

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

February 4, 2015

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **SPHERE OF INFLUENCE AMENDMENT AND MASS ANNEXATION OF UNINCORPORATED TERRITORY (EXCEPT CORDOVA HILLS SPA) WITHIN THE 2030 COUNTY GENERAL PLAN URBAN SERVICES BOUNDARY TO COUNTY SERVICE AREA 10 (LAFC #15-14)**
[CEQA: Exempt Sec.15061(b)(3)]

CONTACT: Don Lockhart AICP, Assistant Executive Officer, (916) 874-2937
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RECOMMENDATION

1. Certify the CEQA Categorical Exemption as adequate and complete for the Sphere of Influence Amendment (SOIA) and Mass Annexation of unincorporated territory (except Cordova Hills Special Planning Area) within the Urban Services Boundary to County Service Area 10, and direct your Executive Officer to file the Notice of Exemption with the appropriate government entity.
2. Approve the Sphere of Influence Amendment and Mass Annexation of unincorporated territory (except Cordova Hills SPA) within the Urban Services Boundary to County Service Area 10.
3. Condition approval of the annexation to County Service Area 10 on the terms and conditions listed below:
 - a) The Sphere of Influence for County Service Area 10 is amended to be coterminous with the 2030 County General Plan Urban Services Boundary, as set forth in attached Exhibit A.

- b) The boundaries of the Mass Annexation of unincorporated territory (except Cordova Hills SPA) within the Urban Services Boundary to CSA 10 are set forth in Exhibit B.
 - c) The effective date of the annexation shall be upon filing of the Certificate of Completion by the Executive Officer.
4. Pursuant to provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, your Commission should exercise delegation of authority to the Executive Officer to act as Conducting Authority for the Mass Annexation to County Service Area 10; and to complete the protest proceedings prior to March 11, 2015.
5. Authorize your Chair to sign the Resolution making these determinations.

PROPONENT

Sacramento County Board of Supervisors
c/o Susan Goetz
827 Seventh Street, Room 225
Sacramento, CA 95814
916-874-5082
goetzs@SacCounty.net

The Sacramento County Board of Supervisors has adopted Resolution #2014-0672 pursuant to the County Service Area Law, Chapter 2.2, Division 2, Title 3 of the Government Code to initiate these Commission proceedings for this Sphere of Influence Amendment and Mass Annexation of unincorporated territory (except Cordova Hills SPA) to County Service Area 10, a dependent special district, for the purpose of funding extended transportation services, for compliance with previously imposed and/or anticipated conditions of development and environmental mitigation measures.

BACKGROUND

County Service Area (CSA) 10

County Service Area 10 (CSA 10) was established by your Commission in 2003, to mitigate air quality impacts of new unincorporated development within the County USB by implementing extended transportation-related services that would reduce vehicle trips. This SOIA and related Mass Annexation will reduce the costs and time currently required as various individual development projects are approved and conditioned to annex into CSA 10. Developments within the Glenborough at Easton/Easton Place (Easton) and Florin Vineyard Community Plan (Florin Vineyard) areas, as well as rezones for the Wildhawk Northeast and Northwest projects (Wildhawk) (Developing Projects) are some of those developments/growth areas conditioned to annex. Currently, in order to annex each individual project to

CSA 10, it is necessary for the County Board of Supervisors to adopt a resolution of application to LAFCo to amend the Sphere of Influence (SOI) of, and annex the project to CSA 10. The proposed Mass Annexation affects only unincorporated territory within the Urban Services Boundary (USB.) The approved Cordova Hills SPA is not included in this proposal. The Cordova Hills SPA will receive similar air quality mitigation services, among others, provided by CSA 13, which is coterminous with that SPA.

In the event of Commission approval, no further LAFCo proceedings would be required, other than the completion of the Conducting Authority protest proceedings. The current Developing Projects and future projects will still require future action by the County Board of Supervisors to be included in the appropriate Benefit Zones of CSA 10. The Board will also act to activate service charges or taxes via ballot or election proceedings. This Mass Annexation approach facilitates the more efficient use of public resources.

If your Commission does not approve the proposal, the alternative courses of action would be to incrementally amend the SOI and boundary of CSA 10 to include each Developing Project separately.

Your Commission has the power to review and approve or disapprove with or without amendment, wholly, partially, or conditionally, the Sphere of Influence Amendment and Mass Annexation of unincorporated territory within the USB, except for Cordova Hills SPA, to County Service Area 10.

