

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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Sacramento, California 95814
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April 7, 2004

To: Sacramento Local Agency Formation Commission

From: Peter Brundage, Executive Officer

RE: **FORMATION OF COUNTY SERVICE AREA No. 11 (04-04)**
Extended Governmental Services for Police Protection, Recreation
and Parkway Facilities, and Other Miscellaneous Services including
but not limited to Animal Control
[CEQA: Exempt]

RECOMMENDATION:

1. **Approve the CEQA Categorical Exemption as adequate and complete pursuant to Public Resources Code Section 15320(a), Class 20.**
2. **Approve the Formation of County Service Area No. 11.**
3. **Adopt a Sphere of Influence for County Service Area No. 11 which is coterminous with district boundaries at the time of formation.**
4. **Condition approval of the formation proposal subject to the following terms and conditions:**
 - a. **The name of the County Service Area shall be COUNTY SERVICE AREA No. 11.**
 - b. **CSA No. 11 shall be authorized to exclusively provide the following service: Extended Police Protection.**
 - c. **Deny granting latent powers for local park, recreation or parkway facilities and services, or animal control services.**
 - d. **CSA No. 11 shall have the following latent powers: none.**

Note: CSA No. 11 IS NOT AUTHORIZED TO EXERCISE ANY OF THE LATENT POWERS WITHOUT OBTAINING SUBSEQUENT LAFCO APPROVAL.

- e. **The effective date of said formation will be upon filing of the Certificate of Completion by the Executive Officer.**
 - f. **The boundary of CSA No. 11 is described herein and is generally described as all that area within the County Urban Services Boundary approved in the Sacramento County General Plan dated 1993 together with any General Plan Amendments to date EXCEPTING there from all that territory lying within the boundaries of incorporated cities of Sacramento, Citrus Heights, Elk Grove, and Rancho Cordova, Folsom, Isleton, and Galt. (legal description and map are attached).**
 - g. **County Service Area No. 11 is subject to voter approval requirements for special taxes/ property related fees pursuant to Proposition 13 and 218 as they may apply. The District shall not become active unless special taxes/ fees are approved as required by law.**
- 5. **Delegate the Executive Officer to act as the Conducting Authority for the protest hearing as provided under Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.**
 - 6. **Authorize the Chair to sign the Resolution making these determinations.**

APPLICANT

The Sacramento County Board of Supervisors.

PROJECT

The Board of Supervisors has adopted Resolution No. 2004-0133 requesting LAFCo to form County Service Area No. 11 to provide extended governmental services to the unincorporated area within the urban services boundary of Sacramento County, excluding the Cities of Sacramento, Folsom, Citrus Heights, Rancho Cordova, Elk Grove, Galt and Isleton.

The County of Sacramento, pursuant to County Service Area Law, Chapter 2.2, Division 2, Title 3 of the California Government Code, has requested the Sacramento Local Agency Formation Commission to commence proceedings to form **County Service Area No. 11 for the provision of the following extended services: extended police protection; local park, recreation or parkway facilities and services and other miscellaneous services, including but not limited to, animal control.**

PROPOSED SPHERE OF INFLUENCE AND DISTRICT BOUNDARY

The proposed Sphere of Influence will be coterminous with the boundary of the proposed County Service Area No.11.

The proposed CSA boundary is generally described as follows:

The unincorporated area with the Urban Services Boundary Line of the Sacramento County General Plan dated 1993 and as amended, excluding the cities of Sacramento, Folsom, Citrus Heights, Rancho Cordova, Elk Grove, Isleton, and Galt. A map and legal description are attached.

PROJECT CHARACTERISTICS

Population:	508,000
Registered Voters:	245,558
Assessed Valuations:	Secured \$31,909,977,382
	Unsecured <u>394,708,509</u>
	Total \$32,304,685,509
Number of Parcels:	165,695
Land Use:	Various, residential, industrial, office, agricultural, open space
Governance:	5-members elected by division, 4 year staggered terms
Boundary:	Irregular in shape but definite and certain
Service Area:	Service area does not overlap or impact other service providers
Acres/Sq Mi.	138,400 +/- Acres, or 216 +/- Square Miles
Legal Status:	County Service Area is a dependent district – Board of Supervisors acts as the Board of Directors of the district

EXISTING COUNTY SERVICE AREAS

Currently, the County has several CSA’s to provide a number of different services. Since each of the County Service Areas have a different boundary, LAFCo recommended to County staff that it would be easier to create a new CSA rather than attempt to create zones within another CSA. The following table summarizes the existing CSA’s, their purpose, if they are active, and the service areas.

