

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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August 4, 2004

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **FREEPORT REORGANIZATION (08-04)**
Annexation to City of Sacramento; Detachment from County Service Area No.1 (CSA No.1), Sacramento County Water Agency Zone 13 and County Sanitation District No.1 (CSD No.1.)
[CEQA: City of Sacramento Certified Negative Declaration]

CONTACT: Donald J. Lockhart AICP, Assistant Executive Officer (916) 874-2937

RECOMMENDATION

1. Consider the Mitigated Negative Declaration, together with the Addendum and Mitigation Monitoring Plan previously certified by City of Sacramento, as the CEQA lead agency, and direct the Executive Officer to file the Notice of Determination with the County Clerk.
2. Adopt the Resolution approving the Freeport Reorganization - Annexation to the City of Sacramento, and Detachment from County Service Area No.1, County Water Agency Zone 13 and County Sanitation District No.1.
3. Direct the Executive Officer to set the Conducting Authority protest hearing after the close of the required 30-day reconsideration period.
4. Set the effective date of annexation to be upon filing of the Certificate of Completion by the Executive Officer.
5. Authorize your Chair to sign the Resolution making these determinations.

FPPC Disclosure

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

Project Proponent

City of Sacramento
c/o Matt Anderson,
Associate Planner
1231 I Street
Sacramento, CA 95814

Background

This reorganization has been initiated by Resolution 2004-288 of the Sacramento City Council, in response to petitions signed and submitted to the City by registered voters in the affected territory. The City Council has rezoned the affected territory, as required by your local polices and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH)[56375(a)(1)].

The final public hearing for the rezone and related land use entitlements was held at the April 20, 2004 City Council meeting. At that time, the Council approved resolutions initiating the Freeport Reorganization - annexation and related detachments; amending the City of Sacramento General Plan land use designations, and the Airport-Meadowview Community Plan applicable text, rezoning, and the addition of the Freeport Special Planning District (SPD) to the City code to further implement the goals contained in the Community Plan, for the affected territory. The City Council also approved the Property Tax Exchange Agreement with Sacramento County, and ratified the Mitigated Negative Declaration and Mitigation Monitoring Plan. One member of the public spoke in support, and no one spoke against the proposal.

Project Location

The affected territory consists of 80 parcels comprising 180+ acres (total area to center line of the Sacramento River, including public Rights-of-Way.) The proposal is located within the City's Sphere of Influence, adopted October 21, 1981. It is immediately south of the City, adjacent to the Sacramento River and west of Interstate 5, bounded on the west by the centerline of the Sacramento River, on the north and east by the Sacramento City limits, and on the east by Interstate 5 (Caltrans right-of-way). The south property line of the City owned Bartley Cavanaugh Golf Course constitutes the southern project boundary. A legal description of the boundaries of the proposed project is included with the Resolution approving the Reorganization.

Project Description

The reorganization consists of Annexation to the City of Sacramento and Detachment from County Service Area (CSA No.1), Sacramento County Water Agency Zone 13 and County Sanitation District No.1 (CSD No.1.)

The property has been rezoned to the City equivalent zoning of the existing County Designations. The rezoning will become the effective zoning upon the filing of the Certificate of Completion by the Executive Officer.

The proposal does not split ownership or lines of assessment. Approval of the reorganization will eliminate an irregular service boundary and an isolated, unincorporated pocket, within the City of Sacramento Sphere of Influence, adopted October 21, 1981.

Project Characteristics

Assessor Parcel Number (APN)	various
Assessed Valuation: (Total)	\$ 5.5 million
Population:	79 persons [2000 Census]
Registered Voters:	59 Voters
Acres:	180+

Introduction

Inhabited Annexation

The annexation of developed areas is problematic for a number of reasons. This type of annexation may well be controversial, complicated by technical, and often emotional, issues. The array of issues include, but are not limited to, zoning code and development standards, service type and delivery issues, new political representation (Supervisor does not change), taxation concerns, and community/lifestyle issues. It is inherently expensive to introduce new capital improvements and service standards to older neighborhoods. Unlike infill development opportunities, older communities may well be built-out, with limited development potential for tax revenue growth. Some of the outcomes of annexation may be viewed by residents and landowners as being both positive and negative. Many times it may be difficult to reach consensus among long term and relatively newer residents on all outcomes. (CKH provides for a formal protest process, discussed later in this report.)

The City of Sacramento Master Services Element clearly enumerates that the City is ready, willing and able to serve the town of Freeport. Presently, the City provides services to a population of approximately 420,000 people. The addition of 79 people in the Freeport community does not represent a burden to the service capacity of the City of Sacramento. Conversely, the town of Freeport does not have the independent means to install municipal water, drainage or sanitary sewer services. The proposed reorganization represents a threshold decision for the community. By annexation, the community will become an active part of the City, with full political representation. Freeport will become a "player" in local land use and infrastructure planning decisions. The community has a choice to do so, or to choose not to. Without annexation, there appears to be no other viable service options. The County of Sacramento has exhausted all possibilities in its search to provide water, drainage and sewer services in lieu annexation. There are no independent special districts within a reasonable distance of the community of Freeport to make service provision feasible.

The City of Sacramento has the demonstrated means and capacity to serve Freeport. Freeport cannot financially install stand alone systems for water, drainage and sewer services. This situation is no different from an undeveloped area. Typically, a developer will assume the risk and install infrastructure (i.e., pipes) in the hopes of recouping the cost outlay through future sales of the benefiting properties. There are a number of ways to finance the developer's improvements. However, development can only occur provided the local jurisdiction has sewer and water treatment capacity available.

The registered voters in the affected territory effectively retain veto power over any proposed annexation. Protest by 25% of the voters prompts an election, in which a simple majority rules. Protest by 50% of the voters forces withdrawal of the proposal and it cannot be re-filed for a period of one year.

