

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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SACRAMENTO, California 95814
(916) 874-6458

November 6, 2013

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **SPHERE OF INFLUENCE AMENDMENT AND**
ANNEXATION OF CHAMPION OAKS COMMERCIAL
DEVELOPMENT TO COUNTY SERVICE AREA NO. 10
(LAFC #03-13) [CEQA: Exempt Sec.15061(b)(3)]

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

RECOMMENDATION

1. Certify the CEQA Categorical Exemption as adequate and complete for the Sphere of Influence Amendment and Annexation of Champion Oaks commercial development to County Service Area No. 10, and direct your Executive Officer to file the Notice of Exemption with the appropriate government entity.
2. Approve the Sphere of Influence Amendment and Annexation of Champion Oaks to County Service Area No. 10.
3. Condition approval of the annexation to County Service Area No. 10 on the terms and conditions listed below:
 - a) The Sphere of Influence for County Service Area No. 10 is amended to be coterminous with the boundary of the Champion Oaks, as set forth in attached Exhibit A.
 - b) The boundaries of the Champion Oaks annexation to CSA No. 10 are set forth in Exhibit A.
 - c) The effective date of the annexation shall be upon filing of the Certificate of Completion by the Executive Officer.

4. Pursuant to provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, your Commission should waive the Conducting Authority protest proceedings, as the territory is uninhabited, and there is 100% consent of all landowners and affected agencies.
5. Authorize your Chair to sign the Resolution making these determinations.

PROPONENT

The Sacramento County Board of Supervisors
c/o Robert Davison
827 7th Street
Sacramento, CA 95814
(916)874-6525
davisonb@saccounty.net

The Sacramento County Board of Supervisors has adopted a resolution to initiate proceedings pursuant to the County Service Area Law, Chapter 2.2, Division 2, Title 3 of the Government Code (the “Law”) to annex the Champion Oaks to CSA 10, a dependent special district, for the purpose of funding extended transportation services, for compliance with previously imposed conditions of development and environmental mitigation measures.

BACKGROUND

County Service Area (CSA) No. 10

The proposal responds to adopted conditions of approval for the Champion Oaks to annex to CSA No. 10 to fund the required extended transportation services.

The Florin Vineyard Gap Community Plan (FVGCP) Climate Change Plan, dated January 28, 2010 includes the Champion Oaks development site. The related rezone was approved by the Board of Supervisors March 14, 2011. The approval imposed a condition requiring the property owner to annex to County Service Area No. 10 (CSA 10) 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 and shall participate in CSA 10 by approving the levy of annual service charges

Existing Benefit Zone No. 3

If the annexation is approved by your Commission, the County Board of Supervisors will extend CSA 10 transportation services delivery by amending Benefit Zone No. 3 to encompassing the 16+ acre project site:

The CSA10 extended transportation services for Benefit Zone No. 3 include the same range of trip reduction services already established in Benefit Zones No. 1 and 2. These include educational outreach, incentives for alternative mode travel, and transit shuttle service.

Purpose of CSA No. 10 and Benefit Zone No. 3

The purpose of Benefit Zone No. 3 is to extend certain transportation-related services to developing areas. Services would be funded by a property related charge pursuant to the California Constitution Article XIID, Section 6. Inclusion in Benefit Zone No. 3 fulfills certain conditions of development included in Sacramento County Ordinance No. SZC-2011-0001 for the Champion Oaks commercial rezone and related planning documents.

Benefit Zone No. 3 charges for residential and nonresidential development will fund transit shuttle services and/or other supplemental transportation services indefinitely as determined appropriate by the County Board of Supervisors.

Funding

In order to finance the requirements and provide funding for the extended transportation service, the Sacramento County Board of Supervisors has initiated these proceedings for the annexation of the affected territory, and the amendment of Benefit Zone No. 3. Typically with the administration and operation of a CSA, the County Board of Supervisors, has sole discretion.

If your Commission approves the SOI Amendment, and related annexation to County Service Area No. 10, the Board of Supervisors would have the sole discretion to approve annual service charges, which will be collected on property tax bills beginning FY 2014 - 15.

The FVGCP Public Facilities Financing Plan derives a schedule of service charges for properties in throughout the community plan area. The landowner has requested this “stand alone” annexation in response to a commercial development opportunity. County staff anticipates that the balance of the FVGCP will be annexed as market and demand conditions improve.