<u>CSA</u>	<u>Purpose</u>	<u>Status</u>	<u>Assessment</u>	<u>Budget</u>
1	Street Lighting	Active	Varies	\$3,700,000
4C	Parks (rural)	Active	Varies	90,558
4D	Parks (rural)	Active	Varies	32,225
6	Paratransit	Inactive	None	0
9	Rural Sewer	Inactive	None	0
10	Transit	Active	\$50/Parcel	\$300,000

Note: CSA No. 5 and 7 were dissolved with the annexation of Laguna West to the City of Elk Grove. The assessments for services will still be collected by the City to continue to provide extended road maintenance, street sweeping, water quality monitoring for run off from development. CSA No. 5 and 7 are located entirely within the City of Elk Grove and will therefore not overlap the formation of CSA No. 11. In addition, CSA 4C and 4D are outside the boundary of CSA No. 11.

CSA No. 10 is to provide public transit services for the development project known as the Villages of Zinfandel. A portion of CSA No. 10 boundary includes the Mather Business Park. At this time this area is not in an active benefit zone and no services are provided.

CSA No. 1 provides street lights to several cities and the unincorporated urban area is the only overlapping CSA. CSA No. 1 also serves city residents of Rancho Cordova, Citrus Heights, and Elk Grove.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The formation of the County Service Area is Exempt under the California Environmental Quality Act pursuant to Public Resources Code Section 15320(a), Class 20. The proposed formation will not have a significant effect on the environment. This project is proposed to restore services to an area that is already served only if budget reductions are required to be made. While CSA 11 is not being formed to serve newly developing areas, if the proposed CSA is formed and the voters approve the tax or fee, new developments in unincorporated areas will be subject to the CSA and any voter-approved levies.

SEQUENCE OF EVENTS

There are several steps necessary for district formation and the process of levying a tax. The following summarizes the basic sequence of these steps.

1. LAFCo Approves Formation of CSA No. 11.
2. CSA No. 11 formed without election if there is not sufficient protest. (Reconsideration and Conducting Authority process.)
3. Board of Supervisors conducts proposed budget hearings.
4. Board of Supervisors may approve budget reductions to Sheriff's Department.
5. If Board of Supervisors approves budget reductions to Sheriff's Department, the Board may authorize a ballot measure to raise taxes. The ballot measure will set the new special tax or fee amount.
6. Registered voters or property owners of affected territory must approve tax or fee for County Service Area No. 11.
7. Special Tax/ Fee is levied.
8. Board of Supervisors conducts annual hearings for County Service Area No. 11.

COUNTY SERVICE AREA LAW

The Legislature has made the following declaration of purpose:

“The Legislature hereby finds and declares that unprecedented growth in the unincorporated areas of a great many counties of California, particularly since 1940, has created many new and difficult problems of government. As a result of large population growth and intensive residential, commercial and industrial development in such areas, extended governmental services are needed in such areas.

The Legislature recognizes the duty of counties as instrumentalities of State Government to adequately meet the needs of such areas for extended governmental services and also recognizes that such areas should pay for the extended services which are provided.

The residents and property owners of such areas are entitled to have made available to them reasonable alternative methods of providing or securing

the extended services they require and to choose among the alternatives a method best suited to their local circumstances”.

A County Service Area is a dependent district i.e., the County Board of Supervisors acts as the Board of Directors of the district. The CSA is an entity of the County to provide specific purposes. Per Government Code, if a CSA is established and funded, the Board of Supervisors is required to conduct annual meetings regarding the status of district operations.

County Service Area law provides specific procedural processes that require annual public hearings whereby the public can testify on issues related to the CSA. The County Service Area law also permits zones of benefit within the District boundary. This allows communities to decide if they want different services as well as different levels of service. LAFCo is required to authorize any new CSA 11 latent power; any proposed additional tax or levy is subject to voter approval.

LAFCO PROCESS TO FORM A CSA DISTRICT

LAFCo conducts a public hearing on the formation of the County Service Area (CSA).

The Commission has the authority to review, approve or disapprove, with or without amendment, wholly, partially, or conditionally, consistent with written policies and guidelines.

