management structure of the City is sufficient to account for necessary services and maintain operations in an efficient and effective manner.

7. *Any other matter related to effective or efficient service delivery, as required by commission policy*

All material and information required or requested by the Commission has been provided through the preparation of the draft submittals, and is included in the Final MSR of August, 2013.

B. Conclusion

The City of Elk Grove has made an effort to proactively plan to provide for future growth in this area. The determinations in the MSR quantify the ability of the City to provide for planning for services and financing to meet the needs of the project through inclusion into the SOI. The MSR determines that there is adequate government structure to provide services and accommodate successful growth under the Enhanced Regional Alternative.

II. SPHERE OF INFLUENCE AMENDMENT

A. Sphere of Influence Process

Under Government Code section 56425, LAFCo has the power to approve or disapprove applications for boundary changes for cities and special districts, modify boundaries of a proposal, and impose reasonable terms and conditions of approval. The Commission shall consider the application for a sphere of influence change, and receive any oral or written testimony. This is a discretionary action subject to the California Environmental Quality Act (CEQA). Sacramento LAFCo is the lead agency.

When considering an application for a Sphere of Influence Amendment, LAFCo must complete the following actions:

1. Environmental Review: CEQA requires that LAFCo assess the environmental consequences of its actions and decisions, and take actions to avoid or minimize a project's adverse environmental impacts.
2. Municipal Service Review: As discussed in detail above, LAFCo must conduct a service review of the municipal services provided in the county and prepare a written statement of its determinations.
3. Sphere of Influence Determinations: Pursuant to Government Code sections 56425(e) and 56668, in determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to specific enumerated items. (See pages 63-69).
4. Public Comments and "Meet and Confer" Process: The City and County conducted a "meet and confer" negotiation period regarding the Sphere of Influence boundaries, development standards, and zoning requirements for the areas within the proposed Sphere of Influence.
5. Compliance with Applicable Laws and Policies: As part of its determination as to a Sphere of Influence application, LAFCo will ensure that the recommended sphere of influence expansion is consistent with applicable laws, such as the Cortese-Knox-Herzberg Local Government Act, and applicable policies, such as the LAFCo Policies and SACOG policies.

As discussed in detail below, after the completion of this process, Staff recommends that the Commission find that the Enhanced Regional Alternative, as defined in the EIR for this project, is consistent with the Cortese-Knox-Hertzberg Local Government Act.

Under the 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 zoned.” The decision of the Commission shall be based upon the General Plan and pre-zoning of the City of Elk Grove in effect at the time of the decision. (Government Code section 56375(a).)

In addition, LAFCo is required to review proposals and consider discouragement of urban sprawl, the preservation of open space and prime agricultural land and the encouragement of orderly formation and development of local governmental agencies. (Government Code sections 56001 and 56668.)

The Executive Officer has reviewed the application for a SOIA, and is recommending terms and conditions that are consistent with the Commissions duties under the law. In addition, the Executive Officer has considered preservation of open space and agricultural lands, and recommended appropriate mitigation measures addressing this requirement.

B. Loss of Agriculture and Open Space

The issue of preserving agricultural lands and open space is integral to LAFCo’s consideration of applications for sphere of influence amendments. Specifically, Government Code section 56377 requires the following:

In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space uses, the commission shall consider all of the following policies and priorities:

- (a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing non-prime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

Given the unique location of the City of Elk Grove in that its only area of growth would impact prime agricultural land, some loss of agricultural land is necessary to promote orderly growth.

- (b) Development of existing vacant or non-prime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow or lead to the development of existing open-space lands for non-open space uses which are outside the existing jurisdiction of the local agency or outside of the existing Sphere of Influence of the local agency.

To address this issue, the Executive Officer is recommending an infill policy condition and jobs-housing condition to ensure that development occur within the existing City if feasible before agricultural land is developed. In addition, the Executive Officer has proposed the agricultural preservation measure as stated previously.

LAFCo has also adopted policies and standards related to agricultural land conversion¹:

- Amendment proposals involving Sphere expansion which contain prime agricultural land will not be approved by the LAFCo if there is sufficient alternative land available for annexation within the existing Sphere of Influence. (LAFCo Policies § V.I.6).

For the reasons stated within this Executive Officer’s Report, there is insufficient alternative land available to the City. However, the Executive Officer has recommended numerous conditions to lessen the impact on prime agricultural lands.

- LAFCo will approve a change of organization or reorganization that 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:

- The land subject to the change of organization or reorganization is contiguous to either lands developed within an urban use or lands that have received all discretionary approvals for urban development.

The proposed SOI is contiguous to urban uses.

- The proposed development of the subject lands is consistent with the Spheres of Influence Plan, including the Master Services Element of the affected agency or agencies.

No development is planned at this time.

¹ Some of the listed policies relate to a “change of organization or reorganization.” Although a sphere of influence amendment is not a “change of organization or reorganization” under Government Code section 56021, LAFCo Policies section V.I state that “[t]he LAFCo policies will be applied to applications for amendment to a Sphere of Influence as if it were an annexation.” An annexation is considered a “change of organization or reorganization” under Government Code section 56021. Thus, listed policies and standards are applicable to the SOI Amendment.

- Development of all or a substantial portion of the subject land is likely to occur within 5 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.

At the time of annexation, LAFCo will consider this requirement.

- Insufficient vacant nonprime lands exist within the applicable Spheres of Influence that are planned, accessible, and developable for the same general type of use.

At the time of annexation, LAFCo will consider this requirement.

- 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 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 that lie between the project site and existing facilities; (4) whether natural or human-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 designated to protect agriculture (LAFCo Standards, pgs. IV-5 and IV-6).

LAFCo has imposed numerous conditions including, but not limited to, agricultural and open space mitigation, infill conditions, jobs-housing balance, and the Enhanced Regional Alternative to accomplish these goals while allowing orderly growth for the City. Prior to annexation, the City shall demonstrate its compliance with these conditions.

- LAFCo will not make affirmative findings that the proposed development of the subject lands is consistent with the Spheres of Influence in the absence of an approved Sphere of Influence Plan. LAFCo will not make the affirmative findings that insufficient vacant non-prime land exists within the Spheres of Influence Plan unless the applicable jurisdiction has:

- Identified within its Spheres of Influence all “prime agricultural land” as defined herein.

See Table on page 44.

- Enacted measures to preserve prime agricultural land identified within its Sphere of Influence for agricultural use.

The Executive Officer has proposed several conditions to promote orderly growth while preserving prime agricultural land.

- o Adopted as part of its General Plan specific measures to facilitate and encourage in-fill development as an alternative to the development of agricultural lands.

The Executive Officer has recommended such specific measures.

The City of Elk Grove currently has a coterminous Sphere of Influence. The City is generally surrounded on the north, east, and west by existing development as well as habitat and open space constraints. The only logical way for the City to grow is along its southern and southeastern boundaries. As a result, growth in this direction impacts Prime Farmland, Farmland of Statewide Importance, and habitat areas that cannot be avoided.

The Enhanced Regional Alternative contains approximately 4,040 acres located both inside and outside the County Urban Services Boundary. Approximately one-half of the Enhanced Regional Alternative is located within the County USB and approximately one-half is located outside of the County USB.

The Enhanced Regional Alternative contains Prime Farmland, Farmland of Statewide Importance, and Farmland of Local Importance. The table below shows the allocation of farmland by major types within the Enhanced Regional Alternative.

Distribution of Farmland Type within Enhanced Regional Alternative			
	Acres	Prime Farmland	Statewide Importance
Enhanced Regional Alternative	4,040	151.2	1,640.6
Area within USB	2,064	0	368
Area Outside USB	1,976	151.2	1,272.6

As a result of the potential impact to agricultural lands, it is recommended that mitigation measures be imposed to preserve Agricultural and Open Space lands within the proposed SOIA boundary.

As a result of the potential impact to agricultural lands, habitat, and open space lands it is recommended that mitigation measures be imposed to preserve these resources lands if areas are annexed to the City.

The recommended mitigation measure for the conversion of agricultural land within the proposed Sphere of Influence is summarized as follows:

The City will require that applicants protect one acre of existing farmland of equal or higher quality for each acre of Prime, Unique, or Farmland of Statewide Importance that would be developed as a result of the project.

In addition, the City will be required to mitigate for the loss of habitat and other biological resources as determined by State and Federal regulatory agencies. If approved the City is also required to comply with the terms and conditions of any adopted habitat conservation plan.

Finally, Terms and Conditions have been proposed to require the City to efficiently utilize its existing inventory of vacant land within the City prior to requesting annexation of new territory.

C. Compliance with LAFCo Policies

The following LAFCo Policies are relevant to the Commission's review of the SOIA application.

- The LAFCo will favorably consider proposals that will provide urban services in areas with high growth potential rather than in areas with limited potential for future growth. (LAFCo Policies § III.4).

As discussed in detail below, Staff recommends reducing the SOI Area to that described in the EIR as the Enhanced Regional Alternative. This recommendation is made, in part, on the conclusion that the areas encompassed by the Enhanced Regional Alternative have higher growth potential than the larger SOI Area proposed in the application.

- The LAFCo will favorably consider those applications that do not shift the cost for services and infrastructure benefits to other service areas. (LAFCo Policies § III.6).

The SOI application does not shift costs.

- The 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. (LAFCo Policies § IV.G)

As discussed in detail above in connection with the MSR, the provision of local government services would be improved with the approval of SOIA.

- An applicant for an amendment to a Sphere of Influence must demonstrate a projected need or lack of need for service. (LAFCo Policies § V.I.5).

The need for the SOIA has been demonstrated by evidence that creating additional employment centers would improve the jobs-housing balance in the City, while still allowing

for orderly growth that addresses environmental and municipal services issues. The Enhanced Regional Alternative SOI expansion presents an appropriate balance between the City's need to grow and LAFCo's responsibility to provide logical boundary changes and ensure orderly growth.

- Sacramento LAFCo Policies section I.C state the following principles:
 1. LAFCo is charged with encouraging orderly urban growth and development to prevent urban sprawl, leap frog development, and scattered urbanization;
 2. LAFCo is responsible for encouraging logical formation and determination of boundaries to coordinate property development standards and encourage timely urbanization.;
 3. LAFCo should exercise its authority to ensure that affected populations receive adequate and efficient governmental services; to promote cooperative planning efforts between cities, special districts, and the County; to examine urbanization from a regional perspective; to promote an equitable distribution of costs, services, and to discourage overlapping and duplicative provision of public services; and
 4. LAFCo is required to guide development away from open space and prime agricultural land uses unless such actions would fail to promote the planned, orderly, and efficient development of a community.

The ERA Sphere of Influence expansion is consistent with LAFCo Policies section I.C because it encourages orderly growth and prevents urban sprawl by allowing the City to grow, but places terms and conditions on such growth to ensure that the City will annex and develop in an orderly fashion. Based on the Commission's requirements for phased annexation and approvals prior to annexation, LAFCo also encourages logical formation of boundaries.

LAFCo's careful consideration of municipal services and determinations based on the Municipal Services Review ensures that there will be adequate and efficient services, and coordination with other agencies in the County to provide public services. By adopting agricultural and open space land mitigation measures, LAFCo is allowing Elk Grove to grow but also guiding development away from open space and prime agricultural land. Thus, the recommended Sphere of Influence in this Report is consistent with LAFCo policies I.C.

Additionally, evidence is provided throughout this Report supporting the conclusion that the ERA Sphere of Influence Amendment conforms to LAFCo policies because:

1. The proposed SOI territory does not overlap the Sphere of Influence of any other city.
2. The MSR for the proposed SOI identifies types and adequacy of municipal services to be provided.
3. The MSR for the proposed SOI identifies existing land uses and reasonable projection of land uses that may occur.

