

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

August 6, 2014

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **Florin Resource Conservation District Municipal Service Review, Sphere of Influence Update, and Annexation (LAFC 10-14) (CEQA Exempt)**

RECOMMENDATIONS:

1. Approve the CEQA Exemption as adequate and complete for this project;
2. Approve the Municipal Service Review for the Florin Resource Conservation District;
3. Amend the Sphere of Influence for the Florin Resource Conservation District to include the Susan Gaines-Mitchell building located at 2450 Florin Road, Sacramento, Ca.;
4. Adopt Resolution No. 2014-07-0806-10-14 approving the Municipal Service Review, Sphere of Influence Amendment, and annexation of the Susan Gaines-Mitchell Building located at 2450 Florin Road into the boundary of the Florin Resource Conservation District; and
5. Direct the Executive Officer to hold the Conducting Authority (Protest Hearing).

DISCUSSION:

Applicant:

Florin Resource Conservation District
9257 Elk Grove Boulevard
Elk Grove, Ca 95624

Mark Madison, General Manager

Project Description and Location

The Florin Resource Conservation District has submitted an application to amend its Sphere of Influence and annex approximately 5.7 acres located at Florin Road and 25th Street (2450 Florin Road) in the City of Sacramento. This real property includes an office building containing approximately 53,400 square feet and is leased to the County of Sacramento's Department of Human Assistance.

The District purchased this parcel in 1998 and financed the purchase by using Certificate of Participation. Since this parcel is not within the District's boundary it is subject to real property taxes.

Because this parcel is not located in the District, FRCD pays approximately \$73,000 in property taxes annually that are allocated to other special districts, school districts, the City of Sacramento, and the County of Sacramento. The District has also not paid its property taxes since FY 2009-10, and is in default.

Currently, the lease revenue from this building is not sufficient to cover all associated expenses related to operating and maintaining the building. At the time of purchase the Pro Forma budget indicated that the District would break even during the term of the lease, however, annual expenses have exceeded the lease income.

The District has approached the County of Sacramento to renegotiate the lease payment to cover the actual costs. The County of Sacramento has declined and has no obligation to amend its current lease with the District. The District is attempting to minimize its tax liability as a cost saving measure.

District Formation

The Florin Resource Conservation District was formed by a majority vote in June 1953 (under the provisions of Division 9 of the Public Resources Code) to assist landowners with the use and conservation of their soil, water, and other resources; and to deal specifically with the problems of flooding from Morrison Creek. A Memorandum of Understanding between the Florin RCD and the USDA Soil Conservation Service took effect in 1954.

The District is an independent special district located in the Florin area in the central portion of Sacramento County. The District comprises approximately 96,693 acres of residential, industrial, commercial and agricultural land in the central part of Sacramento County, including the City of Elk Grove.

In February 1997, the Florin Resource Conservation District formed a nonprofit corporation, the Florin Resource Conservation District Economic Development Corporation (EDC). The EDC was created for the purchase and management of the Susie Gaines-Mitchell building, located on Florin Road in Sacramento. This building is currently leased to Sacramento County and is used by the Department of Human Assistance to serve the south Sacramento area. The Susie Gaines-Mitchell building is outside the Florin RCD boundaries and service area. The District has

submitted an application to annex this site into their District Boundary in order to eliminate paying real property taxes.

Also, in December 1999, the District purchased the Elk Grove Water Works (through an Eminent Domain Action) and presently operates the utility as the Elk Grove Water Service (EGWS). EGWS has a \$14.5 million annual budget and a staff of 24 permanent employees and six temporary employees. EGWS provides water service to approximately 12,000 homes and businesses in Elk Grove. This area was annexed into the District boundary in December 1999.

Services Provided by FRCD

FRCD-Resource Conservation Services

The FRCD receives no property tax and has no income other than grants to conduct resource conservation activities, these activities are performed only occasionally and voluntarily by EGWD staff and board members. Until February, 2014, the FRCD co-owned a property with two other local RCDs, the Sloughhouse RCD and the Lower Cosumnes RCD. Lease payments from this property were split evenly between the RCDs and, combined with occasional grant funding, these payments formed the entire annual budget for the FRCD's resource conservation function. There has been no source of revenue for conservation activities since the sale of the co-owned property.

The FRCD's 2012-2017 Strategic Plan (Appendix A) identifies the following potential activities:

- Cooperative programs with other RCDs and other organizations
- Ag waiver programs
- Greenprint
- Farm and Ranch Cleanup
- Pollinator Habitat
- Organic Farming Initiatives
- Groundwater Banking
- Invasive Species

The FRCD has for many years made environmental education its primary focus, sponsoring events such as Range Camp, the California Envirothon, CARCD's Speak Off and World Water Monitoring Day. Board directors and EGWD staff serve on the Elk Grove Unified School District's Service Learning program, identifying and promoting activities that enhance and apply classroom curriculum to community service.

Because the FRCD has no paid staff, all work is performed by the voluntary efforts of the EGWD board and staff, mostly on educational partnerships with the Elk Grove Unified School District. Annual events may include Project WET (a water education training program for

teachers), the California Envirothon, World Water Monitoring Day and service learning projects.

The FRCD fosters relationships with other environmental groups, including the USDA/NRCS, Laguna Creek Watershed Council, the Stone Lakes National Wildlife Refuge and the Sacramento Tree Foundation. Assistance is available in volunteer work, project sponsorship and project administration.

With appropriate funding, the FRCD would be able to provide all of the services traditionally associated with resource conservation districts. These tasks include: soil conservation planning, erosion control, water development and distribution, control of runoff water, improvement of land capabilities, wildlife habitat improvement, and demonstration projects in soil conservation. Any assistance of this type is outside the skill set of the EGWD volunteers, and interested parties are referred to the staff of the California Association of Resource Conservation Districts, which is located in Sacramento and employs a watershed coordinator, or to the local NRCS/USDA office.

When the FRCD first organized, it was mainly involved in setting up drainage systems for large farms to preclude the danger of flooding from Morrison Creek. The FRCD has also been concerned with the groundwater overdraft in the area. Past programs have included wildlife preservation, habitat rehabilitation, creek restoration and tree planting projects.

FRCD-Elk Grove Water District

The FRCD provides water service as the Elk Grove Water District. This is not a separate district or legal entity but it is like a separate division within FRCD which provides water services including administration, customer service, operations and maintenance, planning and engineering services, plan review, construction management and inspection, and regulatory compliance for safe, reliable, and efficient delivery of water to our 12,000 service connections representing a current population of over 35,000 customers.

FRCD-Economic Development Corporation-Susan Gaines Mitchell Building

FRCD through its Economic Development Corporation also owns and operates the Susan Gaines Mitchell building which is leased by the County of Sacramento for use by the Department of Human Assistance. This building is considered an investment property and it is not located within the FRCD boundary.

Budget Information

The Florin Resource Conservation District basically operates three independent and distinct programs: resource conservation, water service, and a building lease. Revenue and expenses for each program are not comingled and each function operates independently from each other but fall under the umbrella of the FRCD. However, the impacts of default on the Certificates of Participation for the building lease and failure to repay back taxes are not certain and there could be negative impacts on the water service customers. (The District is operating at a loss for several years related to the Susan Gaines-Mitchell building). Even with the reduction in

property taxes, it does not appear that the District will be able break even over the remaining life of the contractual lease.