LAFCo holds a Conducting Authority hearing, or protest hearing, to determine if an election is required to form the District. If protest is not adequate, the Commission, as conducting authority, approves the district formation. If sufficient protest is received, LAFCo may approve the formation subject to an election. The election to approve district formation could be combined on the same ballot as the measure for a special tax or fee for the proposed district.

Protest Provisions

The Commission not more than 30 days after the conclusion of the (Conducting Authority) hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions:

- (1) Terminate the proceedings if a majority protest exists (50 percent plus one).
- (2) Order the change of organization or reorganization subject to confirmation of the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:
 - (a) At least 25 percent, but less than 50 percent of registered voters living in the affected area, or

- (b) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

LAFCo's Role

LAFCo has the authority to form a County Service Area. LAFCo determines if the applicant should provide the service and that the proposed service(s) do not overlap or negatively impact other service providers or the community. The formation establishes the service boundary, the type of service(s) to be provided and any other terms and conditions that may be appropriate based on oral and written testimony. Also, LAFCo should evaluate the cost-effectiveness of the proposal.

LAFCo does not have the authority to impose or levy any fees, charges, taxes or assessments related to the formation of new districts. In other words, the District is created before any fees or special taxes can be imposed.

In this case, if LAFCo approves the formation of the County Service Area, the County of Sacramento must conduct the required public hearings in order to proceed to levy special taxes or fees in accordance with the State constitution and laws.

COUNTY OF SACRAMENTO DETERMINES THE TYPE OF TAX/ PROPERTY RELATED FEE AND THE LEVEL OF SERVICE

Based on the proposal submitted to LAFCo, after LAFCo forms the CSA, the Board of Supervisors will have several choices to make regarding what level of service to provide and what type of funding mechanism that will be used.

Level of Service

The County of Sacramento has provided a Master Services Element (MSE). The MSE is included in this report and describes the service and anticipated level of service. However, the level of service will be determined at budget hearings during the Spring of 2004. At the present time, based on preliminary budget projections, the County anticipates that it will have to reduce base expenditures to many of its programs. If this is the case, the County has limited options to increase revenues or raise taxes. The County has several potential options to try and increase revenues should the Board of Supervisors choose to do so.

The County could form a County Service Area, ask the voters to increase the utility user tax and/or transient occupancy tax, increase sales tax, or increase business license tax. Each of these options has advantages and disadvantages.

As to the formation of a County Service Area, the County of Sacramento has two funding options to finance the County Service Area. The Board may either levy a special tax or a

property related fee. Each of these funding options has different statutory approval requirements that must be followed.

First, the Board of Supervisors must decide which financing option to pursue. The Sacramento County Board of Supervisors has not approved any financing alternative or even decided if they will pursue any increase in taxes or fees to fund municipal services to the unincorporated areas. This decision will be made during budget hearings this spring.

The general process to levy a special tax or property related fee are described below:

Special Tax Voting Requirements

- A special tax requires a 4/5ths vote by the Board to be place a ballot measure on the November 2004 election.
- A special tax requires a 2/3rds approval from registered voters in the affected territory.
- A special tax applies uniformly to all taxpayers or all real property within the boundary of the CSA.
- The new tax would become effective for Fiscal Year 2005-06.

Property Related Fee Voting Requirements

- A property related fee or charge must not exceed the proportional cost of service attributable to each parcel.
- An benefit analysis and report is required.
- A majority approval of the Board of Supervisors is required for the authorization of a landowner election.
- A property related fee is subject to Proposition 218 and requires approval from 2/3rds of the electorate or a simple majority of the property owners in a landowner election.

MASTER SERVICES ELEMENT FOR POLICE PROTECTION

Proposed CSA No. 11 Service Plan

The County application for the creation of a new County Service Area (CSA) involves extended services in three service areas. These three areas include extended police

services; and latent powers for local park, recreation, or parkway facilities and services; and other miscellaneous services, including, but not limited to, animal control. At this time, the County has no intention to activate the latent powers for parks, recreation, parkway facilities animal control or miscellaneous services, but is requesting that LAFCO create the CSA with all powers and only activate the extended police services powers of the CSA. If in the future the County decides to proceed with extended services for parks, recreation, parkway services, animal control or other miscellaneous services, it will return to LAFCO with a service plan for each.

The area in which the CSA is being formed is as shown in Attachment 1. This area essentially encompasses the unincorporated area within the current Urban Policy Boundary. The rural areas beyond the Urban Policy Boundary are excluded from the proposed CSA due to the fact that extended police service levels are not expected to be provided there. Police service levels in these rural areas are not expected to be impacted by budget decisions this May. In fact, service levels in the rural area already at lower levels.