In a practical view, the Town of Freeport is an “island,” though the Freeport Reorganization does not meet the technical criteria of an island annexation. [CKH. 56375.3] The Legislature has given direction to LAFCo to eliminate unincorporated islands whenever possible. There are relatively few unincorporated islands in Sacramento County. Past efforts to annex islands in the City of Galt have failed for the reasons stated above.

[The context of islands annexation law was changed recently with CKH, which allows for annexation of inhabited, unincorporated islands without election if less than 75 acres, and meeting several other criteria.]

Annexation History and Sphere of Influence

The adjacent city territory was annexed as the 900+ acre “Freeport Acres” in 1960. The City of Sacramento Sphere of Influence, adopted in 1981, encompasses the project site. The annexation of the town was first considered by the City in 1989, in conjunction with the development of the Cavanaugh golf course south of town. During the ensuing 15 years, the City has intermittently conducted countless outreach efforts, including direct mailings, and community meetings. This proposal is a result of grassroots community efforts working closely with the City since 2001.

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, your Commission is responsible to develop and determine the sphere of influence of each local governmental agency within the county, [56425. (a).]

In determining the sphere of influence of each local agency under it’s jurisdiction, your Commission shall consider the present and planned land uses in the area, the present and probable need for public facilities and services in the area, including capacity, adequacy, and the existence of any social or economic communities of interest in the area as relevant to the agency.

Every determination made by your Commission shall be consistent with the spheres of influence of the local agencies affected by those determinations, [Sec. 56375.5.]

The ability of the City of Sacramento to serve the project is discussed below. The proposal is consistent with the adopted sphere, and your local policies.

Freeport Background

The Town of Freeport was founded in 1862 as a potential rival railroad hub to Sacramento. The town was platted, the population quickly grew to 400, and a number of commercial enterprises were established. Although the railroad venture failed, and Freeport's population declined by the late 1860's, the town remained an active shipping point on the Sacramento River.

Since that time, the town has remained relatively isolated from the urban pressures that have occurred throughout the surrounding area and has retained a rural Delta Town atmosphere. The town consists of primarily residential homes, and neighborhood scale retail businesses, including restaurants, a grocery, offices, and marinas.

During the past several years, the Town of Freeport has begun to feel development pressures in areas immediately east of the town. As these pressures continue, there is increasing risk that character of the town could be adversely impacted. To better protect and expand on the attractive and positive elements found in Freeport, the town initiated annexation talks with the City of Sacramento. After careful consideration by interested residents and landowners, it was determined that annexation offered the best opportunity for rational, efficient and cohesive development of the area, and the most feasible method to ultimately acquire quality municipal services.

Need for Services

The proposed Freeport Reorganization is situated in an area planned for urbanization, largely surrounded by the city limits.

In 1983, the Sacramento City Council approved the Delta Shores Village High-Tech Planned Unit Development (PUD) for the 802± acres, located immediately to the east of the Town of Freeport. The goals of the PUD were to attract high tech business, research, and manufacturing companies to the City of Sacramento. Due primarily to economic reasons, little technology development occurred in the area. Since 1983, there have been several rumored projects, as well as an "Early Review" proposal recently discussed with City staff, that depart significantly from the technology PUD concept and increased residential uses dramatically. Since the development of the PUD in 1983, the property owners in the Town of Freeport have been concerned about the affect of new adjacent development on the character of their town, specifically the West Delta Shores land located between I-5 and the town.

During this time, the septic systems and wells in the Town of Freeport may, in some be cases, reaching the end of economically sound service life. Future development, or even improvements to property, are limited by the capacity of the existing septic systems, as

well as increases in regulatory requirements for system (septic/ well) separation- from 50 feet to now 100 feet. Due to its location (adjacent to the City and within the City’s Sphere of Influence), the most cost-effective way for the property owners in the town to connect to sewer and water services is to annex to the City of Sacramento. There are no other service providers in the area, and the County does not have any facilities available to serve the affected territory. Inclusion of the townsite and citizenry will also to provide for integrated constituent land use planning regarding the Delta Shores area immediately to the east.

Analysis

Land Use, Zoning and Prezoning Discussion

State law and your policies require territory to be prezoned prior to application for annexation.

The prezoning to City of Sacramento Zoning Districts was done by matching the most appropriate City Zoning designation to the existing County Designation for each parcel in the Town of Freeport.

County Zoning

City of Sacramento Prezoning

*RD - 5 /AR - 2 = Residential/Agricultural	*RE 1/3.5 = Rural Estate 1 du/3.5acres
RD - 5 = Residential	R - 1 = Single Family Residential
RD - 20 = Residential	R-2B = Multi-Family Residential
*LC /RD-5 = Limited Commercial/ Residential	*RMX = Residential Mixed Use
BP = Business Professional Office	OB = Office Zone
LC = Limited Commercial	C - 1 = Limited Commercial (compatible with residential)
CO = Commercial Recreation	C - 1 = Limited Commercial (compatible with residential)
GC = General Commercial	C-2 = General Commercial
DW - R = Delta Waterways Restricted	F = Flood Zone
RR = Recreation Reserve	A - OS = Agriculture-Open Space

** The City of Sacramento does not split zoning on individual parcels. Therefore, in the two cases where split zoning currently exists in the County, the most appropriate City zoning designation was applied to reflect the exiting split uses.*

All existing land uses will be honored by the City even if they do not conform to the City codes. These uses will be considered legal nonconforming uses and are subject to the City Zoning Code, Chapter17.88. Provided that the use continues without a lapse greater than one year, it may also be conveyed to a new owner.