If the District fails to renegotiate lease terms, creditors could initiate bankruptcy or other courses of action that could impact the overall District financial viability. In addition, FRCD will need to cure the property tax default.

The following table summarizes the revenue, expenses and income and losses related to these activities:

FY 2012-13 Summary of Revenue and Expenses			
Service	Revenue	Expenses	Income/(Loss)
Resource Conservation	14,279	21,579	(7,300)
Water Delivery	14,312,791	12,984,516	1,328,275
Building Lease	1,292,417	1,662,955	(370,538)

Note: the loss related to the building lease does not include accumulated property taxes that are due and payable including interest and penalties. The District currently owes approximately \$700,000 in back taxes.

Other Service Providers

The Florin Resource Conservation District covers an area that is served by numerous municipal service providers. These service providers are important to the residents living in this area but they are not critical to meet the mission of Florin Resource Conservation District.

Municipal Service Review

The combined Municipal Service Review for Florin Resource Conservation District is attached to this report. The Municipal Service Review summarizes the three services provided by FRCD. It has been routed to all affected agencies for review and comment. With the exception of the City of Sacramento, no comments were received.

I recommend that the Sacramento Local Agency Formation Commission adopts the following findings and determinations:

The foregoing recitals; and each of them, are true and correct.

- a. The Sacramento Local Agency Formation Commission adopts the recommendations set forth in the Municipal Service Review and Sphere of Influence Update for the Florin Resource Conservation District as set forth in Exhibit “A” attached hereto and incorporated herein.

- b. Florin Resource Conservation District provides efficient and adequate water service and resource conservation programs to its customers within its service territory. The Sphere of Influence shall be amended to include the 5.7 acre parcel located at 2450 Florin Road, Sacramento, California, within the District boundaries.
- c. The Sacramento Local Agency Formation Commission makes the following written determinations as to the Municipal Service Review:

1. Regarding growth in population expected for the District area:

The Commission determines that the District is capable of continuing to provide water service and resource conservation programs in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes both groundwater and surface water to meet the demands of its customers. The service population demand is not expected to grow significantly. New growth will primarily result from reuse and infill development activity. Water pressure, water quality, and water quantity meet federal and state requirements for safe drinking water.

2. Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the Florin Resource Conservation District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

3. Regarding financial ability of the Florin Resource Conservation District to provide services:

The Commission determines that Florin Resource Conservation District has sufficient rates to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan. The District complies with the requirements of Proposition 218 to establish rates.

4. Regarding status of and opportunities for, shared facilities:

The Commission determines that Florin Resource Conservation District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

5. Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board. Directors are elected at large by the voters of the District.

6. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently with the exception of the Susan Gaines Mitchell Building.

Note: The District is attempting to address the funding issues related to its investment property.

Sphere of Influence Factors

This is not a typical Sphere of Influence Amendment. The District is proposing to annex a non-contiguous parcel that is owned by the District but the District will not provide other direct services to this parcel i.e. the District will neither provide water service or resource conservation programs to this parcel. This is a financial consideration for the benefit of the Florin Resource Conservation District in order to minimize expenditures related to the Susan Gaines Mitchell building.

Based on the Public Resource Code, the District may annex non-contiguous parcels.

.Susan Gaines-Mitchell Building Sphere of Influence and Annexation

In 1998, the FRCD purchased the Susan Gaines-Mitchell Building with the expectation that rental revenues would help fund conservation programs. The FRCD formed the Economic Development Corporation to manage the operations and financing of this building. The building is leased to the County of Sacramento for use by the Department of Human Assistance.

The Department of Human Assistance provides the following programs at this location:

- Job training and employment
- Homeless programs

- Welfare and general Assistance

- CAL Works

- Child immunization

- Medi-Cal
- Food Stamp Programs
- Substance abuse and mental health programs

The District purchased the land, building, and furnishings for \$12,609,698 in 1998 and refinanced during 2003 with Certificates of Participations in the amount of \$16,366,933.50. On January 16, 1998, FRCD entered into an amended lease with the County of Sacramento. Currently, the assessed value of the land and building is \$4,900,000.

The lease term was for fifteen (15) years and provided that the County of Sacramento shall have two (2) successive five (5) year options to renew the lease. The annual lease payments are established under the terms and conditions of the lease.

The Tenant (County of Sacramento) is responsible for paying for gas, electricity, and janitorial service for the interior of the leased premises.

The Landlord (FRCD) is responsible for debt service and all other operating, maintenance and capital expenditures including but not limited to real property taxes, water, sewer, garbage, phones, alarm, paint, heating and air conditioning repairs or replacement, roof, landscape maintenance, asphalt repair and striping, pest control, etc.

Currently, lease revenues do not cover operating expenditures, therefore this investment is operating at a loss. In addition, FRCD has not paid property taxes or assessment for almost five (5) years. The FRCD is required to pay property taxes because this facility is not located within its District boundary. The Public Resource Code permits the District to annex non-contiguous territory. The FRCD has submitted an application this site to reduce its property tax liability. However, annexation will not eliminate the property, interest, and penalties that are due and payable. The pro forma budget in the bond prospectus indicated that this lease would breakeven during the term of the lease.

Non-payment of taxes for five (5) years could result in a tax sale. Also, non-payment of taxes results in non-compliance with the terms and conditions of the bond covenants.

The District has not been successful in renegotiating the lease payment to make up the annual shortfall.

Analysis of Property Tax Impacts to Affected Agencies

The current assessed value:	Land	\$1,230,000
	Building	<u>3,670,000</u>
	Total	\$4,900,000
Property Taxes Allocated to Affected Agencies		\$54,600.00

Loss of General Obligation Bonds	7,676.76
Total Direct Assessments	<u>10,852.28</u>
Total Tax Bill	73,129.04

The total estimated savings to Florin Resource Conservation District is estimated to be \$62,276.76. In Fiscal Year 2013-14 the property tax revenue for affected agencies was \$54,600. This would result in a permanent loss of property tax revenue as set forth in the table below. The payment for General Obligation Bonds for Los Rios Community College and Sacramento City Unified School Districts in the amount of \$7,676.76 would be distributed to the remaining parcels in subsequent years. This would result in a small increase to those parcels which are impacted by these respective General Obligation Bonds. The following table illustrates the amount of property tax revenue for each affected agency:

Affected Agencies Share of Property Tax Revenue

Los Rios Community College	1,627.19
Sacto City Unified	14,052.58
County Wide Equal	58.44
County General	9,335.41
Juvenile Hall	24.68
Regional Occup Center	42.86
Infant Dev-Phys Handicapped	2.60
Infant Dev-Retarded	2.60
Children's Institutions	199.99
County Supt-Administration	115.58
Sacto-Yolo Mosquito	387.00
City of Sacramento	14,042.67
Dev Center Handicapped	64.93
ERAF - Community College	1,635.34
ERAF- K- 12	<u>13,008.13</u>
Sub-Total	\$54,600.00
G.O. Bonds	<u>7,676.76</u>
Total Estimated Savings	\$62,276.76

In addition to real property taxes the District is required to pay for several direct assessments. The District will continue to be obligated to pay these assessments even if the property is annexed into the District.

Direct Levy Assessments:

SAFCA O & M Assessment No. 1	\$1,408.96
SAFCA Capital Assessment	5,534.96
Florin Road Property Business Improvement	3,469.98
Maintenance Area No. 9	<u>438.88</u>
Total	\$10,852.28

Service Related Impacts

There are no other service related impacts to the proposed annexation. The only impacts from the proposed annexation are related to the loss of property taxes to affected agencies as described above. The FRCD will not provide any other services to the parcel proposed for annexation. However, the facility use does serve a public benefit to both city and unincorporated residents.