4. The MSR for the proposed SOI identifies existing and proposed facilities.
5. The proposed SOI is consistent with the policies of the Elk Grove General Plan.
6. The SOI does not split neighborhoods or divide an existing identifiable community, commercial district, or other area having a social or economic identity.
7. The proposed ERA SOI does not create islands, corridors or illogical peninsulas or distort existing boundaries. The proposed SOI is abutted to the north by lands of the Stone Lakes National Wildlife Refuge, which is established, and designated for permanent preservation.
8. The proposed SOI does not exclusively contain revenue-producing properties.
9. The proposed SOI does not unreasonably split parcels or create an area difficult to serve. The EIR ERA has been further refined by staff from the Exhibit 5-2 version presented in the EIR to avoid the splitting of parcels between I-5 and Hwy 99. To the west of Hwy 99, the ERA follows the Sacramento County USB as well as FEMA floodplain mapping criteria, which is fixed and can be readily ascertained.
10. The proposed SOI is orderly and is not “leap frog” development in relation to existing development. The current SOI is coterminous with the City limits.
11. The proposed SOI does not pose a threat to public health and safety. Any future growth and expansion through the annexation process would be limited to areas outside of the FEMA 100-year floodplain, in accordance with Elk Grove Safety Policy SA 15. Further, the Central Valley Flood Management Planning Program will require 200-year floodplain protection for urban areas.
12. Projected population growth and development patterns for the City of Elk Grove indicates that the proposed SOI Amendment will provide future economic development opportunities for the City and improve the jobs-housing balance for this community.
13. The proposed SOI territory has targeted and selected property that, although currently agricultural lands, is in the logical path of urban development and adjacent to developed land, which promotes orderly growth and discourages sprawl.

D. City Of Elk Grove General Plan Consistency

The City of Elk Grove General Plan is a broad framework for planning the future of Elk Grove. It is the official policy statement of the City Council to guide the private and public development of the City in a manner to gain the maximum social and economic benefit to the citizens.

The Elk Grove General Plan addresses a Planning Area outside the city limits in which the proposed SOIA Area is located. The Planning Area is larger than the proposed SOIA Area and

represents the area that the City envisions may ultimately be included either in its Sphere of Influence or in the incorporated city limits. Although the City has no jurisdiction over the determination of land uses in the Planning Area, it can advise Sacramento County on land use policy within the Planning Area. While the Elk Grove General Plan provides a statement of the uses the City desires in the Planning Area, those statements are purely advisory.

The General Plan envisions the potential for converting agricultural land uses to urban land uses within the General Plan's Urban Study Areas located east of Grant Line Road and South of Kammerer Road. The majority of the proposed SOIA Area is located within the Elk Grove's General Plan Urban Study Areas.

The General Plan does not identify a land use plan for these areas but lays out policies to guide the study of future development in cooperation with the public and other agencies and parties. No specific land use designation or pre-zoning are proposed or required at this time. No pre-zoning is associated with this proposed SOIA. Pre-zoning is required prior to annexation of the area.

General Plan consistency is further discussed in the related CEQA documents.

E. Other Policy Considerations

The SOI Amendment must be considered in the context of applicable policy considerations. This section discusses SOI Amendment in the context of the following policy areas: (1) infill policies and (2) jobs-housing balance.

1. Infill Policies

During the public process, some have maintained that the City of Elk Grove has sufficient land within its current boundaries to accommodate all necessary City growth. In reviewing this issue, LAFCo staff is guided by its own policies and existing General Plan policies. Due to the documents provided, including the Market Study dated December 29, 2010, the City's own data, documents from public agencies, the Executive Officer has determined that the City does not need the entire acreage requested.

According to the City, an increase its jobs-housing balance cannot be met through infill development alone. Although there are approximately 3,000 acres of existing vacant lands within the City of Elk Grove, the December 29, 2010, Elk Grove Market Study prepared by the Center for Strategic Economic Research showed that it would be infeasible for the City to utilize much of this land for future development for the following reasons:

- To develop vacant parcels, the subject property must be of sufficient size and scale to accommodate a reasonably-sized development project.
- Environmental issues, access, circulation and other infrastructure constraints, and undesirable land use adjacencies can limit the development potential of vacant parcels that would otherwise be permitted to develop under the General Plan.

- Much of the vacant built space may be unsuitable for future development given shifting trends in land use and technology. This space may require repositioning in order to be usable.
- Increasing development densities would also be problematic because it would exceed current infrastructure capabilities and the cost of updating such infrastructure would be unreasonable.
- Vacant area on the east side of Waterman Road is designated to remain rural and increased density in this area would not be permissible.

Further, the MSR states that the City experienced rapid growth between the years of 2000 and 2007 with slowed growth between 2008 and 2013, and particularly rapid growth in the area west of State Highway 99. The MSR notes that the 2013 population for the City is 159,074 and is projected to reach 212,153 by 2035. Additionally, the number of employees in the City is estimated to increase by 68% between 2008 and 2035 and the number of housing units by 35%. A portion of the anticipated growth can be accommodated by the approximately 2,918 acres vacant lands within the City. However, increasing development densities in the City would exceed current infrastructure capacities, and the cost of updating such infrastructure would not be feasible.

In addition to the recommendation of the Enhanced Regional Alternative, the Executive Officer will recommend an infill policy condition to ensure orderly growth and reduce loss of agricultural land. That policy could incorporate provisions similar to those implemented by the County of Sacramento's infill policies, including:

- Fund an Infill Coordinator position and identify programs to promote infill development. The Infill Coordinator would conduct outreach to communities for their involvement and input.
- Establish a program to monitor the location and ratio of infill and reuse development and changes in holding capacity resulting from rezones or development with other uses. Establish an incentive program for owners of properties designated for infill and owners of property or property managers of larger commercial areas. Report annually on progress towards attaining objectives for residential infill, rezones to higher densities, build-out of planned communities, and residential development.
- Coordinate with public and private interests in the promotion of sites for infill development.
- Develop a strategy to incentivize priority development of residential vacant or underutilized sites within urban areas that have infrastructure available.

Upon submittal of an annexation application, the City must demonstrate that it has provided or accommodated feasible infill development of existing urban lands before annexing and developing new territory through adoption of infill policies. These adopted infill policies should encourage the development of vacant parcels, reuse or redevelopment of abandoned or derelict structures, rezoning of excess commercial and/or industrial lands to residential uses where appropriate, utilization of existing public infrastructure and services in an efficient manner, and intensification of uses on underutilized lands to accommodate as much residential, commercial and employment capacity as feasible within the existing city limit.

Due to terms and conditions imposed on any future annexation, concerns regarding infill have been adequately addressed to support approval of the Enhanced Regional Alternative SOI Area.

2. *Jobs-Housing Balance*

In support of its proposed SOIA, the City has a stated goal to improve its jobs-housing balance in its long-term land use planning. Approval of the Enhanced Regional Alternative supports a jobs-housing balance because it will allow the City to plan for additional employment opportunities, which will provide for economic growth, additional commerce needed within the City, and shorter commutes for Elk Grove residents.

A jobs-housing ratio is a policy planning tool used to gauge the relative balance of jobs and housing units within a community. The ratio does not necessarily measure the immediate proximity of the jobs to the housing. For example, a community with a 100 percent balance of jobs and housing could have the jobs concentrated in one portion of the community and the housing distributed throughout the balance of the community. It is important to note that a favorable jobs-housing balance or “fit” should be achieved on average for the entire City area, not on a project by project basis.

Historically, trends indicate that people are driving more places at longer distances. Land use patterns may increase travel distances because of the separation of home, jobs, and other destinations. Better planned, mixed-use communities with a balance of jobs and housing can help reduce travel distances, potentially decrease time in commuting, and have greater efficiency and use of public infrastructure and services.

As mentioned above, jobs-housing balance is more of a policy planning technique than a regulatory tool that local government can use to achieve a roughly equal number of jobs and housing units or households in its jurisdiction or part of a jurisdiction. The jobs-housing ratio should fit to the jurisdiction needs and be in line with population and employment forecasts for that area. Ideally, the jobs available in a community need to match the labor force skills, and housing should be available at prices, sizes, and locations for workers who wish to live in the area.

While many jurisdictions have a goal to develop and provide adequate housing close to employment centers that is attainable to all segments of their population, regulatory barriers may unknowingly impede the development of the range of housing types needed to meet the desired jobs-housing balance. Many times, local zoning and other regulations can prevent communities

from using land efficiently and providing enough life cycle housing. Because local zoning and regulations limit density and design options, and because low-density development costs per unit are higher, the market may be skewed toward more limited housing offerings.

The SACOG MTP/SCS also considers the relationship between jobs and housing and the important relationship between jobs and workers. Housing has long been used as a proxy for workers and worker residence. In reality, the number of workers per household varies widely across the region, and different housing types have the capacity for accommodating different numbers of workers. Additionally, areas with “good” jobs-housing balance may still force longer commutes for workers, if available housing in the area is unaffordable to workers filling local jobs.

With support from the Federal Partnership for Sustainable Communities, SACOG is now working on a “jobs-housing fit” measure that can better assess the “fit” at a smaller geographic scale between the wages paid to local workers and the cost of housing. This measure will provide more detailed information for regional and local planning efforts on local employment and housing demand.

The MTP/SCS outlines strategies for reducing regional traffic congestion and related air pollution. These strategies include promoting the use of public transit, walking, biking and carpooling, providing employment centers near housing, and promoting mixed use and compact development.

Approval of the SOIA using the Enhanced Regional Alternative would permit the City to develop employment centers within its boundaries and incentivize development of a sustainable community with reduced traffic and automobile pollution, which encourages “Smart Growth.” Prior to or in conjunction with any future annexation application, the City shall demonstrate, either through work with SACOG or the development of local policies, a jobs-housing implementation measure to support the annexation request.

Prior to annexation, the City shall demonstrate that its proposed annexation creates an improved quantitative and qualitative jobs-housing balance within the entire City to reduce commuting, traffic congestion, and environmental concerns related to vehicles on the road, and improve efficiency of public infrastructure and services. The City shall demonstrate population and employment forecasts and data for the proposed annexation area, and demonstrate an investigation into any identified skew between jobs in the area and the types and cost of housing. The City shall demonstrate that the annexation is necessary to create additional employment centers close to housing that matches the skills of people who live in the region to ensure that a greater percentage of the people who live in the region also work in the region. The City shall also demonstrate consultation and its efforts towards compliance with the jobs-housing goals stated in the SACOG MTP/SCS. The City shall present specific implementation measures to improve the jobs-housing balance within its boundaries, such as compact development, mixed use development, developer incentives to improve jobs-housing, and zoning which improves jobs-housing fit opportunities.

B. Review Under the California Environmental Quality Act

Prior to considering approval of the proposed Sphere of Influence Amendment Proposal, the Sacramento LAFCo must certify that the Environmental Impact Report (“EIR”) prepared for the project is adequate under the California Environmental Quality Act (“CEQA”) and that the Commission has considered the information presented in the EIR. After making this finding, LAFCo may consider approval of the proposed City of Elk Grove Sphere of Influence Amendment.

The EIR is an informational document that informs public agency decision makers of the significant environmental effects of a project, identifies possible ways to minimize the significant effects, and describes reasonable alternatives to the project. The public agency shall consider the information in the EIR along with other information which may be presented to the agency.