Community Plan Amendment

The City has also adopted an amendment to the Airport-Meadowview Community Plan, originally adopted by the City Council in April 1984. The Freeport Community Plan amendments were written as a stand-alone section of the 1984 plan. The purpose of the Freeport Section of the Airport-Meadowview Community Plan is to provide guidance for future development and redevelopment in the townsite. A primary recommendation of the

plan is to create a utilities master plan for the entire area west of I-5 that will outline the requirements needed to provide sewer and water service to existing development and new development in the area. A financing plan is also recommended as the best way to distribute the infrastructure costs fairly among property owners. The timing of the development of that area, and ultimately the development of the utilities master plan and installation of the sewer and water infrastructure, will depend on the phased buildout of the adjacent Delta Shores area.

Freeport Special Planning District

The City has adopted the Freeport Special Planning District (SPD). The intent of the SPD is to establish development standards to implement goals and policies for the Town of Freeport in the Airport-Meadowview Community Plan. These regulations further the following goals:

- a) Retain the “Delta river town” identity and unique historical characteristics of Freeport;
- b) Improve the level of municipal services to the area;
- c) Guide future development and redevelopment in the SPD to ensure that it will integrate and reinforce the existing character;
- d) Promote the preservation of historic structures and features.

The SPD boundaries are concurrent with the annexation boundaries.

City General Plan Discussion

Your local policies provide that approval of a reorganization can occur only if the proposal is consistent with the General Plan and applicable Specific Plans of the annexing city.

The reorganization is consistent with the City’s General Plan policy (Section One, Policy 7) which states:

The City should initiate annexations which *constitute fiscally sound additions to the existing City*; are consistent with State law and Sacramento LAFCo standards and criteria; preserve neighborhood identities; and ensure the provision of adequate municipal services.

The City’s policy supports the annexation of underdeveloped lands lacking services, or having inadequate infrastructure facilities and services; which

The annexation or detachment must be consistent with the Spheres of Influence boundary. The land subject to annexation shall lie within the existing Sphere of Influence boundary of the annexing city or district. The reorganization, with LAFCo staff adjusted boundary, and rezoning are consistent with the City General Plan and your policies.

Property Tax Exchange Agreement

This City initiated reorganization does not represent an attempt by the City to annex only revenue-producing property. The affected territory is currently largely developed with a mix of land uses, although perhaps not developed to its highest and best use, due to limited availability of services. Past studies have indicated that land value appreciates considerably as a result of annexation. Property tax rates are not affected, per Proposition 13.

This reorganization does not affect the service area or service responsibility of any independent special districts.

A city annexation of unincorporated territory is subject to the criteria of Section 99 of the Revenue and Taxation Code regarding the distribution of property tax after the annexation is complete.

LAFCo is not a party to the property tax negotiations. However, the affected city and county must present resolutions adopted by each entity agreeing to accept the exchange of property tax revenues in order for the project to be set for public hearing. [Sec. 99(b)(1)(B)(6)]

Both the County Board of Supervisors and the City Council approved the Property Tax Sharing Agreement between the City and the County of Sacramento on April 20, 2004. There was no testimony opposing the agreement. The County committed not to oppose the proposed annexation.

This agreement calls for a transfer of property taxes from the County General, Library, Road and Water Agency Funds to the County's General Fund and the City of Sacramento. This agreement follows an approach consistent with the City/County Memorandum of Understanding for the Natomas area whereby property tax is pooled and divided equally between the County and City.

The current assessed valuation of the affected territory is approximately \$5.5 million, generating approximately \$44,000 per year in property taxes. Under terms of the agreement, the net revenue loss for the county funds will be just over \$8,000 annually, with approximately \$6300 from the General Fund. (It should be noted that the golf course was previously in public ownership under the Sacramento Regional County Sanitation District, since conveyed to the city, thus it remains exempt from the property tax rolls.)

Freeport Annexation Property Tax Changes		
	Current Share	Share After Annexation
Agency / Fund		
County General Fund	26.24%	14.75%
Sacramento Water Agency	0.72%	0
County Library	2.405%	0
County Road Fund	0.12%	0
City of Sacramento	0	14.75%

The City of Sacramento, in consideration of the limited of fiscal resources of the affected Elk Grove Cosumnes Cemetery District, has not requested detachment from the district. This is not a service provided by the City; thus no service overlap will occur. The residents of Freeport will continue to benefit from the service provided by the district.

The Agreement was reached through the process proscribed by State law, consistent with your adopted policies regarding revenue neutrality (Section IV, 4.D.1.d.)

Boundary Discussion

Your staff reviewed the originally proposed project boundary. After carefully examining the boundary, staff has discovered that three parcels would be split by the proposed configuration of the boundary along the west side, as well as creating an irregular boundary, and an unincorporated peninsula. City staff was unaware of these LAFCo criteria. Your staff proposed boundary adjustment encompasses only publicly owned, uninhabited territory. This change would add the southern portion of three parcels to the annexation area. This boundary adjustment has been discussed with City staff, and has been taken under advisement.

The project boundary has been modified to comply with LAFCo criteria to avoid splitting parcels. The LAFCo staff proposed western boundary is from the existing City limit, along the centerline of the Sacramento River to the southern point of the Freeport Marina parcel (APN119-0040-017), *north of the Freeport Bridge*. The boundary then jogs east to the toe of the levee, and proceeds south to a point perpendicular to the south boundary of the city owned Bartley Cavanaugh Golf Course, proceeding to the western extent of Caltrans ROW along I-5, and north to the current city limit.

This configuration is consistent with your policies. Annexation to cities shall reflect logical allocations of existing roads and rights-of-way. Freeport Boulevard is a state highway. A portion of the approach to the bridge, and related easements, – from Rte. 160 to the bridge deck would remain in the County road system, per a condition of project approval. The bridge will continue to be maintained and operated by an established JPA.

There are no other public roads in the affected territory. The annexation boundary has been adjusted to maximize the amount of developed urban land inside a city's Sphere of Influence which is annexed to the city.