Issues and Concerns

The City of Sacramento has submitted a letter in response to LAFCo's request to affected agencies. The City of Sacramento has requested four (4) conditions for the proposed annexation:

1. The City shall receive its share of back taxes;
2. The District shall continue to pass through the City's share of property tax that was in existence prior to annexation;
3. The District shall stipulate that it will not provide water and soil conservation services within the City of Sacramento boundaries; and
4. The District shall make application to LAFCo for detachment of subject property from FRCD in the event that the District sells the property or leases the property to a non-government entity.

The loss of property tax revenue in the amount of \$14,000 to the City of Sacramento does not appear to be significant. This is an annual permanent loss of revenue, however, in light of the current economic conditions, property values have been increasing as well as property tax revenue to local jurisdictions.

The Commission may approve the annexation with or without conditions to mitigate financial impacts. In past reorganizations, the Commission has imposed revenue neutrality payments to mitigate the loss of property tax revenue for a limited terms e.g. Incorporations and the Cosumnes River Reorganization.

Summary of Findings

The Government Code also requires that a written statement of findings be made regarding each of the previously considered factors. The following section summarizes these findings.

Absent major reorganization of the RCD's, the maximum possible service area of the Florin RCD is coterminous with its present boundary.

The Florin Resource Conservation District provides resource conservation services including: erosion control, water development and distribution, soil conservation planning, improvement of

land capabilities, and wildlife conservation, and the District owns and operates the Susan Gaines Mitchell Building.

The primary land use occurring or planned within the District boundary are: low density residential use with medium density residential and commercial/office use near major streets, rural housing in agricultural areas, industrial use in the northern portion of the district around Mather Air Park and the surrounding areas, heavy commercial and intensive

Industrial uses in western sector of the District along Stockton Boulevard between Mack Road and 14th Avenue.

EXECUTIVE SUMMARY AND RECOMMENDATION

The Florin Resource Conservation District is a resource conservation district organized and operating under the California Public Resources Code 9001, to operate programs and activities in furtherance of the following statutory purposes: the control of runoff, the prevention or control of soil erosion, the development and distribution of water, and the improvement of land capabilities. The District was formed in 1953.

The District provides soil conservation programs, provides domestic water service, and owns a building currently leased by the County of Sacramento.

In 1998, the District acquired the Susan Gaines-Mitchell building located at 2450 Florin Road in the City of Sacramento. The District has entered into a lease with the County of Sacramento for the Department of Human Assistance. This parcel is not located within the District's boundary and is therefore subject to real property taxation. (It was purchased as an investment property).

The District paid real property taxes until FY 2009-10. However, it is no longer able to pay property taxes due to insufficient lease revenue and the absence of other legally available revenue.

The annual property taxes are approximately \$73,000 per year. Currently, the property will be subject to a property tax sale beginning on or about July 2015. Annexation of the Susan Gaines Mitchell building would exempt this parcel from future taxation but the annexation would not cure the current property tax defaults, including interest and penalties.

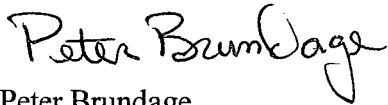
The District's Principal Act provides that it can annex non-contiguous territory into the District's boundary (Public Resource Code Section 9153).

In addition, on September 27, 1999, the Sacramento County superior Court issued a judgment in related to an Eminent Domain action approving that Florin Resource Conservation District was entitled to acquire the Elk Grove Water Works, a privately held water company. The Florin Resource Conservation District began operating a water distribution system for the portion of their service territory within the City of Elk Grove.

The District application proposes to amend its Sphere of Influence and annex the Susan Gaines Mitchell building into the District boundary in order to reduce its property tax expense. This savings will improve the District's cash flow, however, it will not resolve the fact that there will be still insufficient cash flow to operate the building at a breakeven point. The District will still need to work with bondholders to either refinance the building or extend payments on the bonds. Basically, the District's lease revenue is currently not sufficient to cover debt service, operating expenses, repairs, and capital improvements to sufficiently operate the building.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

A handwritten signature in black ink that reads "Peter Brundage". The signature is written in a cursive, flowing style.

Peter Brundage
Executive Officer

Legal Description and Maps

Metes and Bounds for Proposed Area of Annexation

All that portion of Section 6, Township 7 North, Range 5 East, Mount Diablo Meridian, located within the City and County of Sacramento, State of California and being more particularly described as follows:

Beginning at a point on the north line of said Section 6 also being the centerline of Florin Road, as shown on that certain Record of Survey Entitled "Portion of Section 1, Township 7 North, Range 4 East, M.D.B. & M., A Portion of Section 6, Township 7 North, Range 5 East, M.D.B&M.", recorded in the office of the Sacramento County Recorder in Book 20 of Surveys, Map No. 11, said Point of Beginning being further described as the Northeast Corner of that certain parcel of land described in the lease executed by Dorothy S. Edwards and Fred E. Edwards, Lessors to Standard Oil Company of California, Western Operations, Inc., Lessee on June 10, 1959 recorded in the office of said Recorder on September 11, 1959 in Book 3877 of Official Records, Page 623, from which Point of Beginning the Northwest Corner of said Section 6 bears South $89^{\circ}37'30''$ West, 190.00 feet;

Thence from said Point of Beginning, along the north line of said Section 6 and the centerline of Florin Road, North $89^{\circ}37'30''$ East, 494.10 feet to the Northwest Corner of Lot 4, Gardendale and the intersection of centerlines of Florin Road and 24th Street as shown on said Record of Survey;

Thence along the centerline of said 24th Street South $00^{\circ}00'50''$ East, 500.00 feet;

Thence parallel with the centerline of said Florin Road, South $89^{\circ}37'30''$ West, 684.10 feet to the centerline of 24th Street Bypass as shown on said Record of Survey;