The Final Environmental Impact Report was prepared in accordance with the requirements of the Public Resources Code and CEQA Guidelines. CEQA requires that the lead agency take reasonable efforts to mitigate or avoid significant environmental impacts when approving a project. Sacramento LAFCo is the lead agency for the proposed Sphere of Influence Amendment.

The Notice of Preparation was issued October 1, 2010. A Notice of Availability was issued September 29, 2011, to over 100 interested parties, including agencies and members of the public. The public comment period for the Draft Environmental Impact Report was initially open from September 29, 2011, through November 14, 2011. In response to public comments provided to your Commission at the regular meeting of November 2, 2011, staff extended the public comment period through November 21, 2011.

On May 2, 2012 your Commission directed staff to prepare a DEIR for recirculation for the review and comments of the public and affected agencies. A Notice of Availability was issued March 19, 2013, to over 100 interested parties, including agencies and members of the public. The Recirculated DEIR (RDEIR) was circulated for a sixty day public review period - March 21, 2013, to May 21, 2013. LAFCo also solicited public input throughout the EIR process by holding numerous public hearings.

The Final EIR was prepared and distributed during September, 2013. The Final EIR consists of the following:

- The Draft EIR and Recirculated Draft EIR prepared by Sacramento LAFCo as lead agency for the project to incorporate LAFCo factors and issues.
- Comments submitted to LAFCo received from persons, organizations, and public agencies on the Recirculated Draft EIR (RDEIR).
- The responses of Sacramento LAFCo related to significant environmental issues raised in the review and comment period which have been incorporated in the Final EIR.

The Final EIR evaluated potentially significant adverse environmental impacts that could be associated with the project, and identified mitigation measures and project alternatives that would reduce or eliminate these impacts. The Recirculated Draft EIR did not set forth policy for Sacramento LAFCo about the proposed project's desirability. Rather, the Recirculated Draft EIR was an informational document to be used by the public, decision-makers, and public agencies. During the project review process, Sacramento LAFCo must consider all feasible mitigation measures and alternatives developed in the Recirculated Draft EIR to substantially lessen anticipated environmental impacts of the proposed project.

1. *Alternatives to the Proposed SOIA*

In accordance with CEQA Guidelines section 15126.6, the EIR contains an assessment of alternatives to the proposed project. The three alternatives analyzed in the EIR are the following:

1) *No Project/Existing General Plan Alternative*

The project site would remain in its existing condition and no Sphere of Influence application would be submitted. The Sphere of Influence boundaries would be limited to the existing City of Elk Grove City limits. The SOIA Area is anticipated to continue to develop under the existing Sacramento County General Plan.

2) *Alternate SOI Boundary Alternative*

The Alternate SOI Boundary Alternative would entail the expansion of the City of Elk Grove's SOI to the northeast of the existing City limits and would encompass an area that is larger than the currently proposed SOI area. This Alternate SOI Boundary modification is aimed to encompass an unincorporated area of the County that would allow the City meet its objectives of future growth and expansion but focus on areas adjacent to the City that are currently processing specific plans and development applications. As such, the alternate SOI boundary would include the North Vineyards Station Specific Plan (1,590 acres); the Vineyard Springs Comprehensive Plan (2,650 acres); and an area west of these specific plans that includes 6,500 acres bounded by Eagle Nest Road to the east, Elder Creek Road to the north, Calvine Road to the south, and Grant Line Road to the southeast. The Alternate SOI Boundary Alternative is illustrated in Exhibit 5-1. Similar to the proposed SOIA Area, the land use designations for the 6,500 acres is General Agriculture-20: most of the land (about 90 percent) is grazing land, according to the Farmland Mapping and Monitoring Program (FMMP). This alternative would also avoid extension of the SOIA Area into or near the Stone Lakes National Wildlife Refuge.

3) *Enhanced Regional Alternative*

The Enhanced Regional Alternative would entail the expansion of the City of Elk Grove's SOI over 2,775 acres immediately to the south of the current City limits, generally 0.5 mile north of Eschinger Road, in the area between State Route 99 (SR-99) and Franklin Boulevard and approximately 1,575 acres in the area east of SR 99 that is

currently within the County General Plan Urban Services Boundary, for a total of 4,040 gross acres. This alternative is illustrated in Exhibit 5-2. The Enhanced Regional Alternative would be located within portions of the area identified by the Sacramento Area Council of Governments (SACOG) Blueprint Preferred Scenario for Elk Grove as a Medium Density Residential place type, and as Vacant Urban Designated Lands (2050) and it incorporates areas east of SR 99 within the County's Urban Services Boundary. This alternative aims to encompass an unincorporated area of the County that would allow the City to meet many of its objectives for future growth and expansion but would focus on siting that growth in areas that meet regional as well as City objectives, as set forth in regional transportation and air quality planning documents (e.g. Sacramento Sustainable Communities Strategy (SCS)). By encouraging more compact urban development, the alternative would reduce potential environmental impacts to air quality and greenhouse gas emissions, and the loss of agricultural and biological resources as well. This alternative would also largely avoid FEMA designated floodplains and extension of the SOIA Area near the Stone Lakes National Wildlife Refuge

2. *Mitigation Measures*

The Final EIR contains an analysis of all significant environmental effects of the proposed SOIA. In order to mitigate these impacts to a less than significant level, where feasible, mitigation measures were included in the Final EIR and will be provided in a Mitigation Monitoring and Reporting Program ("MMRP") for Commission approval. All mitigation measures in the Final EIR will be incorporated as conditions of project approval.

The following list of mitigation measures is not exhaustive. Instead, the mitigation measures listed here are those that were the most discussed during meetings with the public, interested parties, and public agencies. For a list of all mitigation measures for the project, please refer to the MMRP.

Conversion of Agricultural Lands

Mitigation Measure AG-1. At the time of submittal of any application to change land uses within the Sphere of Influence Amendment (SOIA) Area from agricultural uses to urban uses, the City of Elk Grove shall demonstrate to LAFCo, through policy or adopted planning documents, that applicants conserve one (1) acre of existing farmland land of equal or higher quality for each acre of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance that would be developed as a result of the project. This protection may consist of the establishment of a farmland conservation easement, farmland deed restriction, or other appropriate farmland conservation mechanism to ensure the preservation of the land from conversion in perpetuity, but may also be utilized for compatible wildlife habitat conservation efforts (e.g., Swainson's hawk foraging habitat mitigation). The farmland/wildlife habitat land to be preserved must have adequate water supply to support agricultural use. The City shall consider the benefits of preserving farmlands in proximity to other protected lands.

The total acres of land conserved will be based on the total on-site agriculture acreage converted to urban uses. Conserved agriculture areas may include areas on the project site, lands secured

for permanent habitat enhancement (e.g., giant garter snake habitat, Swainson's hawk habitat), or additional land identified by the City. The City shall attempt to locate preserved farmland within 5 miles of the SOIA Area; however, the preserved farmland shall at a minimum be located inside Sacramento County. The City shall demonstrate to LAFCo that it shall impose the conservation easement content standards to include, at a minimum: land encumbrance documentation; documentation that the easements are permanent, monitored, and appropriately endowed; prohibition of activity which substantially impairs or diminishes the agricultural productivity of the land; and protection of water rights.

In addition, the City shall demonstrate to LAFCo, through policy or adopted planning documents that it will impose the following minimum conservation easement content standards:

- a) All owners of the agricultural/wildlife habitat mitigation land shall execute the document encumbering the land.
- b) The document shall be recordable and contain an accurate legal description of the agricultural/wildlife habitat mitigation land.
- c) The document shall prohibit any activity that substantially impairs or diminishes the agricultural productivity of the land. If the conservation easement is also proposed for wildlife habitat mitigation purposes, the document shall also prohibit any activity that substantially impairs or diminishes the wildlife habitat suitability of the land.
- d) The document shall protect any existing water rights necessary to maintain agricultural uses on the land covered by the document and retain such water rights for ongoing use on the agricultural/wildlife habitat mitigation land.
- e) Interests in agricultural/habitat mitigation land shall be held in trust by an entity acceptable to the City and/or by the City in perpetuity. The entity shall not sell, lease, or convey any interest in agricultural/wildlife habitat mitigation land that it acquires without the City's prior written approval.
- f) The applicant shall pay to the City an agricultural/wildlife habitat mitigation monitoring fee to cover the costs of administering, monitoring, and enforcing the document in an amount determined by the receiving entity, in an amount determined by the City.
- g) The City shall be named a beneficiary under any document conveying the interest in the agricultural/wildlife habitat mitigation land to an entity acceptable to the City.
- h) If any qualifying entity owning an interest in agricultural/wildlife habitat mitigation land ceases to exist, the duty to hold, administer, monitor, and enforce the interest shall be transferred to another entity acceptable to the City or transferred to the City.

Before committing to the preservation of any particular farmland pursuant to this measure, the project proponent shall obtain the City's approval of the farmland proposed for preservation.

Conversion of Open Space Lands

Mitigation Measure LU-4. To address impacts from conversion of open space, the EIR requires implementation of Mitigation Measure AG-1, stated above.

Habitat Preservation – Mitigation Measures BIO-1a, BIO-1b, and BIO-1c

Mitigation Measure Bio-1a. At the time of submittal of any application to annex territory within the Sphere of Influence Amendment (SOIA) Area, the City of Elk Grove will demonstrate to LAFCo compliance with all following measures:

- A. A reconnaissance-level biological survey of the area to be annexed shall be performed by a professional biologist approved by the lead agency to identify habitats and individuals of special-status species defined in this Recirculated EIR. This will permit the lead agency to track impacts to special-status species on a regional basis rather than on project-by-project basis, when feasible.
- B. Avoidance of special-status species and their habitats shall be addressed during project design. If avoidance is infeasible, mitigation of special-status species shall occur pursuant to measure C, below.
- C. The City of Elk Grove shall participate in the South Sacramento County Habitat Conservation Plan or shall require the preparation and implementation of a Habitat Conservation Management Plan (HCMP) for all affected special status species and habitats. The HCMP shall include assessment, disclosure and mitigation for nesting and foraging habitat impacts to protected species, as discussed further in Mitigation Measure BIO-1b and BIO-1c. The HCMP shall be developed in consultation with California Department of Fish and Wildlife (CDFW) and the U.S. Fish and Wildlife Service (USFWS) for listed species under the Federal Endangered Species Act (FESA) and the California Endangered Species Act (CESA); the HCMP shall be submitted to the CDFW and the USFWS for approval. The City of Elk Grove shall consult with Sacramento County during development of the HCMP, in the County's capacity as the lead of the South Sacramento Habitat Conservation Plan (SSHCP). The City of Elk Grove shall provide proof of consultation with the County, CDFW, and USFWS to LAFCo.
- D. If an HCMP is prepared, it shall incorporate mitigation guidelines of these agencies for listed species. For non-listed but sensitive species as defined by this Recirculated EIR, the HCMP shall incorporate, but will not be limited to the following, goals and policies:
 - Require clustering of urban development to retain non-disturbed open space areas.
 - Require comprehensive site development standards to minimize removal of existing vegetation and to require installation and long-term maintenance of landscaping in setback and buffer areas. Landscaping in buffer areas adjacent of preserved habitat areas should be of native and non-invasive plant materials, and non-irrigated.
 - Require appropriate buffers between development and Right to Farm Ordinance lands, Nature Conservancy Lands, and Stone Lakes National Wildlife Refuge.
 - Require buffers between development and drainage canals that serve as habitat and ultimately drain into Stone Lakes National Wildlife Preserve, Nature Conservancy lands, and/or Farmland Preservation Zones; buffers shall be a minimum of 150 feet on either side of said drainage canals.
 - Minimize impacts to movement corridors to ensure movement of wildlife.