This boundary does not split neighborhoods or divide an existing identifiable community, commercial district, or other area having a shared social or economic identity. The boundary establishes the Sacramento River as the western boundary, a natural geographic feature readily identifiable to the traveling public, and service providers.

The LAFCo staff proposed boundary does not result in the creation of an island, corridor or peninsula of unincorporated territory, or otherwise cause or further the distortion of existing boundaries.

The Town of Freeport is not solely a revenue producing territory, as the predominant land use is low density residential. The west boundary uses the centerline of the river to encompass the existing docks and marinas, to facilitate riverfront planning, and infrastructure engineering, for future development and service improvements. *The proposed reorganization does not include the Freeport Bridge*, which is discussed further below.

Your policies support this boundary in that it is rendered necessary due to unique circumstances discussed below. The boundary will ultimately result in improved quality of service available to the affected territory.

The revised boundary provides for more cohesive planning by including all of Freeport Blvd./Route 160, as supported by Caltrans. Caltrans has previously relinquished portions of Route 160 currently in the city, and may be supportive of the future relinquishment of this affected portion. Under that scenario, the City would oversee right-of-way maintenance, infrastructure installation (underground pipes) and access issues through the town, as well as the golf course frontage.

The Freeport Bridge

In 1917, 1919 and again in 1920, the people of Freeport petitioned the Sacramento County Board of Supervisors for the construction of the Freeport Bridge, which was completed in 1929. In 1963, a Joint Powers Agreement was entered into between Yolo and Sacramento Counties which placed the bridge under the Joint Jurisdiction of the two Counties. The County of Sacramento currently operates and maintains the Freeport Bridge. Ownership and the capital and operating costs are shared equally between Sacramento and Yolo Counties (50/50%). (The JPA was revisited in 1992, to delete the no longer operating Elk Horn Ferry, and continue the arrangement for the Sutter Slough Bridge and the Freeport Bridge.)

The Freeport Bridge is included in the County highway and road system and is funded through gas taxes and other dedicated funding sources. The portion of the road from the centerline of the bridge to the intersection with Rte. 160 is approximately 475' long.

Currently the bridge is operated by the Sacramento County Department of Transportation. The annual cost to maintain and operate the Freeport Bridge is approximately \$380,000. It is tended year round. Although considered during negotiations, the approved Property Tax Exchange agreement contains no provision for having the City assume any share of the operations cost of the bridge.

The LAFCo staff proposed boundary would include the parcels, and related easements, over which the bridge approach passes, to the bridge deck, a distance of approximately 110+/-'. This roadway will be conditioned to remain under the auspices of the existing JPA.

Your local policies provide for evaluating the capability of an annexing agency or of alternative agencies, to provide a required service. LAFCo shall utilize the service elements of the proposed annexing entity, current service providers, and potential alternative service providers. In addition, LAFCo shall take into account each agency's possession of an ability to acquire resources necessary to provide the needed service; for example, an agency may be judged unable to acquire water rights necessary to provide the water services needed by a territory proposed for annexation. Also to be considered, is each agency's historic service provision, effectiveness and efficiency; in this case with the maintenance and operation of a movable bridge; and the appropriateness of the agency's organizational structure to meeting the service need. [Sacramento LAFCo Policies, Standards, and Procedures – Adopted Sept. 1990, Amended May 1993) Sec. (5)(c) (2)(3)(4) & (5)(d)]

LAFCo shall determine the most efficient overall service provider or combination of providers [*ibid*, Sec. IV (5)(d)]

Imposition of the cost of the maintenance and operation of the bridge may render the proposed reorganization fiscally unsound for the City, rendering the proposal inconsistent with the City General Plan.

The City does not own or operate any moveable bridges. (The Tower Bridge and the “T” Street Bridge are owned and operated by Caltrans and Union Pacific Railroad, respectively.) The City as a service provider is not equipped to assume the service responsibility for the operation and maintenance of the bridge. The City of Sacramento defers to the expertise and efficiencies exercised by the existing JPA, utilizing the resources of the County Municipal Services Agency through the Sacramento County Department of Transportation (DOT). The DOT has the established goal to "maintain bridges to 'as constructed' standards, and maintain the adjacent waterways to keep them clear of obstructions." To do this, County DOT has divided Bridge Repair into three categories: Maintenance, Rehabilitation, and Replacement.

Maintenance

Maintenance activities are initiated through a planned program, routine inspections, or in response to constituent service requests. Typical maintenance activities include:

- Scheduled inspections of all moveable and stationary bridges and culverts.

- Repair and Replacement of bridge railing, decks, approaches and substructures
- Removal of Drift and Debris
- Erosion protection
- Moveable Bridge Operation and Maintenance

Rehabilitation

Rehabilitation activities include stringer replacement, deck replacement, bridge painting, etc. Several annual contracts are described below:

- Bridge Repair Project
The County typically has one bridge repair project annually. These types of projects are typically under \$100,000.
- Bridge Painting Project

The County typically has one bridge painting project annually.

Reconstruction

Reconstruction is the complete reconstruction of the bridge structural section or replacement with a large capacity culvert. Examples include:

- Bridge Replacement Project
The bridge replacement project involves removing the existing bridge and replacing it with a new concrete bridge or culvert, re-grading the existing channel, providing slope protection, replacing the existing road surface to match the existing surface, etc.

While fixed bridges crossing canals, sloughs, creeks and rivers are fairly commonplace locally; movable bridges are rare. The County maintains six movable bridges (four with tenders), which accounted for 3711 openings last year.

At this time, the County of Sacramento has not been able to ascertain who uses the bridge. Staff does not know whether the primary users are unincorporated residents, City of Sacramento residents, City of Elk Grove residents, or Yolo County residents. The Freeport Bridge appears to be a regional asset, largely serving the Delta communities. Anecdotally, traffic volumes also appear to be increasing from the historical user population of primarily local and recreational traffic, to include commute hour volumes, as peak hour travel seeks alternate routes to avoid freeway congestion.