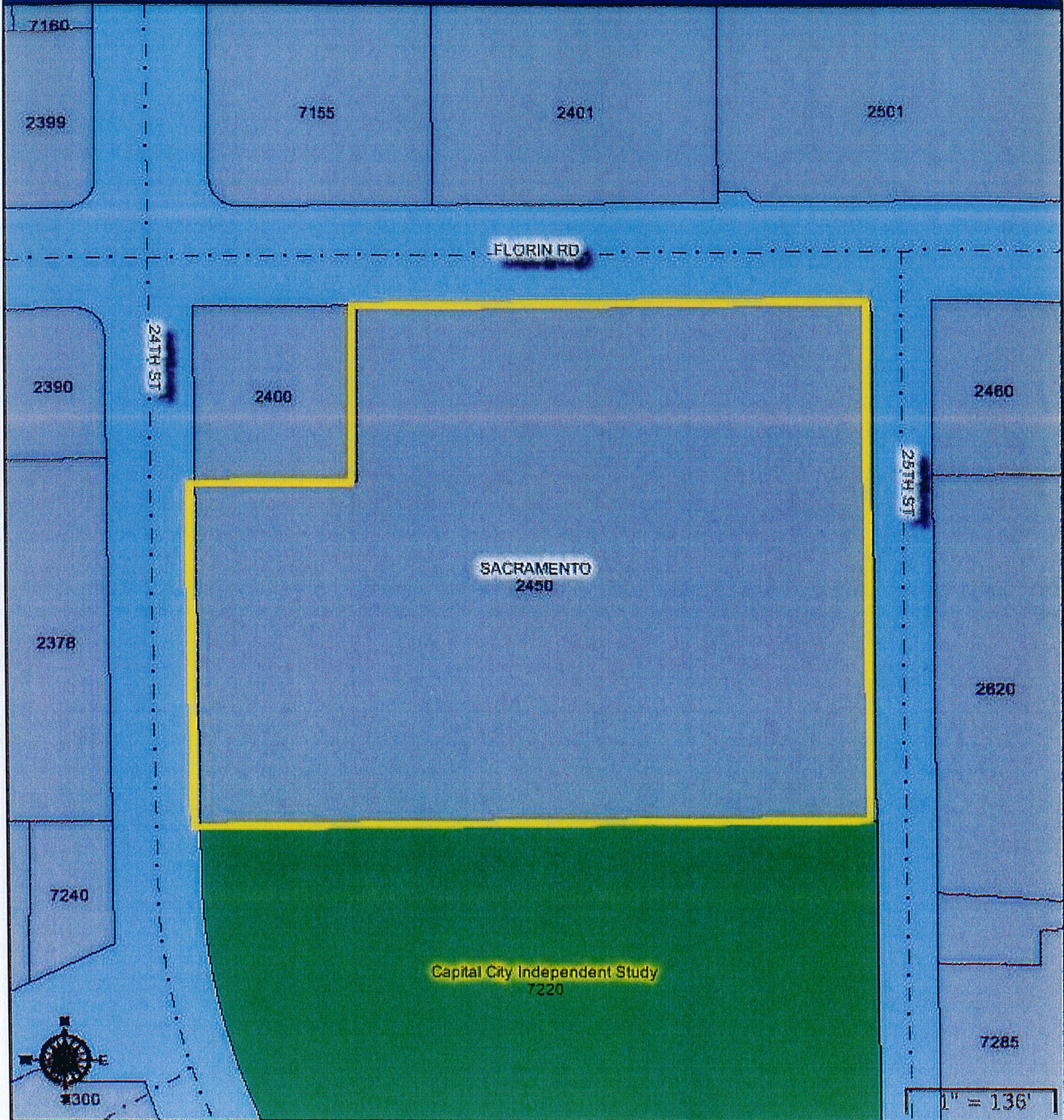
Thence along the centerline of said 24th Street Bypass, North $00^{\circ}00'50''$ West, 300.00 feet to the southwest corner of the hereinabove mentioned lease;

Thence along the south boundary of said lease, North $89^{\circ}37'30''$ East, 190.00 feet to the southeast corner of said lease;

Thence along the east boundary of said lease, North $00^{\circ}00'50''$ West, 200.00 feet to the Point of Beginning.