- Provide for the integrity and continuity of wildlife and plant habitat.
- Support the acquisition, development, maintenance, and restoration of habitat lands for wildlife and plant enhancement.

E. The special-status species referred to herein are those identified under the applicable federal and state laws listed in Table 3.4-2 and -3.

Mitigation Measure BIO-1b. To mitigate impacts on nesting for Swainson’s hawk and other raptors (including burrowing owl), prior to the submittal of any application to annex all or part of the Sphere of Influence Amendment (SOIA) Area, the City of Elk Grove shall demonstrate to LAFCo, through policy or adopted planning documents, that the following requirements shall be applied to development proposals within the SOIA Area, and required actions will be completed prior to development activity:

- A California Department of Fish and Wildlife (CDFW)-qualified biologist will be retained by the applicant to conduct preconstruction surveys and to identify active nests on and within 0.5 mile of the proposed development and active burrows on the development site if accessible. The surveys shall be conducted before the approval of grading and/or improvement plans (as applicable) and no more than 15 days before the beginning of construction for all project phases. To the extent feasible, guidelines provided in Recommended Timing and Methodology for Swainson’s Hawk Nesting Surveys in the Central Valley shall be followed for surveys for Swainson’s hawk, and the guidelines provided in the California Department of Fish and Wildlife’s (CDFW) Burrowing Owl Survey Protocol and Mitigation Guidelines shall be followed for burrowing owls. The results of the survey shall be submitted to the City of Elk Grove and the CDFW.
- If no nests are found, no further nesting mitigation is required.
- If active nests are found, impacts on nesting Swainson’s hawks and other raptors shall be avoided by establishing appropriate buffers around the nests, and impacts to burrowing owls shall be avoided by establishing appropriate buffers around the nests. No project activity shall commence within the buffer area until the young have fledged, the nest is no longer active, or until a qualified biologist has determined, in consultation with CDFW, that reducing the buffer would not result in nest abandonment. CDFW guidelines recommend implementation of 0.25- or 0.5-mile-wide buffers, but the size of the buffer may be adjusted if a qualified biologist and the City, in consultation with CDFW, determine that such an adjustment would not be likely to adversely affect the nest. Monitoring of the nest by a qualified biologist during and after construction activities will be required if the activity has potential to adversely affect the nest.
- If construction-related activities within the temporary nest disturbance buffer are determined to be necessary during the nesting season, an on-site biologist/monitor experienced with raptor behavior shall be retained by the project proponent to monitor the nest, and shall, along with the project proponent, consult with the CDFW to determine the best course of action necessary to avoid nest abandonment or take of individuals. Construction-related activities may only be allowed to proceed within the temporary nest disturbance buffer if raptors are not exhibiting agitated behavior such as defensive flights at intruders, getting up from a brooding position, or flying off the nest,

and only with the agreement of the CDFW. The designated on-site biologist/monitor shall be on-site daily while construction related activities are taking place within the temporary nest disturbance buffer and shall have the authority to stop work if raptors are exhibiting agitated behavior.

Mitigation Measure Bio-1c. To mitigate impacts on foraging habitat for Swainson’s hawk, other raptors (including burrowing owl), and Greater Sand Hill cranes, the City of Elk Grove shall demonstrate to LAFCo prior to annexation of all or part of the Sphere of Influence Amendment (SOIA) Area, through policy or adopted planning documents, that conservation easements or other instruments to acquire and preserve suitable foraging habitat for Swainson’s hawk and Greater Sand Hill crane are identified and will be implemented, as determined by the California Department of Fish and Wildlife (CDFW). Foraging impacts mitigation shall be required for the following planning actions that would occur within the SOIA Area:

- A. Any request to change land use zoning or general plan designation from agricultural to a non-agricultural land use,
- B. Any request to subdivide five (5) acres or more of contiguous land zoned AR-1 or AR-2,
- C. Any request for land use entitlement for a nonagricultural use of land zoned with an agricultural designation,
- D. Any request for a land use entitlement for a nonagricultural use of land five (5) acres or more in size that is zoned AR-1 or AR-2, or
- E. Any public improvement project proposed by any department or agency of the City of Elk Grove on land with agricultural designation.

The project shall acquire conservation easements or other instruments to preserve suitable foraging habitat. In deciding whether to approve the land for proposed preservation, the City shall consider the benefits of preserving lands in proximity to other protected lands. The preservation should occur prior to the onset of any development activities that would cause the impact (i.e., land clearing or site grading) or the issuance of permits for grading, building or other site improvements, whichever occurs first.

- **Swainson’s hawk.** The location and suitability of mitigation parcels, as well as the conservation instruments protecting them shall be acceptable to the City and to the CDFW. The amount of land shall be governed by a one-to-one (1:1) mitigation ratio for each acre developed. The land to be preserved shall be deemed suitable Swainson’s hawk foraging habitat by the City in consultation with CDFW.
- **Greater Sand Hill crane.** The location and suitability of mitigation parcels, as well as the conservation instruments protecting them shall be acceptable to the City and to the CDFW. The amount of land preserved shall be governed at a 1:1 mitigation ratio for each acre developed. The land to be preserved shall be deemed suitable Greater Sand Hill crane foraging habitat by the City in consultation with CDFW.

Where impacts for these species overlap (lands that support foraging for both species) mitigation can occur at 1:1 if mitigation sites support both species.

The City of Elk Grove shall require minimum conservation easement content standards to be implemented to the satisfaction of LAFCo. Minimum conservation easement contents must include, but are not limited to: documentation and recorded encumbrances on the land, prohibition of activity which substantially impairs or diminishes the land's capacity as suitable foraging habitat, water rights protections, and requirements for the mitigation land to be held in trust in perpetuity.

This mitigation measure may be implemented in combination with Mitigation Measure AG-1, which requires the preservation of agricultural land, as long as the agricultural land is determined by the City in consultation with CDFW to be suitable habitat pursuant to the conditions and requirements listed above. In addition, this mitigation measure may allow the joint use of land for both Swainson's hawk and Greater Sand Hill crane foraging habitat mitigation, as long as the land is determined by the City in consultation with CDFW to be suitable habitat pursuant to the conditions and requirements listed above. In the event that it is infeasible to acquire the necessary easements prior to annexation and development, the City will apply its impact mitigation fee program, used to acquire available land with suitable foraging habitat values at the ratios and conditions

Development in Floodplain Areas: Mitigation Measures HYD-3, HYD-4a, and HYD-4b

Mitigation Measure HYD-3. Prior to annexation of any or part of the SOIA Area, the City of Elk Grove shall require that new projects in the SOIA Area not result in new or increased flooding impacts on adjoining parcels on upstream and downstream areas. This can be accomplished by (1) Preparing a Master Drainage Plan (Plan) for the SOIA Area, and requiring site-specific drainage plans for future projects to conform to requirements of the Plan, or (2) enacting modification of the City's existing Stormwater Master Plan that includes the following components. The Plan shall include disclosure of where stormwater is designed to be released into waterway crossings at State Route 99 and/or Interstate 5 roadway facilities. The Plan shall include a review, analysis, and disclosure of locations where channel capacity inadequacies lie, as well as capacities of bridges crossing State Route 99 and Interstate 5 associated with inadequate channels. The Plan shall identify the need for additional bridge capacity, if necessary. City shall develop measures to minimize, avoid, reduce, or compensate for potential impacts to roadway facilities in consultation with the California Department of Transportation. The City shall provide copies of the Drainage Master Plan and all/any studies and models developed to design the stormwater facilities or that support the Plan. The City shall provide proof of consultation with the California Department of Transportation to LAFCo. In addition, the Master Drainage Plan shall identify areas of potential impacts due to encroachments on channels or levees, measures to provide improvements or maintenance where development in the SOIA Area would affect channels or levees.

The Plan shall require individual projects to prepare a detailed drainage plan that demonstrates attainment of pre-project runoff rates prior to release at the outlet canal and describes the volume reduction measures and treatment controls used to reach attainment. The Master Drainage Plan shall identify all expected flows from the project area and the location, size, and type of facilities used to retain and treat the runoff volumes and peak flows to meet pre-project conditions. The

Master Drainage Plan shall also include the geotechnical report verifying groundwater elevation for the regional basins.

Mitigation Measure HYD-4a. Prior to annexation of any or part of the SOIA Area, the City of Elk Grove shall prepare a local plan of flood protection that shows the following for land within the SOIA Area: identification of all types of flood hazards (levee failure inundation, 100-year storm flooding, 200-year storm flooding and 500-year storm flooding), and locations of flood management facilities. The City shall provide proof of consultation with the California Department of Transportation to LAFCo.

The City will not approve any discretionary permit or entitlement, or any ministerial permit that would result in the construction of a new residence; any tentative map, or any parcel map for which a tentative map was not required; or enter into development agreement for projects located within a 200-year flood zone, unless the City makes, based on substantial evidence, one of the findings found in Government Code Section 65865.5.

Mitigation Measure HYD-4b. Prior to annexation of any or part of the SOIA Area, the City of Elk Grove shall demonstrate to LAFCo, through policy or adopted planning documents, that it will require that new development demonstrate that for land within the 100-year floodplain (to be identified by hydraulic and hydrologic modeling), that post-development storm water run-off peak flows and volumes will not exceed predevelopment levels within or downstream of the SOI Area.

SACOG Blueprint and Metropolitan Transportation Plan Consistency

Mitigation Measure POP-1a. At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove will demonstrate consistency with the Sacramento Area Council of Governments (SACOG) regarding the Regional Blueprint and consistency with the Metropolitan Transportation Plan / Sustainable Community Strategy, and provide LAFCo with evidence of the results of this consultation.

Greenhouse Gases and Climate Change

Mitigation Measure GHG-1. Prior to annexation of any or part of the ERA area, the City of Elk Grove shall amend or augment the City's greenhouse gas emissions inventory projections to account for potential development of the ERA area. Analysis assumptions, methodology and emission factors used by the City shall be submitted for review to the Sacramento Metropolitan Air Quality Management District (SMAQMD). In addition, the City will provide proof of consultation with the SMAQMD to demonstrate compliance with this measure to the Sacramento Local Agency Formation Commission. The City will require that discretionary projects comply with any one of the following performance criteria:

- a. Efficiency Metric: Greenhouse gas emissions would be less than 6.6 annual metric tons of carbon dioxide equivalent per service population. Service population comprises both residents and employees that would be accommodated

- by the ERA area.
- b. **Percent Reduction:** Greenhouse gas emissions would be reduced by 29 percent from the year 2020 business-as-usual baseline. The business-as-usual baseline parameters will be determined in consultation with the SMAQMD.
 - c. **Climate Action Plan Consistency:** The City shall demonstrate that development in the ERA area will comply with applicable SECAP measures and the City's emission reduction goals.

Timely Availability of Sustainable Water Supplies Adequate for Projected Needs

Mitigation Measure USS-1. Prior to LAFCo approval of annexation of any portion of the City of Elk Grove ERA territory, the City must demonstrate that through the Plan for Services as required by Government Code section 56430, or its successor, to allow the Commission to determine that: (1) the requirement for timely water availability, as required by law, is met; (2) its water purveyor is a signatory to the Water Forum Successor Effort, (3) the amount of water provided will be consistent with the geographical extent of the SOIA territory and the groundwater sustainable yield described in the Water Forum Agreement; (4) water will be provided in a manner that ensures no overdraft will occur; and (5) existing water customers will not be adversely affected. The Plan for Services shall be sufficient for LAFCo to determine timely water availability to the affected territory pursuant to Government Code Section 56668, subdivision (k), or its successor.