County Department of Transportation (DOT) Comments

The County of Sacramento Municipal Services Agency (MSA) DOT raised an objection to the proposed boundary, during their agency review of the project application, after the adoption of the Property Tax Exchange Agreement. The DOT requested that consideration be given to having the boundary be realigned such that the Freeport Bridge

goes into the City of Sacramento with the community of Freeport. The DOT proposed continuing the boundary of the proposed reorganization south along the centerline of the Sacramento River until it intersects the westerly extension of the southerly line of Cavanaugh Golf Course. A realignment of the boundary would transfer the Freeport Bridge, and the County's financial responsibility for one-half of the cost of the maintenance and operation of the Freeport Bridge, to the City of Sacramento.

Subsequent to this comment, the County Executive's Office, and the MSA Administrator have jointly provided a letter to LAFCo stating that the County does not oppose the LAFCo staff proposed boundary, *which excludes the Freeport Bridge*. This clarification of the County's position is based upon the Property Tax Exchange Agreement, approved by the City Council and Board of Supervisors.

Future development activity in the area, such as Delta Shores, or the Cosumnes Boulevard extension, may prompt a revisiting of this issue, as land uses change and new traffic impact analysis becomes available.

Cal Trans Right-of-Way

Caltrans indicates that it will entertain discussion of relinquishment of that portion of Highway 160 that is annexed into the City limits. As a result, the City of Sacramento will be entitled to any local revenue sources and will also be required to maintain that portion of the highway annexed into the City.

The transfer of State Highway 160 from the State to the City is not proposed as part of this project. Caltrans has mentioned that this may be beneficial to both the State and the City in the future. The City may examine this issue more closely after successful annexation of the area.

Service Providers

Water Supply:	private wells City of Sacramento (recommended)
Drainage:	presently unserved County Zone 13 (Studies and planning related to regional water supply, drainage and flood control) (detachment recommended) City of Sacramento (recommended)
Municipal sewer:	unserved (private septic systems) County Sanitation District No.1 (detachment recommended) Sacramento Regional County Sanitation District (unchanged) City of Sacramento (recommended)

Fire Protection: City is first responder
(In 2003, SFD responded to 43 total calls, 15 EMS)
City of Sacramento (recommended)

Parks: unserved
City of Sacramento (recommended)

Schools: River Delta Unified School District (unchanged)
Delta Community College District (unchanged)

General Government/
Planning: County of Sacramento
City of Sacramento (recommended)

Police: County Sheriff
City of Sacramento (recommended)

Animal Control: County Department Animal Care & Regulation
City of Sacramento (recommended)

City of Sacramento Municipal Service Provision and Costs

The City of Sacramento has prepared and submitted a Master Services Element for lands within the approved Sphere of Influence. The City of Sacramento is a full service city, in that it provides the full array of municipal services.

Police

The Police Department provides a ratio of 1.7 sworn officers per 1,000 in population. This ratio is comparable to similar size cities including Fresno, Long Beach, and Portland, Oregon. The Department employs the practice of Community Oriented Policing and Problem Solving. This style of policing requires that residents, businesses and government be equal partners in preventing crime and in addressing social problems. In the late 1990's the City experienced a 20% reduction in crimes of all types. The rate of crime remains at reduced levels.

Fire

The Sacramento Fire Department has provided fire and EMS service to the Freeport Annexation area for at least 40 plus years, without reimbursement from the County. A large portion of the Pacific Fire District that covered the town of Freeport was annexed and the City agreed at that point to provide fire and EMS services to the residents of Freeport. Response times for both fires and medical emergencies average 4 minutes citywide. This response time and comprehensive services in fire prevention earn the City a Fire Insurance Rating (ISO) of 2 on a scale of 1 to 10 with 1 being the best. A favorable ISO rating typically translates into greater insurance cost savings for non-residential uses. The City's Rating equals or exceeds the rating of all surrounding jurisdictions.

Solid Waste

The City will provide weekly garbage and green waste pickup, every other week recycling pick up, monthly street sweeping, and annual neighborhood cleanup upon annexation.

Residential services and frequency are:

Garbage Pickup	Once a week
Commingled Recycling	Every other week
Green Waste	Once a week
Street Sweeping	Once a month
Neighborhood Cleanup	Once a year

Parks and Recreation

The department provides comprehensive services in parks, schools and community centers. In parks, services include mowing on an 8-day rotation, daily janitorial services and daily policing for safety issues. Park development standards include neighborhood parks of 5 to 10 acres within ½ mile of any residence and community parks of 6 to 60 acres with 3 miles of any residence. Recreation services include youth employment, summer and after school sports, free after school literacy and enrichment programs, licensed childcare, adult day care, adult sports, recreational swim and aquatics programs, day camps, Camp Sacramento, Senior programs and Center, and a wide variety of sport, self- help and educational classes. The Bill Conlin Youth Sports Complex (formerly Freeport Shores Youth Sports Complex), is located just to the north of Freeport.

Code Enforcement

City Code Enforcement includes neighborhood code enforcement, abandoned vehicle abatement, graffiti abatement, and substandard housing and dangerous buildings. The vehicle abatement program's efficiency makes Sacramento a leading agency in recovering costs with the Sacramento Abandoned Vehicle Service Authority. Code Enforcement officers are equipped with mobile computers allowing them more time in the field. Emergency Code Enforcement response is available within an hour on a 24-hour basis. Normal response times are typically within two weeks of the complaint. The community is actively involved the identification and prioritization of code enforcement cases through Neighborhood Response Teams throughout the City.