The purpose of the extended police services to be funded by the CSA is to augment law enforcement services (specifically patrol services) up to a level that is comparable to other cities in the region.

Under several measures, current County law enforcement patrol/investigative services are below levels provided inside the cities in the area. This is not unusual for county services since counties typically serve a more rural population than cities. However, given the urban nature of some of the unincorporated area, the County is seeking methods to increase service levels, particularly from the service levels expected to be remaining in place following the 2004-05 budget hearings when service level reductions are expected to be approved.

During Budget hearings in May 2004, it is anticipated that the County Board of Supervisors may reduce Sheriff's Patrol/investigative services as much as \$25 million dollars in annual spending. This is irrespective of any future cuts that may be necessary as a result of potential 2004/05 state budget reductions.

This \$25 million potential annual spending decrease may be a permanent reduction to the base level of patrol/investigative services in the unincorporated area. According to County staff, there is no plausible scenario for alternative funding to backfill these reductions without additional revenue sources for the foreseeable future. A cut of this magnitude would reduce the funding base for patrol/investigative services from its current base level of 375.0 deputies to 187.0 deputies (reduction of 188 deputies) to serve the unincorporated area.¹ This reduction of service will result in an even furthering worsening of the County's service level in relation to its city brethren in the region. (Ratio of .36/1000)

¹ For final 03/04 budget, Sacramento Sheriff Department (SSD) was cut \$6.4 million which equated to \$47.0 Deputies + other sworn/non sworn positions. Assuming SSD is reduced \$25 million this year, this will equate to approximately 188 deputies.

Using just one measure, number of officers per 1,000 population, the County unincorporated area currently has a ratio of .74/1000. In contrast, other the cities of Elk Grove, Citrus Heights, and Rancho Cordova all have higher ratios. The following chart indicates the current staffing levels:

City	Elk Grove	Citrus Heights	Rancho Cordova	Unincorporated
Population	95,685	89,050	53,000	508,430
Staffing	79.0 Deputies	72.0 Deputies	43 Deputies **	375 Deputies***
Ratio Deputy/1000 Population	.825/1000 *Includes Laguna West	.8085/1000	.811/1000 **Estimates	.74/1000 ***Central Invest.+ Patrol Areas – Estimate for Rancho Cordova
Average Cost of Deputy		\$133,000 (includes overhead/indirect costs)		
Average Cost of Non Sworn		\$56,975		

The County is attempting a proactive solution in this application by using the CSA mechanism. The Board of Supervisors will be able to decide this summer whether to increase revenue by proposing to levy a special tax or property related fee to raise the necessary funds to augment patrol/investigative service levels provided by the County within the boundaries of the CSA.

It needs to be clearly understood by LAFCo staff, Commissioners, and any public that under no circumstances is the Board of Supervisors asking LAFCo to approve any special tax or property related fee with the approval of this CSA. Further, it needs to be understood that Board of Supervisors has made no decisions as of yet to propose any fee or tax. Instead, the purpose of the request before LAFCo is to create the CSA and allow the Board of Supervisors the option to consider proposing such a fee or tax after considerable public deliberations this summer. These hearings would occur after budget reductions in May. LAFCo, by acting now to approve the CSA, allows the Board of Supervisors to consider the full realm of revenue options immediately following budget hearings. This could potentially allow the Board to place an item before the electorate this November. Without immediate LAFCo action, this option would not be available.

The ultimate amount of any fee or tax would be decided by the Board of Supervisors after the exact amount of law enforcement service reductions is known. Further, any fee or tax would be subject to the election/majority protest ballot requirements of Propositions 218, as well as any other applicable state or local laws governing such actions. What is being suggested in this report is that whether the Board chooses to propose a fee or tax; the funding will be used to augment County patrol services in the territory of the CSA.

For purposes of LAFCo deliberations, County staff is suggesting that the augmented services levels being considered include a funding mechanism which would result in about 1/3 to 2/3 of the expected May cuts being restored. This equates to approximately an average of \$50 to \$100 annually per parcel or \$8 to \$16 million annually in fees/taxes. Again, the exact fee or tax amount would be decided at a later date by the Board of Supervisors and subject to the applicable election/majority protest requirements depending upon whether a fee or tax allocation is applied. The above amounts are being presented for analysis purposes only, although the ranges are not an unreasonable expectation for Board of Supervisors consideration.