Benefit Zones

County Service Area statute authorizes the Board to assess and determine when it is in the public interest to provide different authorized services, provide different levels of service, provide different authorized facilities, or raise additional revenues within specific areas of a county service area. It may do so through the formation of one or more Benefit Zones.

If the annexation is approved by your Commission, the County Board of Supervisors will extend CSA 10 transportation services delivery by either amending the boundary of existing Benefit Zone 3 to encompass the affected territory, or establish new Benefit Zones to serve future development.

The CSA10 extended transportation services for Benefit Zone 3 include the same range of trip reduction services already established in Benefit Zones 1 and 2. These include educational outreach, incentives for alternative mode travel, and transit shuttle service. Prior benefit zones in CSA 10 (Zones 1 and 2) were created to provide services to areas which after its incorporation fell inside the City of Rancho Cordova. These territories were detached from CSA 10 in February 2008.

Purpose of CSA 10 and Benefit Zones

The purpose of the Benefit Zones is to extend certain transportation-related services to developing areas. Services would be funded by a property--related charge pursuant to the California Constitution Article XIID, Section 6. Inclusion in the existing Benefit Zone 3 or a newly established Benefit Zone, would fulfill certain conditions of development included with project approval. Benefit Zones charge for residential and nonresidential development in order to fund transit shuttle services and/or other supplemental transportation services indefinitely as determined appropriate by the County Board of Supervisors.

Funding

In order to finance the requirements and provide funding for the extended transportation services, the Sacramento County Board of Supervisors has initiated these proceedings for the annexation of the affected territory. Typically with the administration and operation of a CSA, the County Board of Supervisors; has sole discretion.

If your Commission approves the SOI Amendment, and related annexation to County Service Area 10, the Board of Supervisors would have the sole discretion to approve annual service charges, which will be collected on property tax bills.

The fees schedule for the Benefit Zone(s) is based on vehicle trip generation characteristics and associated cost of service for each land use category. Estimated service costs have been derived from the North Natomas TMA's trip reduction services budget.

There is no charge or fee imposed on existing territory directly as a result of this Mass Annexation. The applicable fees or charges would be imposed by the Board in the course of the development entitlement process.

County Service Area 10 and Sphere of Influence

The existing boundaries of County Service Area (CSA) 10 and its Sphere of Influence are coterminous. These boundaries consist of all the lots, parcels and subdivisions of land located in the following approved development projects:

Unincorporated Territory within the Mather Field SPA (non-activated)
Florin Vineyard Community Plan (Champion Oaks only)
North Vineyard Station Specific Plan

Presently, CSA 10 is irregularly shaped, and is generally located south of International Boulevard and White Rock Road; east of Watt Avenue/Elk Grove-Florin Road; west of Grant Line Road, and north of Gerber Road.

Sphere of Influence

The SOI is proposed to be amended to be coterminous with the 2030 County General Plan Urban Services boundary (USB) (except Cordova Hills SPA). The USB depicts the ultimate growth boundary of the urban area in unincorporated areas of the County. The boundary is based upon natural and environmental constraints and the purpose is to control urban growth while protecting the County's natural resources.

ANALYSIS OF PROPOSAL

County Service Area 10

Your Commission established County Service Area 10 in 2003 as a dependent special district. Pursuant to California Government Code, a County Service Area may provide a broad array of extended services, and "Miscellaneous extended services," including Transportation Services. At the time of the adoption of the resolution of intention to establish this county service area (CSA 10), the Board of Supervisors identified the specific type or types of services to be provided within the area, at the discretion of your Commission (Gov. Code Sec.25210.4, 25210.4a, 56036.(a) and 56375.).

A CSA is capable of providing a dependable and adjustable revenue source by placing a proportionate service charge on properties which derive benefit from the service provided. It allows the levying of service charges either on the property tax bill or on a utility. There is no charge or fee imposed on existing territory. The applicable fees or charges would be imposed through Benefit Zones as established by the Board in the course of the development entitlement process.

Process for Sphere of Influence Amendment and Annexation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that your Commission retain the role of Conducting Authority (Sec. 56029.) The Board of Supervisors will exercise sole discretion in activating (amending) Benefit Zone 3, and/or any subsequent Benefit Zones within CSA 10 consistent with the boundaries set forth in Exhibit B in order to facilitate conducting of individual protest ballot proceedings for each subsequent development project after it receives development entitlements conditioned on participation in CSA 10.