Assessor Parcel Viewer

1090



Street Names



Parcel Lines



Major Streets



Freeways



City Boundaries



CITRUS HEIGHTS

ELK GROVE

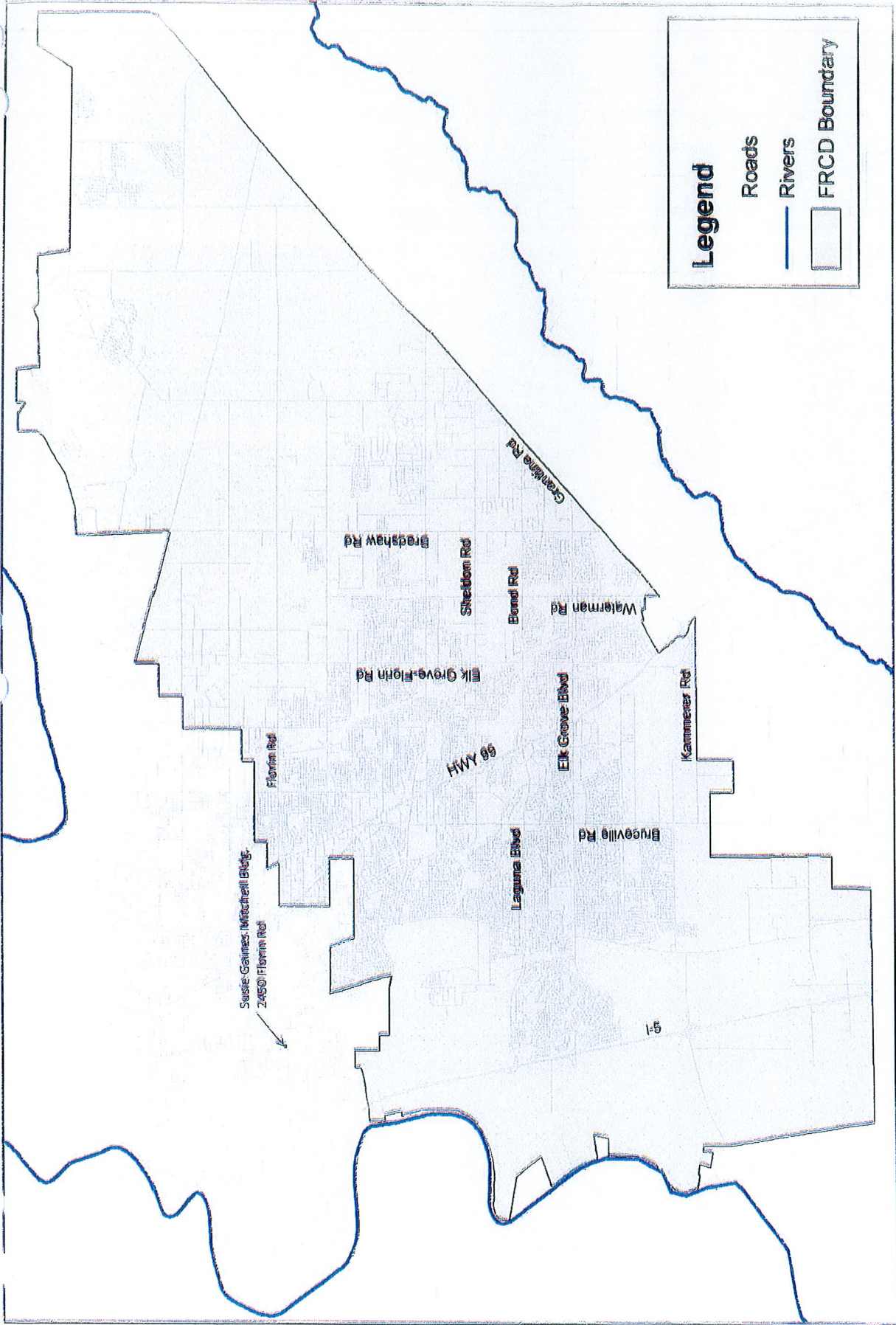
FOLSOM

GALT

ISLETON

CITY OF RANCHO CORDOVA

CITY OF SACRAMENTO



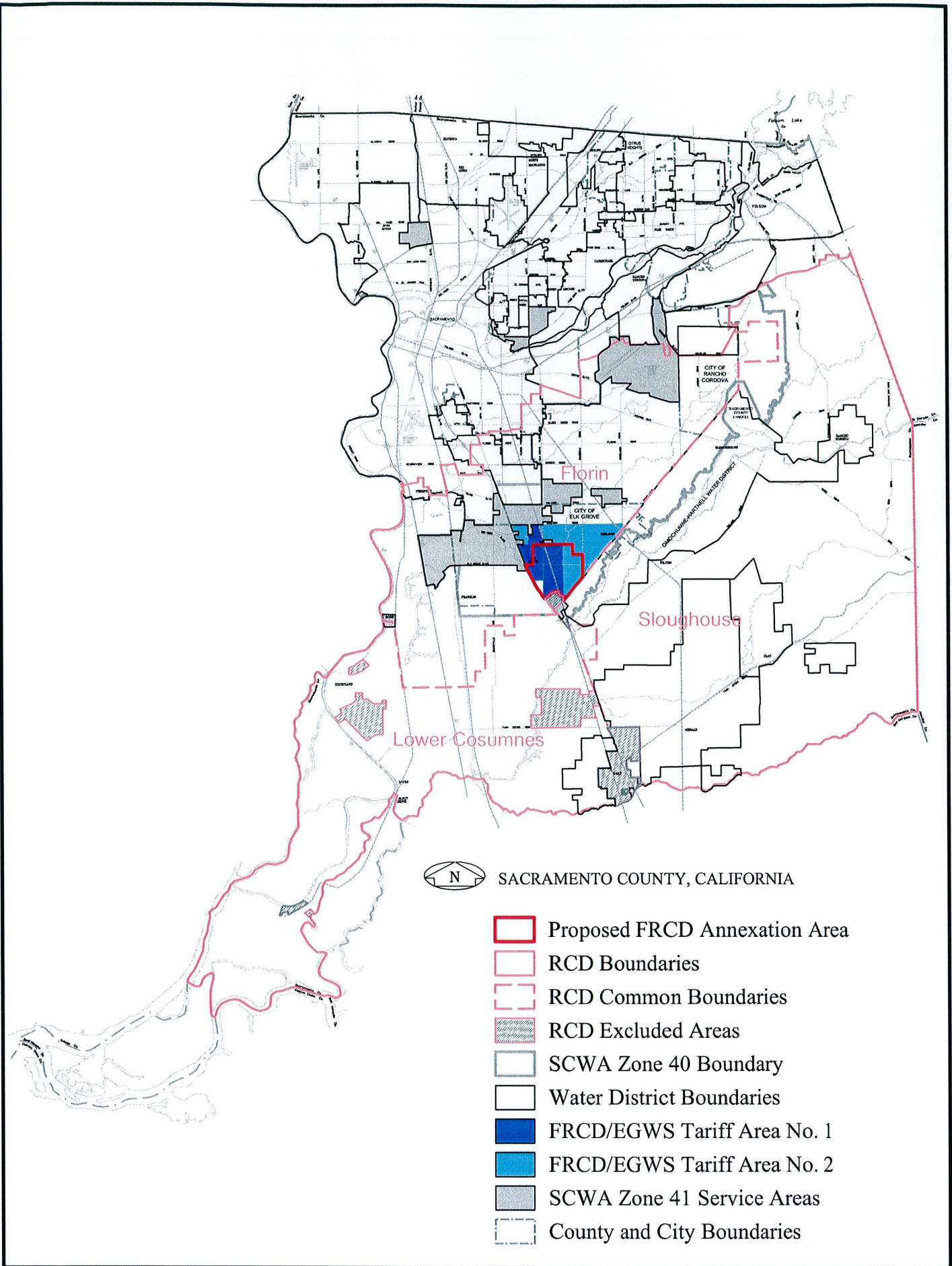
Legend

- Roads
- Rivers
- FRCD Boundary



Gross Acres: 96,692.5 acres
 FRCD Boundary 5.7 acres
 Susie Gaines Mitchell Bldg

Exhibit B
FRCD - Map of Annexed Property



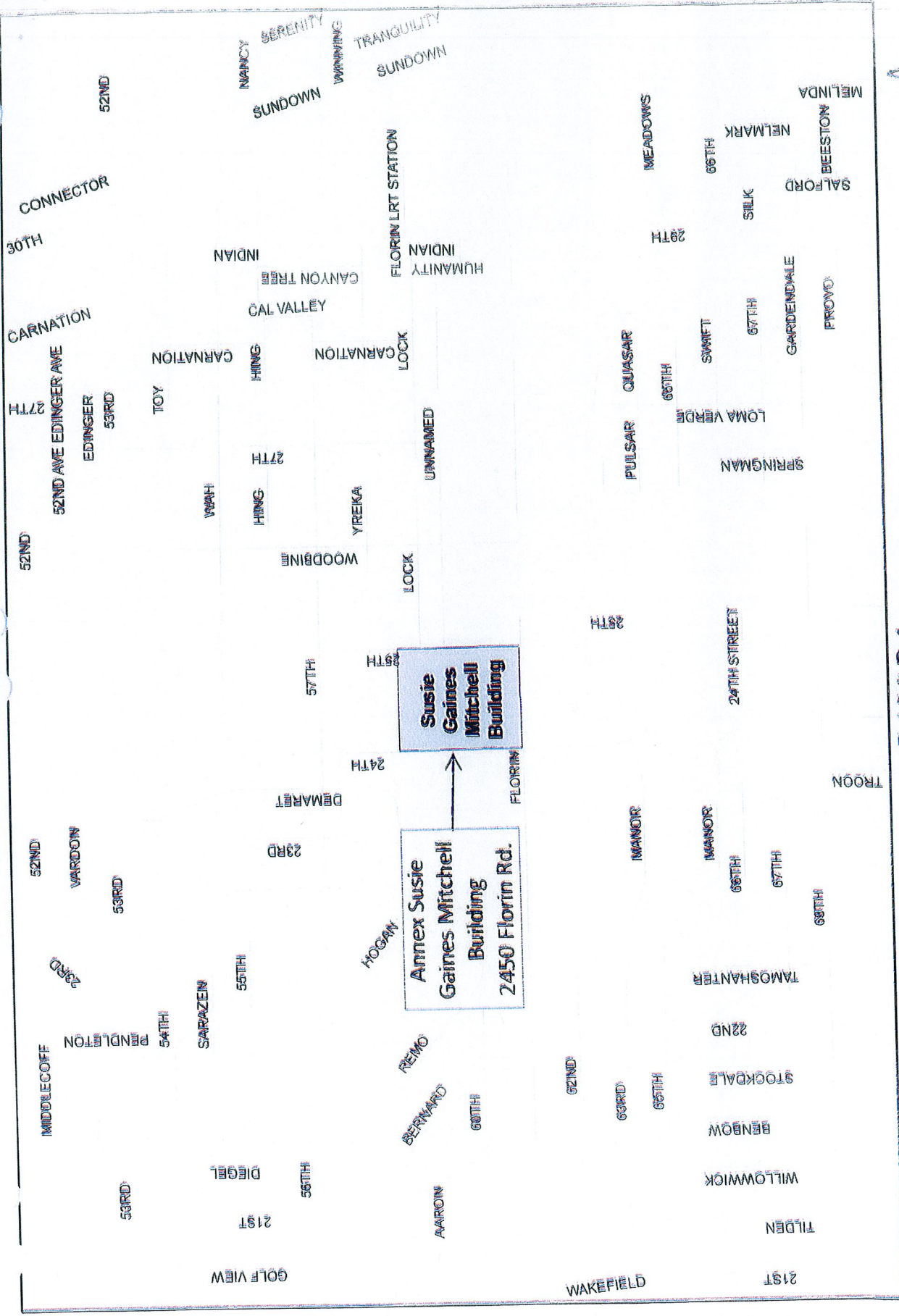


Exhibit B-1
 Florin Resource Conservation District Boundary
 Map of Proposed Annexed Property