Adequate Services

Wastewater Services and Capacity. **Mitigation Measure USS-2.** Prior to submittal of any application to annex territory within the SOIA Area, the City of Elk Grove will submit a Plan for Services that demonstrates that the wastewater transmission and treatment providers have requested that the SOIA Area be within their respective Spheres of Influence of a public agency, and that such providers have prepared or approved an infrastructure plan and funding program to ensure compliance with Federal Clean Water Act and applicable state standards; and that sufficient transmission infrastructure, and treatment and disposal capacity adequate for projected needs are available to accommodate the buildout of the annexation territory, with no adverse impact to existing ratepayers.

Solid Waste Capacity. **Mitigation Measure USS-4.** At the time of submittal of any application to annex any or all territory within the SOIA Area, the City of Elk Grove shall identify solid waste services, including contract service operation if applicable, to be extended, the level and range of services, timing of services, improvements of facility upgrades associated with the services, and how the services will be financed to accommodate the buildout of the SOIA Area.

Housing Element

Mitigation Measure POP-1b. At the time of submittal of any application to annex territory within the ERA area, the City of Elk Grove shall revise and update its General Plan in accordance with state law that addresses the annexed territory and update the Housing Element (updated to reflect the annexed territory) to establish that the City has or will meet its Regional

Housing Needs Allocation (“RHNA”) for all income levels as defined in Government Code Section 65588.

Air Quality Mitigation Plans: Mitigation Measures AIR-1 and AIR-2

The goal of these mitigation measures is to avoid air quality impacts by ensuring that the Elk Grove SOIA Area meets or exceeds the air pollution control requirements in the federally-mandated State Implementation Plan for the Sacramento Ozone Non-attainment Area (“SIP”), which consists of all or parts of Yolo, Solano, El Dorado, Placer, Sutter, and Sacramento counties, including the City of Elk Grove and the SOIA Area:

Mitigation Measure AIR-1. Prior to the submission of any application to annex any portion of the Sphere of Influence Amendment (SOIA) Area, the City of Elk Grove will prepare an Air Quality Mitigation Plan. The Air Quality Mitigation Plan must reduce the operational emissions of development within the SOIA Area by 35% when compared to the potential emissions that could occur in the SOIA Area in absence of policies and measures included in the Air Quality Mitigation Plan. The City of Elk Grove will coordinate the development of the Air Quality Mitigation Plan with the Sacramento Metropolitan Air Quality Management District (SMAQMD) and Sacramento Area Council of Governments (SACOG), and will use modeling tools approved by those agencies to gauge the effectiveness of the measure.

In the cases in which an application for annexation of the SOIA Area or any portion thereof occurs after the June 15, 2019 State Implementation Plan (SIP) attainment deadline, the SMAQMD confirms the SIP standards have been achieved, and the City of Elk Grove demonstrates that the development proposal is consistent with the new SIP or attainment plan and the SMAQMD concurs with the analysis; a 15% reduction to operational emissions when compared to the potential emissions that could occur in the SOIA Area in absence of Air Quality Mitigation Plan policies and measures is required.

Mitigation Measure AIR-2. At the time of submittal to annex land within the Sphere of Influence Amendment (SOIA) Area from agricultural uses to urban uses, the City of Elk Grove will require all discretionary projects to comply with all the most current SMAQMD measures at the time of construction to address construction-generated emissions. This will include emission reduction requirements for construction equipment and development of an inspection and enforcement plan associated with construction equipment emissions. Emission reduction requirements shall be met using the emission reduction tools most current at the time of construction (or annexation). In addition, compliance with any applicable SMAQMD Rules in effect at the time of construction will be demonstrated.

3. *CEQA Findings of Fact and Statement of Overriding Considerations*

Public Resources Code section 21002 provides that public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of the project. However, section 21002 recognizes that “in the event that specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.” Therefore, the Sacramento LAFCo

must make Findings of Fact and a Statement of Overriding Considerations in order to approve, or modify and approve, the proposed Sphere of Influence Amendment, or deny the proposed Sphere of Influence Amendment.

In order to approve the project or one of its alternatives, the Commission must make the following findings as part of a Statement of Overriding Considerations. The Statement of Overriding Considerations will provide detail supporting each finding, based upon the information included in this Report and the Final EIR:

- The Commission finds that the Project will have specific economic, legal, social, and community benefits for the City of Elk Grove including:
- The Proposed Sphere of Influence will provide the City opportunity to grow in accordance with its 2003 General Plan.
- The SOI territory represents a logical and reasonable extension of the Elk Grove city boundaries.
- The SOI territory can be best served by the City of Elk Grove, and affected special districts through existing and planned infrastructure, municipal services, and governance structure.
- Future annexation would allow economic development during and after construction. It will provide construction employment and promote jobs related to land uses designated for commercial, office, industrial and retail activities.
- The approval of the Enhanced Regional Alternative instead of the entire proposed SOIA territory significantly reduces the loss of prime agricultural land and mitigation measures and conditions have been imposed to mitigate agricultural and habitat impacts.
- Environmental commitments and a Mitigation Reporting and Monitoring Program have been included as part of this project approval.

D. Sphere of Influence Determinations

If the Commission certifies the Final EIR and adopts the Statement of Overriding Considerations, it may consider approval of the Sphere of Influence Amendment.

1. Government Code Section 56668

Pursuant to Government Code section 56668, factors to be considered in the review of a proposal shall include, but not be limited to, all of the following (although Government Code section 56668 applies to changes of organization only, LAFCo local policies indicate that change of organization policies will be applied to sphere of influence actions):

- (a) Population, population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

See the Final EIR, Chapter 2, Project Description, for a detailed discussion of the project area.

- (b) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

“Services,” as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

The Municipal Services Review discusses each of these issues in detail.

- (c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county

The MSR, this Report, and the EIR provide information regarding the effects of the SOIA.

- (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

This Report and the Resolutions for this application evidence the conformity of the proposal with Commission polies and the priorities of section 56377.

- (e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

See above in this Report, detailing the effects of the project on agricultural lands. Conditions of approval have also been imposed to protect the physical and economic integrity of agricultural lands.

- (f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

The attached map shows the definite boundaries of the Enhanced Regional Alternative SOIA.

- (g) A regional transportation plan adopted pursuant to Section 65080, and consistency with city or county general and specific plans.

Consistency with adopted regional transportation plans and the City's General Plan are discussed in detail above.

- (h) The Sphere of Influence of any local agency which may be applicable to the proposal being reviewed.

No other Spheres of Influence are applicable to the proposal being reviewed.

- (i) The comments of any affected local agency.

The comments of local agencies are included in the Final EIR, Final MSR and in the Meet and Confer Process section of this Report. The comments were considered and incorporated to the greatest extent possible.

- (j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The MSR discusses the provision of services to the SOIA Area, including the sufficiency of the City's revenues following the SOIA.

- (k) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

The Final EIR discussed the issue of water availability in detail and, as a result, demonstration of timely water availability at the time of annexation is a condition of approval of the project, as discussed below.

- (l) The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.

Upon an application for annexation, the City will be required to show that it will achieve its fair share under the Regional Housing Needs Allocation.

- (m) Any information or comments from the landowner or owners.

All comments on the Recirculated Draft EIR or the proposed SOIA from landowners or owners were considered in the Final EIR.

- (n) Any information relating to existing land use designations.

Existing land use designations are discussed above in the Background section of this Report.

- (o) The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and provision of public service.

The location of public facilities is not applicable to the SOIA application. The provision of public service is discussed in detail in the MSR.

2. *Government Code Section 56425*

Pursuant to Government Code section 56425, subdivision (e), in determining the Sphere of Influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect of each of the following:

- A. The present and planned uses in the area, including agricultural and open space lands.
- B. The present and probable need for public facilities and services in the area.
- C. The present capacity of public facilities and adequacy of public services that the agency (or agencies) provides or is authorized to provide.
- D. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Based on the requirements of Government Code section 56425, the Executive Officer recommends the following determinations regarding each of the four elements as follows. These determinations assume approval of the ERA SOIA and would therefore need to be revised if the Commission selects the proposed SOIA or other alternative:

A. *Present and planned land uses in the area, including agricultural and open space*

For purposes of analyzing environmental impacts, LAFCo staff, in consultation with City staff, has developed land use assumptions to inform your Commission of the potential environmental effects that may result from growth resulting from future annexations. There are no specific land use entitlements proposed at this time in conjunction with the proposed SOIA.

It should be noted that California Government Code Section 65300 provides that a city may comprehensively plan for lands outside of its jurisdiction without the area being within an approved SOI. However, while the Elk Grove City Council has expressed its desire to have the proposed SOI Area master planned, the Council has explicitly stated that no comprehensive planning of the area will occur until LAFCo approves an SOIA.

Although the proposed SOIA would amend the City’s Sphere of Influence boundaries, land within the amended SOI would not be within the City’s jurisdiction until future requests for annexation of territory are approved by your Commission. If and when future requests for annexation are approved, the newly annexed property would be within the City’s jurisdiction and subject to applicable City General Plan policies and regulations. Approval of the SOIA project

does not commit the City to development of any particular land uses. If the SOIA project is approved, future development will be driven by market conditions and future planning decisions by the City of Elk Grove, in terms of timing and type and intensity of development.

The current City boundaries and coterminous SOI encompass 26,974 acres. Having a coterminous SOI and city boundary is atypical because with a coterminous SOI, there is no extraterritorial area for a city to plan future growth. The proposed ERA SOIA would expand the existing SOI, not city limits, by approximately 4,040 acres. However, future growth and expansion through the annexation process would be limited to areas outside of the FEMA 100-year floodplain. This would limit future growth, leaving a portion much less area for non-urban uses, such as open space. The ERA consists of 151.2 acres of prime farmland, 1640.6 acres of farmland of statewide importance, 863 acres of farmland of local importance, and 13 acres of unique farmland.

The ERA SOIA Area includes agricultural uses consisting of fallow/row crops/nursery, orchards, vineyards, and dairy, poultry, and livestock operations. Few structures exist within the project site, and these are limited to barns, rural housing, storage sheds with related structures, and several solar farms. The 2030 Sacramento County General Plan designates the SOIA as Agricultural Cropland, Agricultural Residential, Commercial/Office, General Agriculture (20 acres), Intensive Industrial, Low Density Residential, and Natural Preserve.

The ERA SOIA is consistent with the City of Elk Grove General Plan Planning Area, which includes land within the incorporated City limits of Elk Grove and unincorporated areas of Sacramento County surrounding the City. The Elk Grove General Plan provides land use planning for the City and the larger Planning Area. The Planning Area represents areas not within the city limits in which the City has an interest in influencing land use decisions by the County of Sacramento, and is envisioned as the area into which the incorporated city boundaries may eventually expand.

There are no current or future City General Plan land use designations in the ERA SOIA Area, but the proposal is intended to provide sufficient land to accommodate an improved jobs-housing fit for the City of Elk Grove that provides for sufficient residential and employment-generating lands uses to minimize the need for commuting to or from other jurisdictions. There is no alternative land available within the City's current Sphere of Influence to accommodate the needed growth because the City's current SOI and City boundaries are co-terminus.

B. The present and probable need for public facilities and services in the area

The ERA SOIA Area is presently largely undeveloped and unserved. The existing need for public facilities and services is minimal. These public services include electricity, roads, telephone, sheriff's patrol, fire protection, garbage collection, and animal control.

