

Attachment A
County Service Area No. 10 Benefit Zone No. 3
Concept and Summary of Engineer's Report

The following analysis explains the concept of annexation of the North Vineyard Station Specific Plan area to County Service Area No. 10 to become its Benefit Zone No. 3 and summarizes the information contained in the Engineer's Report County Service Area No. 10 Benefit Zone No. 3 County of Sacramento (hereafter the "Report") dated August 24, 2005.

BACKGROUND:

Prior Conditions of Approval

The AQ-15 Air Quality Plan for the North Vineyard Station Specific Plan approved in 1998 requires the Plan area to participate in a Transportation Management Association (TMA) to create, administer, and finance on-going programs to reduce vehicle trips and the North Vineyard Station Financing Plan to include the means to fund the TMA. County Service Area No. 10 was established in 2003 as the best means available to the County to fund trip reduction services in new growth areas. No TMA exists in the North Vineyard Station area. The North Vineyard Station Financing Plan was adopted by your Board on November 10, 2004. Zoning ordinance conditions approved the same day for the initial Vineyard Creek (SZC-2004-0022) and Vineyard Point (SZC-2004-0023) projects in North Vineyard Station dictate their annexation to CSA10 or establishing some equivalent financing mechanism. The conditions read:

“Prior to the issuance of any building permit, the property owner shall participate in a County Service Area (CSA), or an equivalent financing mechanism to the satisfaction of the Board of Supervisors, for the purpose of funding a variety of transportation demand management (TDM) services to implement an overall TDM strategy that will contribute to the goal of reducing vehicle trips. The purpose of this CSA, or equivalent financing mechanism, is to fund programs and services to implement trip reduction measures that improve mobility and coincidentally reduce air quality impacts. Such programs and services may include but are not limited to:

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

Any component of the trip reduction strategy implemented through the CSA or equivalent financing mechanism may be revised or discontinued if it is proven to be ineffective. Additional programs and services may be implemented as appropriate to assist in achieving the targeted reduction in daily vehicle trips. In the event the property owners fail to approve either the formation of the CSA or the property assessment for the CSA, no building permits shall be issued. In no event shall any owner of land within the

project enter into any home sale agreement prior to formation of such CSA. For purposes of this condition, the term “formation” shall mean the completion of formation proceedings as required by Proposition 218.”

DISCUSSION:

Proposed CSA No. 10 Annexation

The Report provides for compliance with the adopted and proposed zoning conditions of approval for the initial and subsequent development projects in the North Vineyard Station Specific Plan by the annexation to CSA No. 10 to fund the required extended transportation services for trip reduction.

Proposed CSA No. 10 Benefit Zone No. 3

The Board activates CSA No. 10 transportation services delivery by establishing Benefit Zone No. 3 encompassing approved development sites within the 1,595-acre North Vineyard Station Specific Plan area. Benefit Zone No. 3 services could include the whole range of trip services indicated in the Report in compliance with the zoning conditions.

Strategy Behind the CSA No. 10 Design

CSA law allows counties a method of providing a wide variety of services (including transportation services) on an extended basis to targeted geographic areas. Statutory constraints make other approaches to funding TDM services (including use of the Community Facilities District Act) infeasible for Sacramento County.

When the Board of Supervisors approved development in the North Vineyard Station Specific Plan, it certified mitigation measures to achieve trip reduction and associated air quality benefits as crafted by the Sacramento Metropolitan Air Quality Management District in the General Plan’s “AQ-15” air quality policy requirements. Expansion of CSA10 to implement these measures in the new growth areas such as North Vineyard Station, Florin-Vineyard, Elverta, and Easton as they obtain develop approvals would allow a systematic approach enabling developers to comply with conditions requiring the financing of trip reduction services within their respective urban growth areas.

Services in Benefit Zone No. 3 of CSA No. 10

The initial services for North Vineyard Station residents and property owners to be funded by Benefit Zone No. 3 would be directed to initial development and consist of a variety of trip reduction activities that could include start-up of shuttle bus service to connecting Benefit Zone No. 3 to light rail stations and job centers, as well as a contingency for dry period financing until charges are collected with property tax payments. The revenues generated by service charges in Benefit Zone No. 3 would increase with projected development during the first several budget years (2006-07 through 2010-11 are illustrated in the Report). The trip reduction services provided may include employer transportation plans and coordinators, transit subsidies, guaranteed ride home programs, bicycle incentives, education, and other programs that would be directed at Benefit Zone No. 3 rate payers.