RESOLUTION No. LAFC 2014-07-0806-10-14

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

**MAKING DETERMINATIONS FOR
THE FLORIN RESOURCE CONSERVATION DISTRICT MUNICIPAL SERVICE REVIEW,
AMENDING THE SPHERE OF INFLUENCE, AND APPROVING THE ANNEXATION OF
2450 FLORIN ROAD (APN047-0013-005)**

WHEREAS, the Executive Officer presented the Municipal Service Review for Florin Resource Conservation District on August 6, 2014 for consideration of the Final Municipal Service Review and Sphere of Influence Update, and annexation of the Susan Gains-Mitchell Building; and

WHEREAS, at said hearing, the Sacramento Local Agency Formation Commission reviewed and considered the Executive Officer's Report and Recommendation, each of the policies, priorities and factors set forth in Government Code Sections 56425 and 56668 et. seq. and Sacramento LAFCo policies, procedures and guidelines; and

WHEREAS, during the public hearing, an opportunity was given to all interested persons, organizations and agencies to present oral and written testimony and any other information concerning the proposal and related matters; and

WHEREAS, the Sacramento Local Agency Formation Commission adopts this Resolution Making Determinations Sphere of Influence Amendment, and annexation.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Sacramento Local Agency Formation Commission Makes the following determinations as to the Florin Resource Conservation District Municipal Service Review:

- a. The Sacramento Local Agency Formation Commission adopts the recommendations set forth in the Municipal Service Review and Sphere of Influence Update for the Florin Resource Conservation District as set forth in Exhibit "A" attached hereto and incorporated herein.
- b. Florin Resource Conservation District provides efficient and adequate water service and resource conservation programs to its customers within its service territory. The Sphere of Influence shall be amended to include the 5.7 acre parcel located at 2450 Florin Road, Sacramento, California, within the District boundaries.
- c. The Sacramento Local Agency Formation Commission makes the following written determinations as to the Municipal Service Review:

1. Regarding growth in population expected for the District area:

The Commission determines that the District is capable of continuing to provide water service and resource conservation programs in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes 100 percent groundwater to meet the demands of its customers. The service population demand is not expected to grow significantly. New growth will primarily result from reuse and

infill development activity. Water pressure, water quality, and water quantity meet federal and state requirements for safe drinking water.

2. Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the Florin Resource Conservation District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

3. Regarding financial ability of the Florin Resource Conservation District to provide services:

The Commission determines that Florin Resource Conservation District has sufficient rates to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan. The District complies with the requirements of Proposition 218 to establish rates.

4. Regarding status of and opportunities for, shared facilities:

The Commission determines that Florin Resource Conservation District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

5. Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board. Directors are elected at large by the voters of the District.

6. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently with the exception of the Susan Gaines Mitchell Building.

Note: The District is attempting to address the funding issues related to this facility.

SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION

WHEREAS, the Resolution Making Application was submitted by the Florin Resource Conservation District to the Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and all amendments thereto, which commences at Government Code Section 56000 et. seq. and all references in the Resolution shall be to the Government Code unless otherwise noted;

WHEREAS, the Executive Officer has examined the Application and executed his Certificate of Sufficiency in accordance with law;

WHEREAS, at the times and in the substantial form and manner provided by law, the Executive Officer has given notice of public hearing(s) by this Commission upon the Proposal;

WHEREAS, a public hearing on the Application and the Proposal was held by the Commission on August 6, 2014;

WHEREAS, the Executive Officer has reviewed all available information and prepared reports, including recommendations, and presented the findings, reports and related information to the Commission, which were then considered by the Commission; and

WHEREAS, at the public hearing(s) the Commission heard and received all oral and written testimony, objections, all oral and written evidence, which was made, presented, or filed, and persons present were given an opportunity to hear and be heard with respect to any matter relating to these hearing(s).

NOW, THEREFORE, the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION hereby finds, determines, resolves and orders the Sphere of Influence Amendment and Annexation of the property located at 2450 Florin Road, Sacramento, California into the Florin Resource Conservation District.

1. The Commission has considered Government Code Sections 56425 and 56668 and all relevant factors in reaching its conclusions regarding the proposal.
2. Notice as required by law has been given.
3. The Affected Territory is uninhabited and located in an urbanized area, specifically 2450 Florin Road, Sacramento, Ca. The Affected Territory contains approximately 5.70 acres is described in the attached map exhibits and legal description.
4. The Affected Territory is not located within the Florin Resource Conservation District Sphere of Influence.
5. The Florin Resource Conservation District has acquired the Susan Gaines Mitchell Building during 1998 and leases said facility to the County of Sacramento.

6. In accordance with Section 56430, the Commission has conducted a review of the services provided by Florin Resource Conservation District and makes determinations that Florin Resource Conservation District will not provide any services to the parcel located at 2450 Florin Road. This is a non-contiguous annexation into FRCD.
7. The Commission determines that this project, the Sphere of Influence Amendment and Annexation is Categorical Exempt from CEQA pursuant to Section 15320 of the Public Resources Code.
8. The establishment of a Sphere of Influence Amendment and Annexation of the Affected Territory will provide tax exempt status for this parcel owned by FRCD.
9. The Sphere of Influence Amendment does not overlap other similar service providers and said Sphere of Influence is consistent with Cortese-Knox-Hertzberg Local Government Reorganization Act and Sacramento LAFCo policies.
10. Subject to the terms and conditions set forth herein, the annexation proposed by the Resolution and Proposal submitted, is hereby approved as follows:
 - a. The Affected Territory known as the Susan Gaines Mitchell Building located at 2450 Florin Road, Sacramento, Ca. containing 5.70 acres more or less is annexed to the Florin Resource Conservation District, shown on Exhibit "A" and described in the attached legal description.
 - b. The boundaries of the Florin Resource Conservation District shall be amended to include subject territory.
 - c. The Florin Conservation District shall not provide any water or soil conservation services to this parcel.
11. The Commission has reviewed the following factors and made the following determinations:
 - a. The proposal is consistent with the services provided by Florin Resource Conservation District as set forth in their Municipal Service Review.
 - b. The proposal meets will assist the district in meeting its objectives to operate efficiently and effectively by providing social services and human assistance to both city and county residents. The proposal is consistent and compatible with the surrounding land uses.
 - c. The Proposal will not adversely affect the surrounding area, nor affect other governmental services provided by the City of Sacramento or the County of Sacramento or other special districts.
 - d. The proposal contains definite and certain boundaries. It does create a non-contiguous boundary as permitted by the Public Resource Code
12. The effective date of the reorganization shall be upon filing the Notice of Completion by the Executive Officer with the Sacramento County Clerk.
13. The Commission authorizes the Executive Officer to hold the Conducting Authority for all matters related to the Proposal.

BE IT FURTHER RESOLVED by the Sacramento Local Agency Formation Commission, the Executive Officer is directed to initiate appropriate proceedings in compliance with this Resolution and State law and that the Executive Officer of this Commission is authorized and directed to:

1. Initiate the Conducting Authority protest proceeding before the Sacramento Local Agency Formation Commission pursuant to Government Code Section 57000 et. seq.;
2. Prepare a Certificate of Completion and make the filings as required under State law;
3. Mail a certified copy of this Resolution to the Clerk of the Florin Resource Conservation District and to those affected governmental agencies whose boundaries are affected by the Resolution;
4. File a certified copy of this Resolution with the Clerk of the Board of Supervisors of the County of Sacramento; and
5. Request the County Surveyor to prepare the official legal description of the Affected Territory to be filed with the Clerk of the Commission.