The SOIA will not require the immediate need for additional public facilities or services. Subsequent annexations will facilitate the need and provision of additional public services prior to and at the time this area is developed. Future development within Elk Grove's Sphere of Influence boundary, as a result of annexations, will require additional public facilities and services including extension of sewer lines, treatment capacity, extending water lines and

increasing water supply capacity, flood control and drainage facilities, road improvements, police and fire protection, schools, libraries and parks. The Final Environmental Impact Report for the proposed Sphere of Influence Amendment identifies the probable impacts that will occur from future development based on the proposed land use designations.

The City of Elk Grove will be required to prezone the property prior to submitting an annexation application and approving development. Specific mitigation requirements and impacts will be identified during that process.

C. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide

The City of Elk Grove is a general law city which provides limited municipal services, including land use governance, public works and law enforcement. The City coordinates the land use entitlement review process with County agencies and affected special districts that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

The Municipal Services Review more fully discusses the capacity, means and financing for the full array of services necessary to support future development, in the event of annexation approvals. Approval of the SOIA Area will not change the current service providers. At this time minimal services are provided to this area because of its rural character. At the time of annexation, the City will be required to provide plans for all services, which will include financing and necessary funding to implement the required infrastructure.

The MSR and comments from affected entities evidence that the ERA SOIA will not result in significant unmitigable adverse effects upon other service recipients or other agencies serving the affected area

D. The existence of any social or economic communities of interest in the area

The areas included with the proposed Sphere of Influence Amendment boundary have economic and social communities of interest that are similar to the existing characteristics within the City of Elk Grove. In many cases, this territory directly benefits from the services provided by the City of Elk Grove and indirectly from the economic and social community, such as businesses, social clubs, recreational activities, churches and other community organizations.

E. Conclusion

Approximately 2,000 acres of the proposed ERA SOIA are substantially within the Sacramento County General Plan Urban Service Boundary line (i.e., the ultimate boundary for the delivery of municipal services provided by the County). Even though this includes agricultural land, it is agricultural land that has previously slated for future development. Therefore, inclusion of this land in the SOIA Area is consistent with LAFCo policies. Inclusion of the remaining ERA SOIA Area, south of Kammerer Road, was necessary to meet jobs-housing balance goals. The area (approximately 2,040 acres) located outside of the USB is generally consistent with the SACOG

Blueprint. The SACOG Blueprint is a regional policy document for long range transportation planning and funding. The City of Elk Grove currently has a coterminous Sphere of Influence.

The City of Elk Grove has requested the SOIA to establish an urban growth boundary to accommodate and enhance economic development and anticipated future growth. Given County USB policies, the City of Elk Grove is the most proximate municipal entity to guide development and coordinate the necessary related of municipal services to the SOIA Area if the area should be annexed to a city. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 promotes the view that urban development should occur within municipal boundaries (ideally i.e., that municipal services are more efficiently provided by a single municipal provider, rather than a myriad of single purpose providers).

E. Meet and Confer Process and Agency and Public Comments

Meet and Confer process with the County of Sacramento. The City of Elk Grove staff and County of Sacramento staff met in compliance with Government Code Section 56425, subdivision (b). No formal agreement has been executed. A copy of the letter from Lori Moss, Sacramento County Community Development Director, dated March 12, 2013, is attached. The primary purpose of the meet and confer process was to establish commonly shared conservation and open space principles.

City of Galt. The City of Galt has provided comments that express supports for the efforts of Elk Grove to establish a Sphere of Influence for their future growth potential. Galt also wants to ensure that the potential impacts of planned growth in the SOIA are fully considered and mitigated so there is no adverse effect on Galt's future.

The comment raises concerns regarding the water supply related to project-specific and cumulative water supply, sources of and demand for surface and groundwater, and how Sacramento County Water Agency's (SCWA) service area applies to the proposed SOIA. SCWA provides water service to much of the City of Elk Grove, including some portions of the SOIA Area. Although not all of the SOIA Area is within the service boundary of SCWA, it is assumed that SCWA would be the most likely municipal water service provider for future development in the proposed SOIA Area. Due to the nature of the proposed SOIA, specific development cannot be predicted with accuracy at this stage. In the event that SWCA were to provide water to the proposed SOIA Area, SCWA would need to modify the respective service area, plan for, and extend infrastructure and services to serve the SOIA Area, subject to further environmental review.

Sacramento Area Council of Governments. The Sacramento Area Council of Governments ("SACOG") is comprised of six counties and 22 cities in the region. SACOG's has provided comments throughout the review of the proposed SOIA. SACOG's primary responsibility is developing and implementing the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), a document that establishes transportation spending priorities throughout the region. The MTP/SCS must be based on the most likely land use pattern to be built over a 20+ year planning period, conform with federal air quality regulations and achieve state greenhouse gas reduction targets.

The MTP/SCS must effectively address the linked challenges of reducing regional traffic congestion levels and mobile-source air pollutants, including particulate matter, ozone and greenhouse gases. The SACOG Blueprint Study (Blueprint), conducted from 2002-2004, revealed that there is a strong connection between land use patterns, travel behavior and air quality. Specifically, certain land use strategies lead to increased walking, biking and transit use, shorter automobile trips, and reduced mobile-source air pollution. These land use strategies include higher density housing and employment, locating jobs and housing near each other, and providing strong connectivity in the design of street and bicycle/pedestrian systems. In support of these findings, the SACOG Board adopted the Blueprint principles and conceptual map as a depiction of a way in which the region could grow and achieve these transportation and air quality benefits, as well as many other environmental and quality of life benefits.

Of the project alternatives analyzed in the RDEIR, the Enhanced Regional Alternative to the proposed project is the most consistent with the Blueprint, particularly if Elk Grove plans the area for future employment growth. As noted above, one of the land use strategies that achieves congestion and air pollution reduction is jobs/housing balance. For the region to realize these reductions, communities that currently have a low ratio of jobs to housing, such as Elk Grove, need to plan for and attract enough job growth over time to minimize the need for long-distance commuting out of the city.

Sacramento County Farm Bureau. The Farm Bureau expressed concerns about potential impacts on the continued viability of agricultural operations. The Farm Bureau opposes the current SOI expansion of the City of Elk Grove to include over 7,600 acres of agriculture land. The Farm Bureau further feels any expansion SOIA should not exceed the number of acres projected by the market studies that project future acreage needed for the City of Elk Grove to grow in an orderly and logical manner.

The Elk Grove Market Study released in December 2010 indicates the land supply and demand analysis supports the need for an additional 200 to 1,400 acres of land to accommodate projected 2029 levels of demand. (Page iii, Elk Grove Market Study, 12/29/2010.)

Sacramento Metropolitan Air Quality Management District. In their letter dated May 20, 2013, the District does not object to the proposal. SMAQMD is supportive of the Air Quality mitigation measures, as revised to reflect SMAQMD comments.

Sacramento Municipal Utility District. Prior to rezoning or any annexation proposal for the proposed SOIA territory SMUD will need to be contacted to plan transmission and distribution systems to serve this area. Typically, this issue will be addressed at the time of development and construction.

Cosumnes Community Service District. The District indicated that the SOIA would not affect existing recreation, parks or fire services. Prior to development the City and District will need to address financing additional operation, maintenance and capital costs related to new development within the SOIA territory.

The CCSD is the primary fire protection and emergency medical response service within the proposed SOIA area. Sacramento Metro Fire District (SMFD) and the CCSD share common jurisdictional boundaries and participate in a regional mutual aid agreement. If the proposed SOIA is approved, the area may develop over time. As the recognized primary service provider for fire protection and emergency medical and rescue services, the CCSD and the City will be encouraged to work together closely to identify fire station locations, equipment and personnel needs to support any increased demands on the CCSD. The development review process should minimize service impacts to joint responder agencies, such as SMFD.

Sacramento Metropolitan Fire District (SMFD). SMFD provided a comment requesting that necessary facilities, equipment, and personnel for the Cosumnes Community Services District fire service be considered to support increased demands which may result from future annexation and development in the SOIA Area, if approved. During the course of any subsequent City land use entitlement process related to annexation, the City and CCSD will need to address financing additional operation, maintenance and capital costs related to new development within the SOIA territory. The City's General Plan includes policies and requirements for development impact fees to finance new fire protection facilities, equipment, and personnel.

Water Service Providers. Water service is more fully discussed in the project Municipal Services Review and the related CEQA documents.

Portions of the proposed SOIA Area are within the water service boundaries of the Sacramento County Water Agency (SCWA) (municipal and industrial - M&I) and the Omochumne-Hartnell Water District (OHWD) (groundwater recharge and irrigation). In addition, the Elk Grove Water District (EGWD) (M&I) also directly serves the City in some areas east of State Route 99. As the proposed SOIA area land uses are primarily agricultural, the primary water service demands in the area are for irrigation water. Domestic demand is currently met with private onsite wells.

Sacramento County Water Agency. SCWA is a logical M&I water service provider for future urban land uses in the proposed SOIA Area. SCWA would need to plan and extend infrastructure and services to fully serve the entire SOIA area. The SCWA is not subject to LAFCo purview. The Board of Supervisors would oversee any changes to the SCWA service area.

Omochumne-Hartnell Water District. The OHWD has indicated that the District is preparing a plan regarding the provision of domestic water service within its boundaries. Should OHWD be able to provide M&I services in the future, they could be considered a service provider in the event of urban development in the proposed SOIA Area.

Elk Grove Water District (Florin Resource Conservation District). EGWD could be a municipal water service provider in the proposed SOIA area. As the proposed SOIA Area is currently unserved, the extension of EGWD's boundaries would not cause overlapping service boundaries with SCWA, as currently configured.

Sacramento Area Sewer District and Sacramento Regional County Sanitation District. Portions of the proposed SOIA Area are within the service boundaries of the Sacramento Area Sewer District (local collection and conveyance) and the Sacramento Regional County Sanitation

District (regional treatment). As the proposed SOIA Area is primarily agricultural, the predominant wastewater service consists of private onsite septic systems.

Urbanization in the proposed SOIA Area would require adequate municipal wastewater service. As no municipal wastewater services are currently provided to the proposed SOIA Area, future extension of wastewater service will require annexation into a wastewater service provider's boundaries. Some service providers may require amendments to the respective service areas to provide service. Such action would be agency specific to any related SOIA with MSR and future annexation.

California Dept. of Conservation - Williamson Act Contracts. The California Land Conservation Act of 1965, commonly called the Williamson Act, has long been the mainstay of Sacramento County's agricultural land preservation program. The purpose of the Williamson Act is to secure a long-term landowner commitment to maintain farmland in agricultural uses in exchange for assessment of the land based upon use rather than market value.

Approximately 2,474 acres of the project site are covered by active, multiple Williamson Act contracts. Some property owners have filed a Notice of Non-Renewal on approximately 548.8 acres to initiate termination of the contract. The Williamson Act expiration dates for the non-renewal lands within the SOI Area range from 2013 to 2016, with the majority of expirations occurring in 2014.

Sacramento Transportation Authority. There will be no impact to the Sacramento Transportation Authority.

County of Sacramento Department of Public Works. The Department has provided several comments on service delivery issues. Since, the proposed SOIA will have no impact on any existing service providers, these comments and issues will need to be addressed as part of any future annexation application and process.

Public Comments. The Commission has also received written and verbal comments from the public, both in favor and opposed to the proposed SOIA.

III. STAFF RECOMMENDATIONS

Staff recommends that the Commission approve the Enhanced Regional Alternative SOIA and said approval will be subject to the following terms and conditions, in addition to the mitigation measures described in this report, the EIR, and the Mitigation Monitoring and Reporting Program.