The fees schedule for Benefit Zone No. 3 is based on vehicle trip generation characteristics and associated cost of service for each land use category. Estimated service costs have been derived from the North Natomas TMA’s trip reduction services budget. At full development in Benefit Zone No. 3 of CSA 10 under the proposed schedule of annual service charges based on Fiscal Year 2013-14 rates, the residential and non-residential properties would contribute a total of **\$597,807 (Champion Oaks \$39,741.)**

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 Fiscal Year 2013-14 for Benefit Zone No. 3 by land use category are as follows:

- Single-Family Residential unit \$94.56 per dwelling
- Multi-Family Residential unit \$66.21 per dwelling
- Retail & Service Commercial \$2,424.74 per acre
- Park Office \$2,084.25 per acre
- Undeveloped Residential and Non-Residential no service charge

County Service Area No. 10 and Sphere of Influence

The existing boundaries of County Service Area (CSA) No.10 and its Sphere of Influence are coterminous. These boundaries consist of all the lots, parcels and subdivisions of land located in the following subdivisions approved development projects:

Mather Field. SPA (non-activated)
North Vineyard Station

CSA 10 is irregularly shaped, and is generally located south of International Boulevard and White Rock Road; north of Kiefer Road; east of the western boundary of Mather Field; west of Grant Line Road, and north of Gerber Road.

Sphere of Influence and Benefit Zone No. 3 Boundary Amendments

The SOI will be amended to be coterminous with the affected territory. Benefit Zone No. 3 consist of all the parcels located in the North Vineyard Specific Plan. (Please see attachment B.) The affected territory of 16+ acres is located at the northeast corner of the Bradshaw and Gerber Roads intersection, just west of the current Benefit Zone No. 3. Island annexations are not precluded under CSA law.

ANALYSIS OF PROPOSAL

County Service Area No.10

Your Commission established County Service Areas No. 10 in 2003, as a dependent special district. Pursuant to California Government Code, a County Service Area may provide a broad array of extended services, and "Miscellaneous extended services," including Transportation Services. At the time of the adoption of the resolution of intention to establish this CSA No.10 county service area, the Board of Supervisors specified the type or types of services to be provided within the area (Gov. Code Sec.25210.4, 25210.4a, 56036.(a) and 56375.).

A County Service Area is capable of providing a dependable and adjustable revenue source by placing a proportionate service charge on properties which derive benefit from the service provided. It allows the levying of service charges either on the property tax bill or on a utility.

Process for Sphere of Influence Amendment and Annexation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that your Commission retain the role of Conducting Authority (Sec. 56029.). The Board of Supervisors will exercise sole discretion in activating (amending) Benefit Zone No. 3, and any subsequent Benefit Zones within CSA No.10 consistent with the boundaries set forth in Exhibit A in order to facilitate conducting of individual protest ballot proceedings for each subsequent development project after it receives development entitlements conditioned on participation in CSA No.10.

Only the County of Sacramento Board of Supervisors has the authority to activate CSA 10 Benefit Zone 3 and levy service charges. Annexation of Champion Oaks to CSA 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 CSA 10.
2. Your Commission holds a public hearing to consider the Sphere of Influence Amendment and Annexation of Champion Oaks to County Service Area No.10.
3. If your Commission approves the proposal, you may adopt a Resolution to waive the Conducting Authority protest proceedings, as the territory is uninhabited, and there is 100% consent of all affected landowners and agencies.
4. The Board of Supervisors holds a public hearing and considers Proposition 218 protest ballots of the Benefit Zone No. 3 affected parcel owners. The value of protest is weighted by proposed 2014-15 service charges and canvasses the results.
5. Board of Supervisors holds hearing to affirm 2014-15 service charges for the affected territory, as an activated parcel in CSA No.10 Benefit Zone No. 3.

Your Commission has the power to review and approve or disapprove with or without amendment, wholly, partially, or conditionally, the Sphere of Influence Amendment and Annexation of Champion Oaks to County Service Area No.10.

Description of Services

Benefit Zone No. 3 currently provides transportation services to both residential and nonresidential development within the North Vineyard Station Specific Plan area.

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

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

- Transit shuttle system

Any component of the trip reduction strategy implemented through CSA 10 may be revised or discontinued if it is proven to be ineffective. Additional programs and services may be implemented as appropriate to assist in achieving the targeted reduction in daily vehicle trips. In the event the property owners fail to approve either the annexation to CSA 10 or the property assessment for the Benefit Zone No. 3, no building permits shall be issued.

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

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

Environmental Considerations

LAFCo will act as the lead agency consistent with CEQA Guidelines §15050 et. seq., regarding the environmental documentation for the Sphere of Influence Amendment and Annexation of Champion Oaks to County Service Area No. 10 for the purpose of providing a financing district for extended miscellaneous transportation service in the affected territory.

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

The proposed project consists of the expansion of the Sphere of Influence of County Service Area (CSA) No.10 to include the urbanizing project area, and the annexation of the area to CSA No.10. CSA No.10 was formed in compliance with Sacramento County General Plan policies and regional air quality policies to provide funding and management of vehicle trip reduction measures to reduce traffic congestion and reduce regional air pollutant emissions, thereby benefiting regional air quality.

Operations and programs provided by CSA10 to the project area include onsite transportation coordination, incentives for alternative modes of transportation, encouraging proximity of employment to residences, development of car pooling programs, funding transit shuttles, and other programs to reduce vehicle use.