If the \$50 to \$100 fee/ tax were applied, it would result in levels of service being raised. For each \$8 million raised (\$50 per parcel) 60 deputies could be hired. As a result, ratios would rise as follows:

Service ratio currently	= .74/1000 (375 deputies)
Service ratio after possible \$25 million reduction	= .36/1000 (187 deputies)
Service ratio with \$8 million augmentation	= .49 /1000 (247 deputies)
Service ratio with \$16 million augmentation	= .60/1000 (307 deputies)

If the formation of the CSA is approved by LAFCo, the Board of Supervisors could undertake their deliberations regarding proposing a fee or tax and commence the public hearing process this summer. Implementation of any fee or tax (after first determining whether a fee or tax was the more feasible mechanism) would still take several months to a year to implement. The soonest a parcel tax could be placed before the voters (which would require a 2/3 vote) would be November of 2004. If a special tax is passed by the voters in November of 2004, the earliest that the tax could be on the tax rolls is fiscal year 2005/06. The service augmentation could not be funded until the first revenues from the tax levy are available in January 2006. Likewise, a property related fee would also require time to prepare the appropriate engineering and benefit analysis studies and perform the appropriate majority protest ballot process of Proposition 218. Again, if passed by voters, the fee would take at least a year before money began to flow and services can be augmented. Neither property related fee nor tax offers immediate increases in service, but it could provide a long term and stable funding mechanism to increase patrol service levels should LAFCo approve the CSA and the Board of Supervisors and property owners fund the service increase.

PUBLIC NOTICE

As required by law, public notice has been given by Advertisement in the Sacramento Bee. Notice has been mailed to affected agencies and a list of community groups as provided by the County of Sacramento staff.

The Master Services Element Assumptions

The Master Services Element is based on the following assumptions and is dependent on several factors that have not yet been determined or finalized. The MSE is based on probable options or choices based on budget information as of March 1, 2004.

The County of Sacramento is facing a likely budget short fall of \$45,000,000 based on year-end budget estimates for FY 2003-04. This estimate does not factor in possible budget impacts to local governments that may be imposed by the State's budget problem.

At the present time, the County staff is recommending a \$25 M budget reduction to the Sheriff's Department. This estimated reduction is not final and has not been approved by the County Board of Supervisors.

The Sheriff has not indicated what programs will be cut, or if there is additional savings carryover, or revenues that can be used to offset the estimated shortfall. Consequently, the County Executive budget staff has made several assumptions and provided a range for potential restorations if the CSA is formed and the voters approve a new tax/ fee.

The Board of Supervisors has not yet determined whether it will place either a special tax or fee before the voters. The Board of Supervisors may choose not to consider raising revenue as an option. However, the Board of Supervisors will evaluate the County's proposed budget during June 2004 and make final budget decisions for the proposed budget. Therefore, the MSE only describes possible impacts based on current information. In other words, budget reductions could get worse or they could improve.

Key elements of the Master Services Element:

- The MSE identifies a range of staffing and service level options.
- The MSE identifies costs related to a range of service levels.
- The MSE identifies the use of funding only for Sheriff services within the affected territory, as determined by Board policy, subject to confirmation by the voters. The MSE does not propose to activate latent powers for parks and animal control services.
- The MSE defines the voter requirements necessary to impose either a tax or property related fee. However, no final determination has been made.
- The MSE/ CSA requires that funds collected within the affected territory will be spent only in that area and requires annual reports.
- The MSE does not indicate how program restorations will be implemented within the affected territory. i.e., Will program reductions be proportional within each community or will more cuts be made in areas that tend to

have less crime? On the restoration side, how will proposed restorations be made? i.e., Will each area receive programs in relation to what the area pays or based on demand for service, or some other defined factors?

The demand for law enforcement services varies from community to community. It is not uncommon for resources collected in one community to be allocated to other communities that have a higher demand for service. The Board of Supervisors and County Sheriff will determine the deployment and allocation of resources as well as reductions.

- The MSE provides only a macro analysis and impact descriptions, it does not address how resources will be allocated between communities in the larger district. The Board of Supervisors will likely have to evaluate these public policy issues during its deliberations.
- The MSE identifies potential impacts to the public safety system provided in the urban unincorporated area. The CSA provides a means to restore services.