Only the County of Sacramento Board of Supervisors has the authority to activate CSA 10 Benefit Zones and levy service charges. This Mass Annexation of unincorporated territory to CSA 10 up to the point of the initial levy in the applicable Benefit Zone involves the following steps:

1. Board of Supervisors approves Resolution of Application to LAFCo for annexation of territory to CSA 10.

2. Your Commission holds a public hearing to consider the Sphere of Influence Amendment and the related Mass Annexation of unincorporated territory within the USB to County Service Area 10.
3. If your Commission approves the proposal, you may exercise delegation of authority to the Executive Officer to act as Conducting Authority for the Mass Annexation to County Service Area 10; and to complete the protest proceedings prior to March 11, 2015.
4. The Board of Supervisors will hold a public hearing and consider Proposition 218 protest ballots concerning the activation of service charges for the applicable Benefit Zone property owners and tabulate said ballot results. The value of protest is weighted by proposed fiscal year service charges.
5. Board of Supervisors holds a hearing to affirm applicable fiscal year service charges for the affected territory, as an activated parcel in applicable CSA 10 Benefit Zone.

Your Commission has the power to review and approve or disapprove with or without amendment, wholly, partially, or conditionally, the Sphere of Influence Amendment and Mass Annexation of unincorporated territory within the USB, except for Cordova Hills SPA, to County Service Area 10.

Description of Services

County Service Area 10 provides transportation services within its boundary to both residential and nonresidential development within the unincorporated area of the County.

The purpose of CSA 10 is to fund programs and services to implement trip reduction measures that improve mobility and coincidentally reduce air quality impacts. Such programs and services may include but are not limited to:

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

Any component of the trip reduction strategy implemented through CSA 10 may be revised or discontinued if it is proven to be ineffective. Additional programs and services may be implemented as appropriate to assist in achieving the targeted reduction in daily vehicle trips. In the event the property owners fail to approve the property assessment for the applicable Benefit Zone, no building permits shall be issued.

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

- **Transit Shuttle** – shuttle for residents and/or employees between residential areas, employment centers, shopping and service centers and light rail stations and/or other public transit options; -
- **Guaranteed Ride Home** – free taxi rides and rental cars for ride sharers in case of an emergency;
- **Transit Subsidies** – financial assistance to encourage residents and employees to use transit or other alternative transportation measures;
- **Transportation Plans** - for employers and/or resident groups – plans which guide employers and resident groups on the implementation of trip reduction programs, such as ride share matching or other similar programs;
- **Education Programs** – various programs such as education of transit options, home office set up, alternative commute opportunities;
- **Infrastructure Support** – additional bike racks and lockers, transportation alternative and ride share informational boards/kiosks, and transit facilities;
- **Transportation Coordinator Training and Support** – instruction in mobility (transportation alternatives) for residential groups and work site coordinators;
- **Bicycle and Alternative Fuel Vehicle Incentives** – incentives for purchasing new bicycles or alternative fuel vehicles.

Environmental Considerations

LAFCo will act as the lead agency consistent with CEQA Guidelines §15050 et. seq., regarding the environmental documentation for the Sphere of Influence Amendment and Mass Annexation to County Service Area 10 for the purpose of providing a financing district for extended miscellaneous transportation service in the affected territory.

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

The proposed project consists of the expansion of the Sphere of Influence of County Service Area (CSA) 10 to include the unincorporated territory (except Cordova Hills SPA) within the Urban Services Boundary. CSA 10 was formed in compliance with Sacramento County General Plan policies and regional air quality policies to provide funding and management of vehicle trip reduction measures to reduce traffic congestion and reduce regional air pollutant emissions, thereby benefiting regional air quality.

Operations and programs provided by CSA 10 to the affected territory include onsite transportation coordination, incentives for alternative modes of transportation, encouraging proximity of employment to residences, development of car pooling programs, funding transit shuttles, and other programs to reduce vehicle use.

CONSISTENCY WITH LAFCO POLICES AND PROCEDURES AND COUNTY GENERAL PLAN

Master Services Element/ Municipal Services Review

The Sphere of Influence Amendment for CSA 10 is consistent with LAFCo Policies, Standards and Procedures which require a Master Services Element/ Municipal Services Review for the amendment of a Sphere of Influence.