Animal Control

The City of Sacramento provides efficient, effective, and comprehensive animal care services. The City provides sheltering services, humane education and field enforcement such as bite quarantines, impounding of strays and handling of

dangerous dogs. Also provided are vaccinations, disease testing, foster care, microchipping, photographing for websites, animal rescues and outplacements, community adoption and spay/neutering events, and an expansive volunteer program.

Property Tax

1% of Assessed Value. Of this tax, 28% goes to the City to support general government services. More than half of this revenue (55%) supports the Police and Fire Departments. The Tax Rate does not change with annexation, however the property tax will be reallocated between the City and County per the adopted Property Tax Exchange agreement, reflecting the change in service providers.

Sales Tax

7.75% of eligible sales, of this tax, 1% of sales goes to the City to support general government services. Like the Property Tax, 55% of this revenue supports the Police and Fire Departments. The sales tax rate is the same between the City and the County.

Utility Users Tax

The County has a Utility Users Tax (UUT) of 2.5%, versus the 7.5% City UUT, a difference of 5%. The City Utility Users Tax Rate is applied on gas, electric, cable, phone (land and cellular) use. It does not apply to water, drainage or sewer service.

As an example, utility charges totaling \$100 per month would result in \$5 more in UUT taxes. The majority of this voter approved tax is used to support the Police and Fire Departments. A portion is also dedicated for Youth and School Partnership programs.

Special Assessments

Citywide Landscape and Lighting (L&L): \$40.33 per year for a single family home with street lights. This voter approved assessment must be used for street light electricity costs and for the maintenance or improvement of parks, trees and street medians.

The community would have to affirm by vote, their participation in the L&L, after annexation to the City.

Additional Library Services: \$25.84 per year for a single family home. This voter approved assessment must be used to extend library hours, enhance book collections, and enhance access to technology in City branch libraries.

This would be on the assessor's roll the tax year after the annexation became effective: i.e., effective this fiscal year, it would take effect for 2006

Utility Service Charges

The City has indicated that it will remain the choice of individual landowners whether and when to connect to municipal services, when available. These charges apply only where the service is available. City Utilities are charged on one monthly bill. For the average residence, the monthly cost is:

Water	\$18.92
Storm Drainage	\$11.31
Garbage and Commingled Recycling	\$16.80
Green Waste Pickup	<u>\$8.15</u>
Total	\$55.18

Garbage and Commingled Recycling include 90 gallon containers. Costs can be reduced with available 60 and 32 gallon containers.

Staff concludes that the City of Sacramento has the adequate means to provide services in a cost effective manner.

Plan for Services

When a local agency submits a resolution of application for reorganization, it shall include a plan for services which describes the level and range of those services and an indication of when those services can feasibly be extended to the affected territory. (CKH Sec.56653)

Police and fire, drainage, sewer, and water service, are the key components of the request for annexation by residents and property owners. The extension of the utility services will be provided in conjunction with future development to the east of the town (in the past known as Delta Shores West). In order to facilitate the extension of services to the entire area west of I-5, the annexation proposal includes Community Plan language, which calls for the development of a utilities master plan for the entire area and the creation of a financing district to spread the cost of the infrastructure. The community plan has been adopted by the City Council. It should be noted that the timing of the development of that area, and ultimately the development of the Utilities master plan and installation of the sewer and water infrastructure, will likely depend on the phased buildout of the adjacent Delta Shores area. The western portion of this PUD is expected to be developed before the area east of I-5, however there are no current applications on file for either area. Staff anticipates final plans for Delta shores to be completed concurrent with the community plan update (completion anticipated Spring 2006).

If not annexed, Freeport will not be integrated into the overall land use, infrastructure and finance planning for the adjacent city lands. The unincorporated community will instead experience opportunity lost, with no foreseeable service alternative. It should also be

noted that the provision of sewer and water service is cost prohibitive to be born solely by the Freeport community.

Water, Drainage and Sewer Analysis

The proposed annexation area consists of a short section of strip commercial development along Freeport Boulevard south of City Storm Sump 34, a mobile home park, scattered residences, and the City owned Cavanaugh Golf Course. A section of agricultural land exists between the strip commercial and I-5 freeway, which is within the city limits. This land is part of a proposed development project known as Delta Shores.

Water System

Currently, the residents of the proposed Freeport Reorganization area obtain groundwater for domestic use from privately owned wells. These residents have expressed interest in linking up to the City's water system as part of the proposed annexation. The water infrastructure to provide the fully built-out Freeport Reorganization area with the level of service currently enjoyed by the rest of the City would require the construction of a 12-inch diameter distribution main down Freeport Boulevard coupled with a 24-inch diameter transmission main paralleling the west side of I-5. Placement of these elements would occur in phases as required by build-out. Phases with preliminary cost estimates are as follows:

Phase 1

Extend the existing 12-inch diameter distribution main approximately 6,500 feet on Freeport Boulevard to the southern end of the territory to be annexed. The main would be equipped with fire hydrants, however, the 12-inch distribution main alone would not be adequate to supply both maximum day demands and fire flow. Estimated Phase 1 cost: \$1.0 million.

Phase 2

As development in the area occurs, place 7,100 feet of 24-inch diameter transmission main parallel to the west side of I-5. Connect the transmission main to the City's existing 36-inch diameter transmission main on the north end and to the 12-inch diameter distribution main placed in Phase 1 with three cross-tie loops. Estimated Phase 2 cost: \$2.0 million.

Total estimated water infrastructure cost: \$4.0 million. Cost estimates do not include City of Sacramento development fees and service connection fees.

Drainage System

No flooding is evident in the area and no change is required to existing drainage facilities to maintain status quo. As future development occurs, there are several alternative

systems that would be capable of providing drainage to the Freeport Reorganization area. Estimated Drainage costs: \$3.2 million to \$3.6 million.