A. Recommendation to Approve the Enhanced Regional Alternative

Staff's recommendation for approval of the ERA is based on the following considerations after careful review of the EIR, application, and all the evidence contained in the administrative record for this application.

CEQA Guidelines Section 15126, subdivision (e)(2), requires an EIR to identify an environmentally superior alternative. The No Project Alternative is the environmentally superior alternative, as the project site would remain in its existing condition, thereby avoiding any potentially adverse environmental impacts. If the No Project Alternative is environmentally superior, the EIR must also identify another environmentally superior alternative among the remaining alternatives.

The Sacramento Local Agency Formation Commission Enhanced Regional Alternative would be environmentally superior because it would reduce the severity of the proposed project's significant unavoidable impacts associated with aesthetics, loss of prime agricultural land, other agricultural resources, air quality, biological resources, habitat, geology, soils, and seismicity, hazards and hazardous materials, land use and planning, transportation and utilities.

Specifically, the ERA is environmentally superior for the following reasons:

- a) *Species Protection & Habitat Conservation* – The ERA provides for habitat conservation in addition to satisfying Elk Grove's need to expand. The reduction in size of the SOI area combined with the imposed conditions and the FEIR mitigation measures are effective measures to reduce impacts. Although a statement of overriding consideration is still required given environmental impacts, the ERA provides an effective compromise between the City's need for growth and environmental considerations. The Mitigation Monitoring and Reporting Program (as a condition to approval of the SOI) will ensure implementation and effectiveness of the mitigation measures. The City will also need to demonstrate participation in the South Sacramento County Habitat Conservation Plan ("SSCHP") or develop its own conservation plan consistent with the requirements of state and federal regulatory agencies to mitigate for habitat and loss of agricultural land within and without the SOI area. The ERA also avoids identified Swainson's hawk nesting sites. Thus, the ERA will allow Elk Grove to grow, but also limit the effect to species and habitats within the approved SOI Area.
- b) *Ag Lands & Open Space* – The ERA protects agricultural lands and open space while allowing orderly growth. Because the City is hemmed in on three sides with existing developed or dedicated land non-agricultural lands are not available for annexation. Urbanization abuts the City on the north and east, with the Stone Lakes National Wildlife Refuge to the west. Thus, the City may only grow to the south, on lands currently used for agriculture and open space. However, the ERA will limit loss of agricultural and open space lands within the region and require Elk Grove to set aside permanent conservation easements at a ratio of one acre converted to urban land uses to one acre of agriculture preserved.
- c) *Air Quality* – Reducing the SOI size to 4,040 acres as opposed to the 7,869 proposed by Elk Grove promotes regional air quality goals by limiting the territory for development, commensurate with less traffic generation within the region. This will enable the City to comply with its greenhouse gas requirements as set forth in Elk Grove's General Plan and recently adopted Climate Action Plan. Air quality mitigation measures will also reduce the impacts of future development to air quality.

- d) *Water Supply* – The ERA represents a lesser potential development footprint, resulting in a reduction of demand for water service. This will contribute to the long-term management of an adequate and sustainable water supply.
- e) *Jobs-Housing Balance* – The ERA supports a jobs-housing balance because it will allow the City to plan for additional employment opportunities which will provide for economic growth, additional commerce needed within the City, and shorter commutes for Elk Grove residents. SACOG’s 2004 Blueprint and the Metropolitan Transportation Plan / Sustainable Communities Strategy (“MTP/SCS”) outline strategies for reducing regional traffic congestion and related air pollution. These strategies include promoting the use of public transit, walking, biking and carpooling, providing employment centers near housing, promoting mixed use development and compact development. By approving a SOI amendment of 4,040 acres, LAFCo will permit the City to develop employment centers within its boundaries and incentivize development of a sustainable community with reduced traffic and automobile pollution. LAFCo will thus be encouraging “smart growth” by the City of Elk Grove. Furthermore, the City will be required to demonstrate in the future that any annexation provides and contributes to a greater jobs-housing balance citywide. Further, the Executive Officer recommends an infill condition be imposed to ensure that the City demonstrate that infill development is prioritized where feasible and growth in the SOI is managed in an orderly process.
- f) *Orderly Growth* –By limiting the SOI expansion, LAFCo would be encouraging orderly growth and avoiding urban sprawl. This is an important policy goal of LAFCo. LAFCo policies state that it will only approve a change of organization or reorganization which will result in the conversion of prime agricultural land in open space to other uses if the Commission finds that the proposal will lead to the planned, orderly, and efficient development of the area. (LAFCo Policies § IV.E). The ERA will allow LAFCo to promote this important goal of orderly and logical growth by:
- i. Limiting the size of the SOI.
 - ii. Imposing conditions that encourage infill development where feasible before expansion into the SOI
 - iii. Imposing conditions that require mitigation for loss of agricultural land
 - iv. Imposing conditions that require mitigation for loss of habitat
 - v. Imposing conditions to ensure that the SOI growth follows a pattern to accomplish a jobs-housing employment center land use balance rather than suburban residential sprawl.
 - vi. Imposing a condition that the City demonstrate, either through work with SACOG or the development of local policies, jobs-housing implementation measures to support any annexation request.

The ERA provides Elk Grove with all of the adjacent land within the County General Plan Urban Services Boundary and thus provides sufficient area to grow in area previously identified as appropriate for urbanization, while promoting orderly growth. By limiting the SOI extension, LAFCo would discourage urban sprawl and promote the more efficient use of existing lands.

- g) *Infill* – The County of Sacramento’s General Plan and LAFCo policies both emphasize build out of infill sites prior to development of new territory. Infill development refers to new development within an established urban area where basic municipal infrastructure and services exist. This type of development includes development of vacant parcels, redevelopment of abandoned or derelict structures, and intensification of uses on underutilized lands. By approving the ERA, LAFCo will ensure that Elk Grove is able to grow, but LAFCo will promote infill development by linking limiting the permissible boundaries for Elk Grove. Infill development is the re-use of land or existing developed sites within an urban/suburban area. Infill development promotes better use of sites through reuse and repositioning of obsolete or underutilized buildings. Infill uses vital land left vacant during early development and contributes to community revitalization. Infill is representative of smart growth. Infill development is valuable not only for the environmental benefits of using land more efficiently and directing growth into existing urbanized areas, but also the benefit that quality projects bring to neighborhoods and communities. Good infill conserves open space, helps to energize communities and contributes to jobs, housing and area sustainability.

Opportunities for infill exist throughout the current City limits, and there are vacant and underutilized properties within established communities that are available for reuse or revitalization. Prior to proposing annexation of any territory in the SOIA, the city focus should be on revitalization efforts in older commercial corridors to encourage infill development, transportation improvements and blight reduction. This should include maximizing development opportunities in these areas that will support walking, biking and transit; provide residents with new nearby housing, employment and shopping opportunities; improve air quality and reduce GHG emissions; and encourage economic growth. Infill should continue to be encouraged in appropriate locations outside of the major transportation corridors; while maintaining a policy balance between seeking infill and ensuring that development is compatible with existing neighborhoods. In any annexation application, the City shall demonstrate its implementation of policies that encourage the most efficient use of the city land inventory, including the infill of vacant parcels and intensification of development on underutilized lands where appropriate to maintain or improve the quality, character and identity of existing neighborhoods and communities, as well as to relieve growth pressure on the urban fringe. The application shall demonstrate that the annexation is consistent with LAFCo orderly growth policies.

- h) *Efficient Services* – The ERA ensures that residents of Elk Grove receive efficient and adequate governmental facilities and services, such as wastewater, solid waste, law enforcement, fire, emergency, code enforcement, parks and recreation, gas/electric, and library. If LAFCo reduces the SOI from that proposed by Elk Grove, there will be no immediate need for additional public facilities or services. The reduced acres of the ERA provides adequate economy of scale for facility and infrastructure master planning for water, wastewater, fire and park services.

- i) *Traffic and Transportation* – As noted in the jobs-housing paragraph above, limiting the SOI extension to 4,040 acres will limit the impact of development on traffic, transportation and related issues such as noise and pollution.
- j) *Conformity with LAFCo Policies* – LAFCo policies state that LAFCo are charged with encouraging development that occurs in a manner that provides efficient and quality services and preserves open space land resources. (LAFCo Policies § I.B). LAFCo’s policies also state that LAFCo will favorably consider proposals that result in the provision of urban services in densely developed and populated areas, and favorably consider proposals that will provide urban services in areas with high growth potential rather than in areas with limited potential for future growth. (LAFCo Policies§ III.3-4). Accordingly, the ERA will permit Elk Grove to grow and develop, but ensure that such development conforms to LAFCo’s policies and overall goals.
- k) *Support by Agencies with Jurisdiction Over the SOIA Area* – In its comment letter dated May 20, 2013, the California Department of Fish and Wildlife states that it supports the no project alternative first, but the letter then acknowledges SSHCP compatibility of the ERA: “We also believe that with the current draft of the SSHCP, it may be possible to implement the SSHCP successfully if the RDEIR’s Enhanced Regional Alternative (ERA) were selected, since the ERA is limited to 4,040 acres, and assuming that the acquisition of farm lands in the western portion of the SSHCP planning area with the ERA selected would then be much closer to the 15% acquisition rate experienced with the SJHCP.” In its comment letter dated May 13, 2013, SACOG also supports the ERA and stated that “We note that the size and location of the Enhanced Regional Alternative is generally consistent with the Blueprint conceptual map, which contemplated future growth south of the current city limits of Elk Grove.”
- l) *Terms and Conditions* – Staff recommends approval of the alternative SOI subject to certain terms and conditions that Elk Grove must follow, as outlined in detail below. The terms and conditions will include requirements that the City implement mitigation measures and phase its annexations. By placing these terms and conditions on approval of the SOI, the Commission will allow Elk Grove to grow, but ensure that it grows in a manner that is orderly and accounts for environmental considerations.
- m) *Lack of Need for Entire SOIA Area* –Although the City’s experienced an 80.3% increase in population between 2001 and 2007, the City’s rate of growth has slowed since the economic downturn beginning in 2008. Thus, the City no longer needs the entire 7,869 to accommodate the growth within its jurisdiction. The City would have sufficient capacity with the ERASOIA to accommodate expected growth without further expansion of its boundaries. Because the vacant land within the City is unable to accommodate all anticipated growth, the City needs additional lands. However, Staff believes that ERA provides sufficient land at this point in time for the City to accommodate its projected growth and the City of Elk Grove could return to LAFCo in the future to request another SOI amendment if a larger SOIA is appropriate at that time.

B. Terms and Conditions

The Executive Officer recommends including the following terms and conditions in the Resolutions for the SOIA Amendment. These terms and conditions apply to the recommended ERA Sphere of Influence amendment. As a result, should the Commission approve the ERA SOIA as proposed or if it selects an alternative other than the ERA, Staff will prepare Resolutions with terms and conditions appropriate to enforce the Commission's decision.