BE IT FURTHER RESOLVED that Resolution No. *L AFC 2014-07-0806-10-14* was adopted by the **SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**, on the *6th day of August 2014* , by the following vote, to wit:

	Motion	2nd					
Susan Peters	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Ron Greenwood	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Kevin McCarty	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Mike Singleton	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Jimmie Yee	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Gay Jones	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Christopher Tooker	_____	_____	Aye _____	No _____	Absent _____	Abstain _____	
Commission Vote Tally			Aye _____	No _____	Absent _____	Abstain _____	
Passed			Yes _____	No _____			

By:

Mike Singleton, Chair
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

ATTEST:

Diane Thorpe
Commission Clerk

Attachments: Exhibit A – Florin Resource Conservation District Final MSR and SOI Update

Legal Description and Maps

Metes and Bounds for Proposed Area of Annexation

All that portion of Section 6, Township 7 North, Range 5 East, Mount Diablo Meridian, located within the City and County of Sacramento, State of California and being more particularly described as follows:

Beginning at a point on the north line of said Section 6 also being the centerline of Florin Road, as shown on that certain Record of Survey Entitled "Portion of Section 1, Township 7 North, Range 4 East, M.D.B. & M., A Portion of Section 6, Township 7 North, Range 5 East, M.D.B&M.", recorded in the office of the Sacramento County Recorder in Book 20 of Surveys, Map No. 11, said Point of Beginning being further described as the Northeast Corner of that certain parcel of land described in the lease executed by Dorothy S. Edwards and Fred E. Edwards, Lessors to Standard Oil Company of California, Western Operations, Inc., Lessee on June 10, 1959 recorded in the office of said Recorder on September 11, 1959 in Book 3877 of Official Records, Page 623, from which Point of Beginning the Northwest Corner of said Section 6 bears South $89^{\circ}37'30''$ West, 190.00 feet;

Thence from said Point of Beginning, along the north line of said Section 6 and the centerline of Florin Road, North $89^{\circ}37'30''$ East, 494.10 feet to the Northwest Corner of Lot 4, Gardendale and the intersection of centerlines of Florin Road and 24th Street as shown on said Record of Survey;

Thence along the centerline of said 24th Street South $00^{\circ}00'50''$ East, 500.00 feet;

Thence parallel with the centerline of said Florin Road, South $89^{\circ}37'30''$ West, 684.10 feet to the centerline of 24th Street Bypass as shown on said Record of Survey;

Thence along the centerline of said 24th Street Bypass, North $00^{\circ}00'50''$ West, 300.00 feet to the southwest corner of the hereinabove mentioned lease;

Thence along the south boundary of said lease, North $89^{\circ}37'30''$ East, 190.00 feet to the southeast corner of said lease;

Thence along the east boundary of said lease, North $00^{\circ}00'50''$ West, 200.00 feet to the Point of Beginning.

FLORIN RESOURCE CONSERVATION DISTRICT
MUNICIPAL SERVICE REVIEW

May 21, 2014

Sacramento Local Agency Formation Commission

1112 I Street, Suite #100

Sacramento, CA 95814

(916) 874-6458

FAX (916) 874-2939

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS

Jimmie Yee, County of Sacramento

Susan Peters, County of Sacramento

Mike Singleton, City of Galt

Kevin McCarty, City of Sacramento

Chris Tooker, Public member

Ron Greenwood, Special Districts

Gay Jones, Special Districts

STAFF

Peter Brundage, Executive Officer

Donald J. Lockhart, AICP, Assistant Executive Officer

Diane Thorpe, Commission Clerk

Nancy Miller, Commission Counsel

EXECUTIVE SUMMARY

The Florin Resource Conservation District (FRCD) has served Sacramento County for over 60 years and those services have evolved from raising game birds and loaning farm equipment to the provision of potable water to portions of the City of Elk Grove. The traditional resource conservation activities are funded almost exclusively through grant funding and because the FRCD has no employees, most work completed under the FRCD sphere is performed by volunteers.

In addition to the Elk Grove Water District, the FRCD owns a property on Florin Road in Sacramento, which is leased to the County of Sacramento for its Human Assistance Department. Its location in South Sacramento is ideal for its purpose.

MUNICIPAL SERVICE REVIEW REQUIREMENTS

The Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 requires that each Local Agency Formation Commission (LAFCo) prepare Municipal Service Reviews and update Spheres of Influence for all cities and special districts within its jurisdiction.

A Sphere of Influence is defined by Government Code 56076 as:

...a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.

A Municipal Service Review may be conducted prior to, or in conjunction with, the update of a Sphere of Influence.

The Commission shall include a written statement of its determination with respect to each of the following:

- Growth and population projections for the affected area;

- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies;
- Financial ability of agencies to provide services;
- Status of, and opportunities for, shared facilities;
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other information as requested by the Commission.

FLORIN RESOURCE CONSERVATION DISTRICT/

ELK GROVE WATER DISTRICT PROFILE

Date: May 22, 2014

Agency Name: Florin Resource Conservation District (FRCD) & Elk Grove Water District (EGWD)

Address: 9257 Elk Grove Blvd., Elk Grove, CA 95624

Website: www.egwd.org

Telephone: (916) 685-3556 **FAX:** (916) 685-5376

Administrator Name: Mark J. Madison

Title: General Manager

Name of Contact: Ellen Carlson

Contact's E-mail Address: ecarlson@egwd.org

Agency's Principal Act: Division 9 of the California Public Resources Code

Services Provided: The FRCD provides resource conservation services in part of the southern portion of Sacramento County and retail water service within a 13 square mile area of the city of Elk Grove. The FRCD also owns the Susie Gaines Mitchell building in the City of Sacramento, which is leased to and used by the County of Sacramento's Human Assistance Department. For purposes of customer relations, the water service function of the FRCD is called the Elk Grove Water District (EGWD). It has approximately 12,000 service connections representing a current population of over 35,000 customers. The EGWD is not a separate district. Because the FRCD has two distinct functions—resource conservation and water service—this Municipal Services

Review describes the two services separately.