Sewer System

Freeport residents and businesses are currently served by on-site septic systems. These systems are essentially reaching a point of obsolescence, in light of the changing regulatory setting. Construction of the public sewer required upon development of the Delta Shores project will require a bore and jack under Interstate 5 and offer an opportunity to extend sewer services to the Freeport area. Estimated Sewer costs: \$0.975 million.

Property Owner Costs

Assessment District

The City is not proposing an assessment district for infrastructure to serve Freeport. The infrastructure would be extended with the adjacent development.

Due to the small scale of Freeport, it is not feasible for the town to independently finance infrastructure improvements. There are no special district or County service alternatives available.

Any service improvements would need to be factored into the overall infrastructure planning and financing for the adjacent vacant lands already in the city. Frankly, the residents of Freeport can choose to oppose the annexation, and forgo any opportunity for service improvements. The infrastructure and financing planning for the city lands may proceed without consideration of the service needs of the unincorporated town.

A similar situation occurred with the Willowcreek Reorganization (LAFD 09-99), approved in 1999. After City of Sacramento outreach, unincorporated residents along the Garden Highway opted at their discretion, to not participate in the Willow Creek Assessment Districts that were being developed by the City, immediately adjacent to their property. The result was that the assessment districts were formed, and the infrastructure planning did not include capacity for those properties. Those properties now suffer the cost of service opportunity not realized, with no viable service options available. That example is especially pertinent in the shared characteristics of smaller residential lots near the Sacramento River, dependent upon individual well, and septic systems in a high water table setting.

The City has indicated that it will remain at the choice of each landowner whether and when to participate in any future assessment districts, and to hook up to municipal services, when available. Future costs for municipal services should be considered in the present context of septic system and well maintenance, and potential failure and replacement expenses.

Projected Estimated Connection Costs

The “backbone” infrastructure must be constructed before property owners will have the option to connect to public sewer and water service. The property owner would be responsible to pay necessary connection fees. The owner would also be responsible for the extension and connection of the service line to the house or business.

For water and sewer, 1 hookup per parcel. For the trailer park, marinas, and other non-single-family uses, it is up to the property owner as to how to provide individual services, and to collect cost.

Presently, development fees for a 1" residential tap costs about \$2,000 and connection (with meter) costs about \$900. Options for existing property owners annexed into the City are to pay the \$2,000 as a lump sum, or to add an amount to the monthly Utilities bill. The added amount could be related to the difference between current costs for a residence in the Town of Freeport versus average monthly cost for City residents of about \$17.00. The cost of connecting service to the house would be dependent upon the approach taken by each homeowner, consistent with City Code. All services must be metered but only non-residential users will be billed on a metered basis. (See attached Table 1)

The Department of Utilities could begin design of the necessary water facilities in conjunction with the Delta Shores Development.

Reservation of Sewer Credits

An additional component of the annexation proposal is a resolution reserving, for future assignment, Economic Development Treatment Capacity Bank sewer connection fee credits by the Sacramento Regional County Sanitation District (SRCSD) for the Freeport Annexation area. This resolution reserves up to 150 Equivalent Single Family Dwelling units (ESD's) from its allocation of SRCSD credits for currently developed parcels in the annexation area to utilize when sewer infrastructure is installed. These credits will significantly reduce the cost of converting from septic to sewer for existing property owners and will be available for ten years from the effective date of the annexation, or five years from the completion of a sewer main, whichever occurs first (Attachment I).

A total of 150 sewer credits have been reserved for existing uses in the town of Freeport. This is a generous estimate based on the conversion rate for Equivalent Single Family Discharge units for commercial properties.

Public Comment

The affected territory is inhabited, with 59 registered voters onsite. Notice has been provided to all affected agencies and landowners in the project area.

Staff has been contacted by Tracy Oto, an affected landowner, who objects to the reorganization. He is concerned that his auto repair business will be adversely impacted by City Code Enforcement standards. As best as your staff can ascertain, the Zoning Code standards for the business operation are largely similar between the County and the City. The rezoning standards adopted for the Freeport SPD maintains:

“All existing land uses will be honored by the City even if they do not conform to the City codes. These uses will be considered legal nonconforming uses and are subject to the City Zoning code, Chapter 17.88. Provided that the use continues without a lapse greater than one year, it may also be conveyed to a new owner.”

Also, Mr. Oto submitted a letter Thursday, July 29, 2004, requesting that the City withdraw the application, and resume infrastructure planning and financing discussions with the community before proceeding. The letter was accompanied by 34 signature of support. Staff has not yet verified the signatures. (Attached.) Mr. Oto believes that there is not sufficient financial information to make an informed decision. City staff has previously met with Mr. Oto and his representatives to discuss his concerns.

Conducting Authority Proceedings

After your commission has adopted a resolution making determinations on the reorganization, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the resolution within 30 days of adoption. [56895 (a)(b)]

In 2001, 65% of the registered voters in the Town of Freeport filed a petition with the City of Sacramento requesting assistance in the preparation of an application for the annexation of the town to the City. However, LAFCo criteria requires that all signatures be dated within six months of the date of application to be deemed valid. ***Registered voter written or oral protest or support must be submitted during the Conducting Authority proceedings.***

Your Commission, as Conducting Authority shall take one following actions:

- (1) Terminate proceedings if a majority protest
- (2) Order the change of organization or reorganization subject to confirmation by 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 the registered voters residing in the affected territory.
 - (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.
- (3) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25 percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory. [CKH Sec. 57075]

Staff further recommends that the Conducting Authority Protest Hearing be set after the close of the reconsideration period. At the hearing, your Commission shall determine the value of any oral or written protests, filed and not withdrawn. [CKH Sec 56666(a) & 57052]

Environmental Considerations

Last year, your Commission directed staff to work with affected local agencies to further coordination and minimize redundancy in the CEQA review process. This proposal incorporates the Mitigated Negative Declaration and Mitigated Monitoring Plan, prepared by the City of Sacramento as lead agency, with responsible agency consultation by LAFCo. Use of the lead agency documentation results in time and cost savings for the project applicant.