COMMENTS FROM AFFECTED AGENCIES

Several comments have been received from Park and Recreation Districts related to this proposal. Basically, Park Districts are concerned that the County should not overlap or provide local recreation and park services. The County of Sacramento has acknowledged that it does not intend to provide local park and recreation programs. The County provides regional parks and open space programs that overlay local park districts, similar to overlapping state and federal parks.

At this time, the County of Sacramento does not propose, nor does LAFCo staff recommend, that the latent power for local park and recreation or animal control services be activated. Moreover, your Commission can deny approval of the latent power for local park and recreation service and/ or animal control services BOTH upon district formation or upon the County's request to authorize the use of CSA 11 latent powers.

If the County chooses to pursue this extended service, it will need to submit an application and MSE to LAFCo. LAFCo is required to give notice and hold a public hearing before LAFCo can authorize the County of Sacramento to exercise the latent powers of the proposed County Service Area 11.

The Rancho Murieta Community Services District currently provides additional security services to the community of Rancho Murieta; they do so because they believe current service levels are not adequate. County staff has indicated that potential service reduction would also negatively impact the existing service levels to the community of Rancho Murieta.

ANALYSIS

The County Service Area includes a significant amount of territory that is currently developed and already receiving services. The area is served by both the County of Sacramento and numerous special districts. The County is not proposing to provide services that are currently provided by other service providers (duplication or overlap service territory).

The proposed County Service Area 11 will allow the Sacramento County Board of Supervisors to restore some or all of projected budget reductions in the Sheriff's Department for patrol and investigation services. Formation of County Service Area 11 will authorize the Sacramento County Board of Supervisors to set the level of service to be restored based on public hearings and testimony, determine the type and amount of fee, or special tax, either by property owners or registered voters, it chooses to place before the electorate, and to call the election on the proposal. [An election is required before any financing option can be levied.]

Annual CSA Reporting Requirements

The County will also be required to monitor revenues and expenditures collected from this CSA and hold annual public hearings to report what was collected, what it was spent on, and the estimate of next year's levy and expenditure plan.

If approved, the Board of Supervisors could never, absent an election, increase the annual tax or fee (unless Proposition 13 and 218 requirements are changed or an annual adjustment for cost of living has been authorized). The charges must also reflect actual costs. The Board of Supervisors can charge less than the approved amount but they cannot exceed the maximum voter approved amount.

Other Potential Options

Local governmental agencies are faced with many financial challenges. The County Service Area law has been authorized to allow residents primarily living in unincorporated areas to assess or tax themselves for extended municipal type services. Throughout the State many CSA's have been formed and provide a wide variety of services.

Residents may also have other long term options regarding service delivery. Residents could potentially annex to other cities or incorporate. Currently, state laws continue to favor cities because cities receive additional vehicle license fee revenue. Moreover, there might be an economic advantage to either annexation or incorporation. However, it appears that the proposed FY 2004-05 State budget impacts both city and county governments by shifting local revenue to State programs. Consequently, this makes any economic analysis of these options more difficult. In addition, there are many other factors that must be evaluated regarding the options of annexation to a city or incorporation; residents must understand that incorporation studies are extremely

expensive and require a long time to process. Therefore, staff has not analyzed these options for this proposal. Communities may explore these options at any time.

Impact on Annexations or Incorporations

It should be noted that the formation of a CSA will not restrict or prohibit future changes in government organization. Government Code Section 25210.90 provides for the following:

Whenever any territory in a county service area is included within a city by reason of incorporation, annexation or otherwise that territory shall be automatically excluded from the county service area upon the effective date of its inclusion in the city

It is also permissible to have a county service area continue to provide services within the boundary of a city. (Government Code Section 25210.10a)

Therefore, forming County Service Area No. 11 will not have a negative impact on governmental reorganization related to either annexation or incorporation. LAFCo will have to analyze any proposed change of organization that involves County Service Area No. 11 and determine whether or not it should be included or excluded from any annexation/ incorporation proposal. There are no pending applications before LAFCo that conflict with the formation of the proposed County Service Area No. 11.

LAFCo STANDARDS

LAFCo policies require the following standards to be considered when forming a new district:

- **LAFCo will encourage special district formation in areas that demonstrate a need for unmet or improved level of services due to an inadequate level or quality of services currently provided.**

According to the MSE, the Sheriff currently has fewer officers per capita staffing ratios than several incorporated cities. If the Sheriff's budget is reduced, it is likely that staffing ratios will further decline. Based on both existing and potential reductions, there appears to be an unmet need for services in the unincorporated area. This analysis has not factored in change, if any, in response times or other potential impacts related to the delivery of police services.