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

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

The CSA 10 and applicable Benefit Zone structure (organization), proposed services, and method of apportionment and charges are described in the required project specific Public Facilities Financing Plan (PFFP) which are based on the project related development and improvement plans including all estimated direct expenditures, incidental expenses, and reserves associated with the extended services.

The applicable related PFFP will comply with the Master Services Element/ Municipal Services Review criteria.

The project is consistent with the County General Plan in that it will implement the adopted Transportation Systems Management (TSM) Plan, which complies with the General Plan Policy AQ-17 calling for Transportation Management Association (TMA) membership and funding through a County Service Area (CSA), as well as provision of

Transportation Demand Management (TDM) services including current TMA programs as well as marketing, sponsored ridesharing, transit pass sales, bicycle and shower facilities, shuttle transit, and parking management.

Analysis of Proposal Policy Consistency

Your Commission has adopted specific standards for actions to ensure that fair and consistent decisions are reached in accordance with Cortese-Knox-Hertzberg legislation.

Standards

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

Each of the above standards and requirements have been satisfactorily met for the proposed Sphere of Influence Amendment and Mass Annexation to County Service Area 10. Each of these items listed above has been discussed in detail in this report and in the accompanying attachments.

Effect of Proposal on Adjacent Areas

The SOI is proposed to be amended to be coterminous with the 2030 County General Plan Urban Services boundary (USB). The USB depicts the ultimate growth boundary of the urban area in unincorporated areas of the County. The boundary is based upon natural and environmental constraints and the purpose is to control urban growth while protecting the County's natural resources.

Incorporated territory adjacent to CSA 10 is presently served by the various cities within the USB. Land use decisions affecting air quality are subject to the applicable criteria of the local land use authority (city). Unincorporated territory not within the USB will not be precluded from requesting Board of Supervisors consideration to amend the USB. Any

territory amended onto the USB would then be eligible to request a SOIA and annexation into the CSA 10.

This annexation of “islands,” is permissible under CSA statute. Thus, approval of this SOIA and related Mass Annexation would not preclude adjacent territory from future annexation to CSA 10.

There is no charge or fee imposed on existing territory as a result of this Mass Annexation. The applicable fees or charges would be imposed through Benefit Zones as established by the Board in the course of the development entitlement process.

Affected Districts

A complete list of the affected districts the proposal was routed to for review and comments is provided in Exhibit C. No comments of opposition were received.

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

The SMAQMD continues to maintain a strong position of support for County Service Area 10. Your Commission may recall that Mr. Ron Maertz (retired), Transportation and Land Use Coordinator for the District, was the first person in the Sacramento region to propose the formation of the CSA.

Regional Transit staff supports the proposal. RT staff continues to collaborate with the County staff for the successful implementation of services by CSA 10, and any applicable Benefit Zones.

RECOMMENDATION

I recommend your Commission adopt the Resolution approving:

1. The certification of the CEQA Categorical Exemption as adequate and complete for the Sphere of Influence Amendment (SOIA) and Mass Annexation of unincorporated territory (except Cordova Hills SPA) within the Urban Services Boundary to County Service Area 10, and direct your Executive Officer to file the Notice of Exemption with the appropriate government entity.
2. The Sphere of Influence Amendment and Mass Annexation of unincorporated territory (except Cordova Hills SPA) within the Urban Services Boundary to County Service Area 10.
3. Condition approval of the annexation to County Service Area 10 on the terms and conditions listed below:

a) The Sphere of Influence for County Service Area 10 is amended to be coterminous with the 2030 County General Plan Urban Services Boundary, as set forth in attached Exhibit A.

b) The boundaries of the Mass Annexation of unincorporated territory (except Cordova Hills SPA) within the Urban Services Boundary to CSA 10 are set forth in Exhibit B.

c) The effective date of the annexation shall be upon filing of the Certificate of Completion by the Executive Officer.

4. Delegation of your Commission authority to the Executive Officer to act as Conducting Authority for the Mass Annexation to County Service Area 10; and to complete the protest proceedings prior to March 11, 2015.

5. Authorize your Chair to sign the Resolution making these determinations.
Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

Attachments:

- Maps (Exhibits A & B)
- List of Affected Agencies (Exhibit C)
- Board of Supervisors Staff Report

DL:dl
(CSA 10 SOIA & Mass Annexation)