- (1) All mitigation measures adopted pursuant to CEQA by LAFCo under Resolution 2013-12-1106-09-10 are incorporated herein by reference as conditions of approval. Prior to annexation of the property within the SOIA Area, LAFCo shall review the Mitigation Monitoring and Reporting Plan approved as part of the SOI Amendment for compliance and shall undertake additional environmental review if required under CEQA.
- (2) Before annexing any territory, the City must demonstrate that the annexation:
 - a) Conforms to an orderly expansion of city boundaries within planned urban growth areas and provides for a contiguous development pattern.
 - b) Includes a comprehensive land use plan for the affected territory, including pre-zoning and a plan for services, including for infrastructure financing and phasing.
 - c) Constitutes a fiscally sound addition to the existing City, with efficient service delivery boundaries, and ensures the provision of adequate municipal services.
 - d) Is consistent with state law and LAFCo policies, standards and criteria.
 - e) Preserves neighborhood identities.
 - f) Is consistent with the City's General Plan and any applicable Community Plan land use policies.
 - g) Incorporates Smart Growth criteria for sustainable economic growth while maintaining environmental integrity, and providing for social equity. This includes creating more housing and jobs near public transit, providing a variety of places where people can live, creating smaller lots and mixed-use development, and utilization of existing assets.
 - h) Includes development that is limited to areas outside the 100-year floodplain, and development that takes place in compliance with the goals and policies of the General Plan.
 - i) Is accompanied by an environmental evaluation of the potential impacts of development.

(3) Prior to annexation, the City must also satisfy the following conditions:

- a) The City shall demonstrate that it has the means, ability and capacity to provide municipal services to the annexed area and that other service providers have the means, capacity and ability to provide services not provided by the City of Elk Grove.
- b) The City must prezone and provide the following plans of services, which will include financing and necessary funding to implement the required infrastructure:
 1. Drainage Plan
 2. Bikeway Plan to delineate bikeway and pedestrian facilities within the Sphere of Influence Amendment Area consistent with the goals and policies of the City's General Plan.
 3. Transit Master Plan consistent with the policies of the City's General Plan. The Plan shall identify the roadways to be used by bus transit routes, locations for bus turnouts and pedestrian shelters, locations for bus transfer stations, alignments for fixed route rail service, and the location of rail service stations.
 4. Traffic, Transportation, and Road Plan
 5. Park and Open Space Plan within territory proposed to be annexed
 6. Water Supply Plan for Services that demonstrates compliance with Federal Clean Drinking Water Act standards; and demonstrates that sufficient, sustainable potable water supplies adequate for projected needs are available to accommodate the build out of the annexation territory, with no adverse impact to existing ratepayers.
 7. Wastewater Plan for Services must demonstrate adequate wastewater conveyance, service, and treatment capacity and availability for the annexation territory based on pre zoning and land uses designated by the City.
 8. Housing Element demonstrating compliance with Regional Housing Needs Allocation (RHNA)
 9. Air Quality Plan
 10. School Mitigation Plan where permitted by law, the City of Elk Grove shall incorporate feasible school impact mitigation requirements into any applicable development agreements that would take effect upon annexation of property within the SOIA Area. The extent to which mitigation requirements may be necessary will depend upon availability of school facilities at the time of development, the type of development that occurs within the SOIA Area (residential compared to non-residential uses) and school district policies on providing enrollment space for non-residents who are employed within district boundaries.
 11. Financing Plans. The plans shall be prepared in consultation with the affected agency or service provider, consistent with criteria applicable at the time of annexation.. –
 12. Right to Farm Ordinance
 13. Code Enforcement
 14. Animal Control
 15. Electricity and Natural Gas
 16. Library Fund Assessment

- c) The City should demonstrate compliance with regional planning policies, such as the current Metropolitan Transportation Plan / Sustainable Communities Strategy (MTP/SCS).
- d) If the proposal would result in the annexation to the City of land that is subject to Williamson Act contract (Chapter 7 (commencing with Section 51200) of Division 1), then the petition shall state whether the city shall succeed to the contract pursuant to Section 51243 or whether the city intends to exercise its option to not succeed to the contract pursuant to Section 51243.
- e) Prior to annexation, the City shall demonstrate that its proposed annexation creates an improved better quantitative and qualitative jobs-housing balance within the entire City to reduce commuting, traffic congestion, and environmental concerns related to vehicles on the road, and improve efficiency of public infrastructure and services. The City shall demonstrate population and employment forecasts and data for the proposed annexation area, and demonstrate an investigation into any identified the skew mismatches between jobs in the area and the types and cost of housing. The City shall demonstrate that the annexation is necessary to create additional employment centers close to housing and employment centers that matches the skills of people who live in the region to ensure that a greater percentage of the people who live in the region also work in the region. The City shall also demonstrate compliance with the jobs-housing goals stated in the SACOG MTP/SCS. The City shall present specific implementation measures to improve the jobs-housing balance within its boundaries, such as compact development, mixed use development, developer incentives to improve jobs-housing, and zoning which improves jobs-housing.
- f) The City must demonstrate that the annexation proposal is needed to provide an adequate supply of land to meet projected residential, industrial, and commercial growth to maintain a market equilibrium. The City shall demonstrate adequate available infrastructure in the vicinity of the proposed annexation area to promote sustainable economic development and prevent leapfrog development.
- g) The City and Sacramento County must enter into a property tax exchange agreement before the application can be deemed complete.
- h) The City of Elk Grove shall comply with requirements for water service with the Sacramento County Water Agency (SCWA) and/or the Elk Grove Water District (EGWD/FRCDD;) and shall annex into the appropriate service area either Zone 40 and 41, as required by the SCWA, or EGWD, as applicable. This may entail a district specific Sphere of Influence amendment.
- i) The City of Elk Grove shall coordinate with Sacramento Regional County Sanitation District (SCRSD) and Sacramento Area Sewer District (SASD) for sanitary sewer service. The City will be required to annex into these two Special Districts as part of any proposed annexation. This may entail district specific Sphere of Influence amendments.

- j) The City must demonstrate that its proposed annexation is part of a plan for orderly growth within logical boundaries, as identified in LAFCo policies.
 - k) The City must provide information to LAFCo in compliance with FEMA and DWR flood-plain development measures adopted.
 - l) The City shall re-confirm that the proposed annexation is surrounded by or adjacent to lands planned for urban uses.
 - m) The City shall obtain a determination of substantial compliance from the California Department of Housing and Community Development consistent with Government Code section 65585, subdivisions (d) or (h) regarding the Regional Housing Needs Allocation.
 - n) The City shall adopt appropriate land use designations for all property within the SOIA Area noting open space and habitat preservation measures at a minimum as set forth in the FEIR Mitigation Monitoring and Reporting Plan and this Resolution.
 - o) Prior to submittal of an application for annexation, the City shall revise and update its General Plan to include the SOIA Area in accordance with state law.
 - p) At the time of submittal of any application to annex territory within the ERA area, the City of Elk Grove will demonstrate compliance with Policy COS 7-1 of the City's General, or the current version of that Policy, regarding Greenhouse Gas Emission Reduction.
 - q) Identify specific actions that will be undertaken by the City to meet the emission reduction targets set by the City.
 - r) Upon submittal of an annexation application, the City must demonstrate that it has provided or accommodated feasible infill development of existing urban lands before annexing and developing new territory through adoption of infill policies. These adopted infill policies should encourage the development of vacant parcels, reuse or redevelopment of abandoned or derelict structures, rezoning of excess commercial and/or industrial lands to residential uses where appropriate, utilization of existing public infrastructure and services in an efficient manner, and intensification of uses on underutilized lands to accommodate as much residential, commercial and employment capacity as feasible within the existing city limit.
- (4) Pursuant to Government Code section 56375, the City shall pre-zone the property consistent with the City of Elk Grove General Plan, as amended. In pre-zoning within the SOI Amendment Area, the City must identify the process the affected water service provider will undertake to acquire and secure a water supply sufficient for LAFCo to determine timely water availability as required by law, in compliance with the terms and conditions of the Water Forum Agreement. The information provided shall be sufficient for LAFCo to determine water availability to the area pursuant to Government Code section 56668, subdivision (k), or its successor.

- (5) The City of Elk Grove should cooperate and collaborate with Stone Lakes National Wildlife Refuge to enhance this natural resource that is a recognized amenity to the City of Elk Grove. Proposed development along the western boundary of the SOI should be compatible with the Stone Lakes National Wildlife Refuge mission. The City also should cooperate and collaborate with the Nature Conservancy to enhance the preservation of the Cosumnes River within the SOI boundary. The City, when possible, should partner with Stone Lakes National Wildlife Refuge and the Nature Conservancy to preserve and enhance wildlife resources.
- (6) Any other specific issue that becomes known during public hearings.

CONCLUSION

As evidenced throughout this report, Staff's recommendation of a 4,040 acre expansion of the City of Elk Grove's Sphere of Influence pursuant to the ERA would permit the City to grow in compliance with applicable requirements and in furtherance of LAFCo's goals of promoting orderly growth. Based on a review of environmental consideration, provision of municipal services, and the need of the City to expand, the Commission has ample evidence to approve the SOI Amendment.

The proposed SOI Amendment will also be subject to the terms and conditions included in this Report and mitigation measures set forth in the Report and in the Mitigation Monitoring and Reporting Program. The purpose of these conditions and mitigation measures is to respond to issues and concerns raised during the public hearing process and mitigate impacts that may have been identified in the Environmental Impact Report. Furthermore, because a number of issues will need to be resolved prior to annexation, these terms and conditions will ensure that the City addresses these concerns prior to annexation. The terms and conditions require that the City consult a number of agencies that will weigh in on these issues and determine various requirements that will need to be met at the time of annexation. Further, the conditions require the City to demonstrate compliance with LAFCo requirements regarding infill, jobs-housing fit, orderly growth, agricultural preservation and habitat preservation.

The proposed SOIA Area for the City of Elk Grove represents a logical and orderly path of development. Currently, development is occurring along the southern portion of the SOIA territory within the City limits. Therefore, there are a number of benefits to comprehensively plan the SOIA Area due to existing projects and infrastructure development that are already occurring or being planned near the SOIA Area.

Additionally, although a significant amount of growth and development has occurred in the Sacramento region over the last 50 years, growth rates, the economy, and real estate activity have cooled off considerably in the last few years. Although it is difficult to predict market changes, it is prudent to plan for growth during a slow cycle to allow for consideration of issues without undue market pressures.

Staff recommends that the Commission approve an expanded SOI as constituted by the Enhanced Regional Alternative, Exhibit B, to the City's SOI, as opposed to the 7,869 acres that the City requested in its application.

Therefore, staff recommends that the Commission adopt the attached Resolutions:

1. Adopt LAFC Resolution No. 2013-10-1106-09-10: A Resolution of the Sacramento Local Agency Formation Commission Certifying the Final Environmental Impact Report for the City of Elk Grove Sphere of Influence Amendment [State Clearing House No. 2010092076].
2. Adopt LAFC Resolution No. 2013-11-1106-09-10: A Resolution of the Sacramento Local Agency Formation Commission Adopting Findings of Fact and A Statement of Overriding Considerations for the City of Elk Grove Sphere of Influence Amendment.
3. Adopt LAFC Resolution No. 2013-12-1106-09-10: A Resolution of the Sacramento Local Agency Formation Commission Adopting a Mitigation Monitoring and Reporting Program for the City of Elk Grove Sphere of Influence Amendment.
4. Adopt LAFC Resolution No. 2013-13-1106-09-10: A Resolution of the Sacramento Local Agency Formation Commission 1) Making Written Determinations for the City of Elk Grove Municipal Services Review; and 2) Determinations Approving the City of Elk Grove Sphere of Influence Amendment.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

Documents previously distributed to the Commission and public:
Note: these documents are available at www.saclafoo.org.

- City of Elk Grove Municipal Service Review
- Draft Environmental Impact Report
- Recirculated Draft Environmental Impact Report
- Final Environmental Impact Report
- Mitigation Monitoring and Reporting Program
- CEQA Findings of Fact and Statements of Overriding Considerations