- **LAFCo requires a Master Services Element which defines financing, service levels and how services will be delivered.**

A general Master Services Element has been prepared that provides basic assumptions, provides comparative data, and information to allow the evaluation of potential budget reductions, and the related fees or taxes to restore services. As noted, there are many

details and policy issues that will need to be addressed before a plan can be finalized. Nonetheless, the MSE indicates the severity of potential reductions to public safety.

- **LAFCo requires a definite Sphere of Influence map and definite boundaries.**

The district boundary and Sphere of Influence of the proposed County Service Area No. 11 are definite and certain and do not split parcels.

- **The proposed district formation should be consistent with the applicable General Plan and any Specific and Community Plans.**

The proposed County Service Area No. 11 lies within the County Urban Services Limit Boundary. Therefore, the formation of CSA No. 11 is consistent with the County General Plan and adopted specific and community plans.

- **LAFCo will not approve district formations when the Master Services Element conflicts with the Master Services Element of other agencies.**

The Master Services Element of the proposed County Service No. 11 does not conflict with other Master Services Elements or with other service providers or agencies.

- **When considering applications for district formation, LAFCo will ensure that no special interest group is given the status of being a governmental agency.**

Not applicable.

- **LAFCo will not approve an application for district formation unless the proponent can demonstrate it can fund the services it intends to provide.**

The proposed County Service Area No. 11 cannot be activated until a special tax or fee is approved by the electorate within the proposal territory.

- **If a district becomes insolvent or unable to provide services, then LAFCo may approve consolidation with a solvent and capable district.**

Not applicable at this time.

Each of the above listed standards and requirements have been satisfactorily met for the formation of the proposed County Service Area No. 11, to the extent that they apply.

FINDINGS

Both State government and local governments are faced with unprecedented budget shortfalls for FY 2004-05. Local governments have limited opportunities to raise revenue. In fact, due to Proposition 13 and Proposition 218, local government cannot raise taxes, fees or assessments without voter approval. The proposed reductions in funding for Sheriff services potentially represent a public safety issue. Public safety is a critical and important concern for most citizens.

Formation of County Service Area No. 11 does not guarantee that the electorate will approve a special tax or a property related fee. It only provides the County of Sacramento with one option that might be used to restore existing police service levels within the unincorporated community if they are cut as a result of budget reductions.

The timing and sequencing of the CSA No. 11 district formation is critical. The district needs to be formed before the budget reductions are approved in early June. In order to get a ballot measure on the November 2004 ballot, the Registrar of Voters requires a lead time of 88 days by law. Once the County Service Area is formed, the Board of Supervisors must determine whether or not they will place this issue before the electorate.

CONCLUSION

The formation of County Service Area No. 11 will create a dependent district to allow the Sacramento County Board of Supervisors the opportunity of creating a funding mechanism to restore police protection within the unincorporated area of Sacramento County should budget reductions within the Sheriff's Department be required due to a budget shortfall.

The formation of County Service Area No. 11 for police protection will not overlap other service providers nor negatively impact any other local agency. County Service Area No. 11 cannot be activated until residents living within the proposed County Service Area No. 11 approve either a tax or property related fee. If a tax/ fee is not approved, County Service Area No. 11 is basically dormant. It would be possible to obtain voter approval for a tax or fee in a future election. The cost of the proposed election as well as any subsequent election is the responsibility of the County of Sacramento [General Fund].

I recommend your Commission approve the formation of County Service Area No. 11 for the exclusive purpose of providing: **Extended Police Protection**. I recommend your Commission deny the request for latent powers. To do so will eliminate confusion and misunderstanding, as well as the extreme concern raised by the park and recreation districts. Moreover, to do so does not preclude the County of Sacramento from submitting a request for latent powers for County Service Area No. 11 at a later time.

Latent powers do not create a right but describe a future intent. Should, at a future time, the County of Sacramento request that latent powers be authorized and activated for County Service No. 11, your Commission may review the issue at that time. Your Commission will then be apprised with updated information and a Master Services Element that describes the cost, scope and level of service that is proposed to be provided as well as the impact to the community for failure to provide those services.

Respectfully submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

PB:Maf
Attachments
(**CSA 11 District Formation**)