Service Charges in Benefit Zone No. 3

The Report derives a schedule of service charges for properties in Benefit Zone No. 3 based on vehicle trip generation characteristics and associated cost of service for each land use category.

Estimated service costs have been derived from the North Natomas TMA's trip reduction services budget. At full development in Benefit Zone No. 3 of CSA No. 10 under the proposed schedule of annual service charges the residential and non-residential properties would contribute a total of \$451,200.

The Report proposes an annual rate inflation adjustment of service charges determined by the Consumer Price Index not to exceed 6%. Annual service charges for Benefit Zone No. 1 by land use category follow:

- Single-Family Residential \$80 per dwelling unit
- Multi-Family Residential \$56 per dwelling unit
- Retail & Service Commercial \$2,051 per acre
- Park Office \$1,763 per acre
- Undeveloped Residential and Non-Residential no service charge

Ability to Sequentially Activate Benefit Zone No. 3

- After LAFCo annexation of the North Vineyard Station Specific Plan to CSA No. 10, the initial action by the Board of Supervisors will be to establish Benefit Zone No. 3 and to activate service charges and provision of services just to the Vineyard Point and Vineyard Creek subdivisions in North Vineyard Station by conducting a Proposition 218 protest proceeding for the owners of those properties. As additional projects in North Vineyard Station obtain zoning entitlements those properties will be conditioned to participate in CSA10 Benefit Zone No. 3 and go through the same protest ballot process.

Process for Adoption and Implementation

The Cortese-Knox-Hertzberg Local Government Reorganization Act provides that LAFCO act as the conducting authority for CSA annexation, unless LAFCO refers the matter back to your Board for that action. Only the Board of Supervisors has the authority to activate CSA No. 10 and levy service charges. Annexation of North Vineyard Station to CSA No. 10 up to the point of the initial levy in Benefit Zone No. 3 involves the following steps:

1. Board of Supervisors approves Resolution of Application to LAFCO for annexation of territory to CSA10.
2. LAFCO staff reviews and makes recommendation regarding use of LAFCO's ability to act as conducting authority and on annexation.
3. CEQA exemption or documentation referring to prior North Vineyard Station EIRs.
4. LAFCO hearing and approval determination as conducting authority.
5. Resolution of annexation of CSA No. 10 by LAFCO or the Board of Supervisors if LAFCO refers the matter back to the Board for action.
6. The Board of Supervisors holds a public hearing and approves Proposition 218 protest ballots of initial Benefit Zone No. 3 parcel owners weighted by proposed 2006-07 service charges and canvasses the results.
7. Board of Supervisors holds hearing to affirm 2006-07 service charges for activated parcels in CSA10 Benefit Zone No. 3.

Operation of Benefit Zone No. 1

Provision of services in Benefit Zone No. 1 begins with the following steps:

1. County staff recommendation to Board of Supervisors for extended transportation services for 2003-04 to Benefit Zone No. 1.
2. IFS issues Request for Proposals for extended transportation services.
3. Board of Supervisors consideration of service provider contract for extended transportation services in 2003-04 and beyond.
4. Initial delivery of contracted services.
5. Ongoing liaison with City of Rancho Cordova officials and property owners regarding CSA No. 1 and its services.
6. Action by Rancho Cordova City Council to proposed Resolution of Consent to continued inclusion of City territory in CSA No. 10.

Administration and Operation of CSA No. 10

Public Works would have an ongoing role in the administration of CSA No. 10 including:

- Preparing the annual program cost and revenue report and the service charge recommendation for Benefit Zone No. 1
- Evaluating prospective shuttle bus contractors and making contract recommendations
- Evaluating prospective TDM contractors and making contract recommendations
- Evaluating and reporting to the Board of Supervisors and City Council on the effectiveness of shuttle and TDM services provided in terms performance measures identified for trip reduction.