The Sacramento Local Agency Formation Commission finds that, with respect to the Town of Freeport Annexation project, the Commission is a responsible agency for compliance with the California Environmental Quality Act pursuant to §15381 of the Guidelines for Implementation of CEQA; and that the City of Sacramento, as lead agency, certified a mitigated Negative Declaration for the Town of Freeport Annexation project on April 20, 2004. The Sacramento Local Agency Formation Commission further finds that the Commission has consulted with the lead agency in the preparation of the Negative Declaration as required by §15096 of the Guidelines for the Implementation of CEQA. The Commission finds that even though certain changes have been proposed in the project from that assessed in the certified Negative Declaration, that such changes would not give rise to any of the conditions set forth in §15162 of the CEQA Guidelines that would require preparation of a supplemental environmental document. The reasoning for this conclusion is set forth in an Addendum to the Negative Declaration dated July 29, 2004. The Commission further finds that the Commission has considered the certified Negative Declaration, together with the Addendum, in its evaluation of the Town of Freeport Annexation project, and that no mitigation measures identified in the Negative Declaration or Addendum are within the jurisdiction or authority of the Commission to implement. Based on the foregoing, the Commission hereby directs that a Notice of Determination be filed based on the Commission's action on the Town of Freeport Annexation project.

Affected Agencies:

The project was circulated for the review and comment of affected agencies.

LAFCo received comments from affected Sacramento County Departments and County Sanitation District No.1 (CSD-No.1). The Municipal Services Agency comments are discussed above in the Freeport Bridge section. CSD No.1 does not object to the detachment of territory. There are no facilities, and no engineering studies have been prepared for the affected territory, which is largely the golf course.

Affected City of Sacramento Departments, and CSA- No.1 had no issues of note.

Other Agencies

The proposal was also reviewed by Caltrans, the State Lands Commission, the Delta Protection Commission and the River Delta Unified School District.

Caltrans supports the LAFCo staff proposed boundary.

Annexation of tidelands or submerged lands, which are owned by the state or by its grantees in trust into a city must be reviewed by the State Lands Commission. If the State Lands Commission does not make a determination within 45 days of notification, the proposed offshore or submerged lands boundaries shall be deemed approved. [CKH 56740] Staff has received a comment of no objection to the annexation.

The Delta Protection Commission reiterated their ongoing concern regarding the western terminus of the proposed Cosumnes Blvd. connector north of the project, within the existing city limits. City staff has responded that the Cosumnes Blvd. extension project is in the environmental review stage. The final configuration for the western terminus has not been yet been determined. It is the position of the City that the Freeport Annexation does not facilitate that project. The planning goals for the Freeport area, both in the Community Plan Language and the Special Planning District regulations, are aimed at protecting the existing character and lifestyle of the area. The reorganization will result in adopted policies, goals, and regulations that should assist in dealing with impacts that may result from the Cosumnes Blvd. project.

Executive Officers Comments

Summary

The annexation of Freeport has a lengthy history, dating back to the approval of the City SOI in 1981. The City of Sacramento has held many meetings and has attempted to work out many issues with the property owners and residents of Freeport. The City of Sacramento cannot guarantee either when, or even if, water, sewer and drainage service will be available to Freeport residents and businesses, or at what cost it may be available.

However, it is apparent that the option of water, sewer and drainage service does not exist for Freeport residents if the townsite remains in the unincorporated territory of Sacramento County. It is likely that residents will remain on wells and septic systems that may become very difficult [and/or costly,] if not impossible, to maintain, repair, or replace. Timing to get improved services, while potentially costly, may be within the next 5 years, dependent upon development of Delta Shores.

Annexation of the community of Freeport into the City of Sacramento should give the property owners and residents, as City of Sacramento constituents, the greatest opportunity to have a voice in the planning process of Delta Shores, and it's relationship with Freeport, before final decisions are made by the City Council.

Public Health and Safety Issues

In addition, by default, the City of Sacramento has been and would probably continue to provide both fire and police protection to the residents of Freeport without reimbursement from the County. This area is essentially unserved. Therefore, from a public safety perspective, the proposed annexation is appropriate. The City of Sacramento should be compensated for the service it is already providing.

The property owners, as mentioned, may someday, if they choose, benefit from improved municipal services, but the primary benefit from this annexation is to ensure the provision of public safety (police and fire protection), equitable to all parties. As mentioned, annexation of developed areas without infrastructure is complicated and problematic.

CONCLUSION

I recommend your Commission approve the annexation, and related detachments as requested. The proposal boundaries are logical and appropriate, and the City of Sacramento, as a full service city, can better provide the full array of municipal services. The project is consistent with the City of Sacramento Sphere of Influence, it is consistent with the City Master Services Element and the urban growth strategies and annexation policies of the General Plan. The proposed reorganization meets the Standards, Policies and Guidelines of your Commission.

RECOMMENDATION

I recommend your Commission approve the attached Resolution:

1. Consider the Mitigated Negative Declaration, together with the Addendum and Mitigation Monitoring Plan previously certified by City of Sacramento, as the CEQA lead agency, and direct the Executive Officer to file the Notice of Determination with the County Clerk.
2. Adopt the Resolution approving the Freeport Reorganization - Annexation to the City of Sacramento, and Detachment from County Service Area No.1, County Water Agency Zone 13 and County Sanitation District No.1.
3. Direct the Executive Officer to set the Conducting Authority protest hearing after the close of the required 30-day reconsideration period.
4. Set the effective date of annexation to be upon filing of the Certificate of Completion by the Executive Officer.

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

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

PB:DL:Maf
Attachments: Exhibits 1-13

(Freeport Staff Report)