CONSISTENCY WITH LAFCO POLICES AND PROCEDURES AND COUNTY GENERAL PLAN

Master Services Element/ Municipal Services Review

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

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

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

The proponent has provided the FVGCP Public Facilities Financing Plan (PFFP) for the proposal and the levy and collection of annual charges in Benefit Zone No. 3 commencing in fiscal year 2014/15, as adjusted, per the CSA 10 Benefit Zone No.3 Engineer's Report.. The CSA 10 and Benefit Zone No. 3 structure (organization), proposed services, and method of apportionment and charges that are described in the CSA 10 Benefit Zone No.3 Engineer's Report are based on current development and improvement plans including all estimated direct expenditures, incidental expenses, and reserves associated with the extended services.

The FVCCP, related PFFP and CSA 10 Benefit Zone No.3 Engineer's Report together comply with the Master Services Element/ Municipal Services Review criteria.

The project is consistent with the County General Plan in that it will implement the adopted Transportation Systems Management (TSM) Plan, which complies a General Plan AQ-15 Plan calling for Transportation Management Association (TMA) membership and funding through a County Service Area (CSA), as well as provision of Transportation Demand Management (TDM) services including current TMA programs as well as marketing, sponsored ridesharing, transit pass sales, bicycle and shower facilities, shuttle transit, and parking management.

Analysis of Proposal

Your Commission has adopted specific standards for actions to ensure that fair and consistent decisions are reached in accordance with Cortese-Knox-Hertzberg legislation. Your Commission may make exceptions to these specific standards if it determines that such exceptions:

- Are necessary due to unique circumstances;
- Are necessary due to conflicts between general and specific standards;
- Result in improved quality or lower cost of services available; or
- There exists no feasible or logical alternative.

Standards

1. LAFCo will encourage special district annexation in areas that demonstrate a need for unmet or improved level of services due to the inadequate level or quality of services currently provided.
2. LAFCo requires a Master Services Element/ Municipal Services Review which defines financing, service levels and how services are delivered.
3. LAFCo requires a definite Sphere of Influence map, plan and definite boundaries.
4. The proposed district annexation should be consistent with the County's General Plan and any applicable Specific Plans.

5. LAFCo will not approve district formations when the Master Services Element/Municipal Services Review conflicts with the Master Services Element/Municipal Services Review of other agencies.
6. LAFCo will not approve an application for district annexation unless the proponent can demonstrate it can fund the services it intends to provide.

The above standards and requirements have been satisfactorily met for the proposed Sphere of Influence Amendment and Annexation of Champion Oaks to County Service Area No. 10. Each of these items listed above has been discussed in detail in this report and in the accompanying attachments.

Effect of Proposal on Adjacent Areas

While this annexation is for an unserved (by CSA 10) “island,” it does not preclude adjacent territory from future annexation to CSA 10.

Affected Districts

The proposal was routed for review and comment to the Sacramento County Municipal Services, Southgate Recreation and Park District, Sacramento Metropolitan Fire District, Sacramento Regional Transit District (RT), Sacramento Metropolitan Air Quality Management District (SMAQMD.)

Fees imposed as part of the CSA 10 services will not be charged to public entities (i.e., special districts,) therefore the special districts within the proposed territory will experience no effect from the annexation of territory.

The Sacramento County Municipal Services had no comments. Southgate Recreation and Park District and Sacramento Metropolitan Fire District do not oppose the proposal. It is anticipated that the extended transportation services may develop a complimentary relationship by increasing travel options to and from recreation programs and park sites.

The SMAQMD continues to maintain a strong position of support for Community Service Area 10. Your Commission may recall that Mr. Ron Maertz, Transportation and Land Use Coordinator for the District, was the first person in the Sacramento region to propose the formation of the CSA. The District concurs that CSA 10 is the best tool available for implementation of TMD management measures. It is crucial for the County of Sacramento to work closely with the District in order to devise effective means of the implementing the TMD measures listed in the Engineer’s Report.

Regional Transit staff supports the proposal. RT staff continues to collaborate with the County staff for the successful implementation of Benefit Zone 3.

RECOMMENDATION

I recommend your Commission approve the Resolution approving:

1. Certify the CEQA Categorical Exemption as adequate and complete for the Sphere of Influence Amendment and Annexation of Champion Oaks commercial development to County Service Area No. 10, and direct your Executive Officer to file the Notice of Exemption with the appropriate government entity.
2. Approve the Sphere of Influence Amendment and Annexation of Champion Oaks to County Service Area No. 10.
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 - b) The boundaries of the Champion Oaks annexation to CSA No. 10 are set forth in Exhibit A.
 - c) The effective date of the annexation shall be upon filing of the Certificate of Completion by the Executive Officer.
4. Pursuant to provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, waive the Conducting Authority protest proceedings, as the territory is uninhabited, and there is 100% consent of all landowners and affected agencies.
5. Authorize your Chair to sign the Resolution making these determinations.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

Attachments:

Maps (Exhibit A)
Board of Supervisors Staff Report
DL:dl
(Champion Oaks Annex CSA 10)