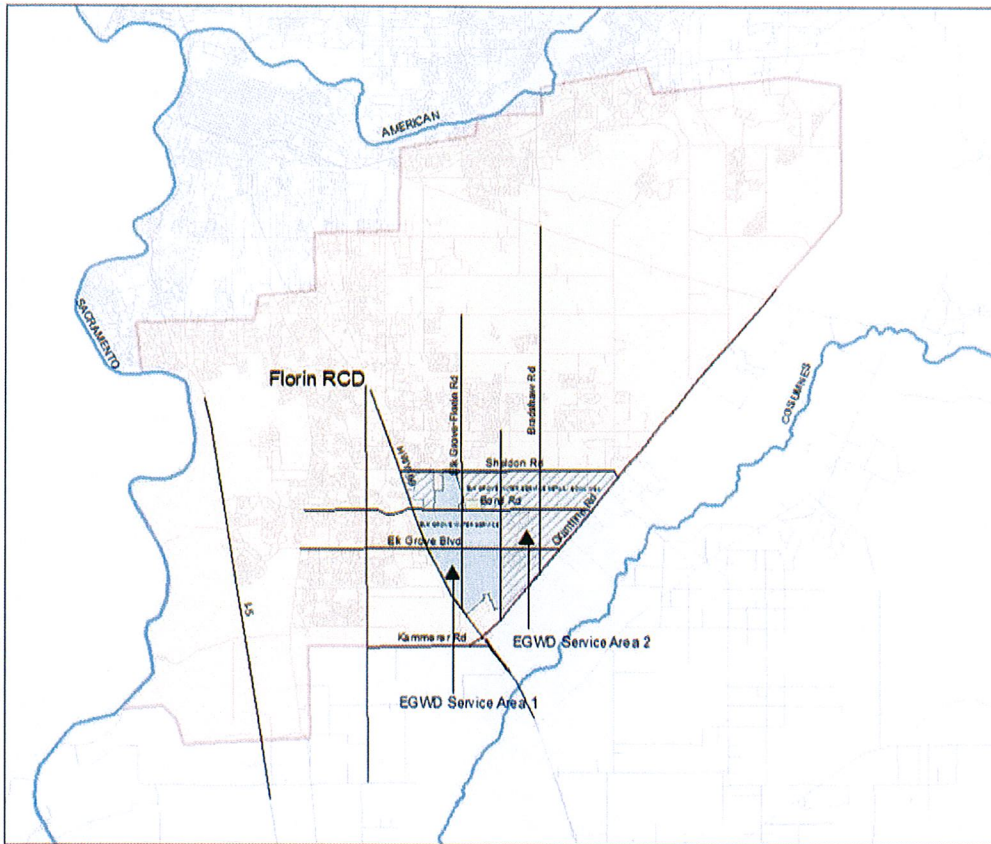
Latent Powers:	None
Governing Body:	5 member, elected, board of directors
Total Number of Employees:	FRCD: 0 EGWD: 29
# Represented 0	# Unrepresented 29 (EGWD)
Acreage/ sq. Miles within FRCD:	96,692.5 acres/151 sq. miles
Acreage/ sq. Miles EGWD:	8,009 acres/ 12.51 sq. miles
Total Population within FRCD:	280,014
Total Population within EGWD:	Approximately 35,000
Total Registered Voters within FRCD:	136,287
Total Registered Voters within EGWD:	unknown

INTRODUCTION

Background Information

The FRCD is an independent special district. The Elk Grove Water District (EGWD) is the name used by the FRCD to describe its retail water function. The EGWD is not a separate district.

- **FRCD Mission:** The FRCD assists, manages, and/or produces beneficial resource conservation programs within the FRCD service area by building alliances, generating community interest and input, and organizing activities and projects.
- **EGWD Mission:** The EGWD is committed to supplying its customers with high quality, safe water along with outstanding customer service for current and future generations.
- **Setting:** The FRCD is located in the southern part of Sacramento County, generally located west of Grant Line Road and east of the Sacramento River. The water service is located in the City of Elk Grove.



History

The FRCD was formed in 1953 to provide resource conservation services in south Sacramento County. In 1998, the FRCD acquired the property now known as the Susie Gaines Mitchell building located at 2450 Florin Road in the City of Sacramento. The FRCD leases this building to the County of Sacramento. In 1999, the FRCD purchased the Elk Grove Water Works, a private California corporation, and began providing water service in a 13 square mile area in the City of Elk Grove. For purposes of customer relations, the FRCD refers to the water service function of the FRCD as the Elk Grove Water District (EGWD). The EGWD is not a separate district. The function and services of the EGWD are also described in this Municipal Service Review.

Services Provided - FRCD

Because the FRCD receives no property tax and has no income other than grants to conduct

resource conservation activities, these activities are performed only occasionally and voluntarily by EGWD staff and board members. Until February, 2014, the FRCD co-owned a property with two other local RCDs, the Sloughhouse RCD and the Lower Cosumnes RCD. Lease payments from this property were split evenly between the RCDs and, combined with occasional grant funding, these payments formed the entire annual budget for the FRCD's resource conservation function. There has been no source of revenue for conservation activities since the sale of the co-owned property.

The FRCD's 2012-2017 Strategic Plan (Appendix A) identifies the following potential activities:

- Cooperative programs with other RCDs and other organizations
- Ag waiver programs
- Greenprint
- Farm and Ranch Cleanup
- Pollinator Habitat
- Organic Farming Initiatives
- Groundwater Banking
- Invasive Species

The FRCD has for many years made environmental education its primary focus, sponsoring events such as Range Camp, the California Envirothon, CARCD's Speak Off and World Water Monitoring Day. Board directors and EGWD staff serve on the Elk Grove Unified School District's Service Learning program, identifying and promoting activities that enhance and apply classroom curriculum to community service.

Because the FRCD has no paid staff, all work is performed by the voluntary efforts of the EGWD board and staff, mostly on educational partnerships with the Elk Grove Unified School District. Annual events may include Project WET (a water education training

program for teachers), the California Envirothon, World Water Monitoring Day and service learning projects.

The FRCD fosters relationships with other environmental groups, including the USDA/NRCS, Laguna Creek Watershed Council, the Stone Lakes National Wildlife Refuge and the Sacramento Tree Foundation. Assistance is available in volunteer work, project sponsorship and project administration.

With appropriate funding, the FRCD would be able to provide all of the services traditionally associated with resource conservation districts. These tasks include: soil conservation planning, erosion control, water development and distribution, control of runoff water, improvement of land capabilities, wildlife habitat improvement, and demonstration projects in soil conservation. Any assistance of this type is outside the skill set of the EGWD volunteers, and interested parties are referred to the staff of the California Association of Resource Conservation Districts, which is located in Sacramento and employs a watershed coordinator, or to the local NRCS/USDA office.

When the FRCD first organized, it was mainly involved in setting up drainage systems for large farms to preclude the danger of flooding from Morrison Creek. The FRCD has also been concerned with the groundwater overdraft in the area. Past programs have included wildlife preservation, habitat rehabilitation, creek restoration and tree planting projects.

Services Provided - EGWD

The EGWD provides water purveyor services including administration, customer service, operations and maintenance, planning and engineering services, plan review, construction management and inspection, and regulatory compliance for safe, reliable, and efficient delivery of water to our 12,000 service connections representing a current population of over 35,000 customers.

Management and Staff Structure - FRCD

Management Structure The governing body of the FRCD is a five member, elected board of directors. The general manager reports to and takes direction from the board of directors. The general manager supervises the EGWD staff, the organization of which is discussed in

the EGWD section.

Employment Structure The FRCD has no employees.

Type and Purpose of contracts and consultants

The General Counsel, Auditor and IT functions are contracted positions. The District periodically contracts with specialized services such as employee training and weed management. Partial funding for these contractors comes from lease payments received from the previous tenant of the building co-owned with the other two RCDs.

Awards and Recognition

In 2013, the District received the District Transparency Certificate of Excellence by the Special District Leadership Foundation (Appendix B).

Management and Staff Structure - EGWD

Management Structure The governing body of the EGWD is the same five members, elected board of directors as governs the FRCD. The general manager reports to and takes direction from the board of directors. The general manager supervises the EGWD staff, the organization of which is further described below.

Employment Structure EGWD employs an average of 30 full time positions. The organization chart is shown on the next page.

Ongoing Training and Personnel Policies

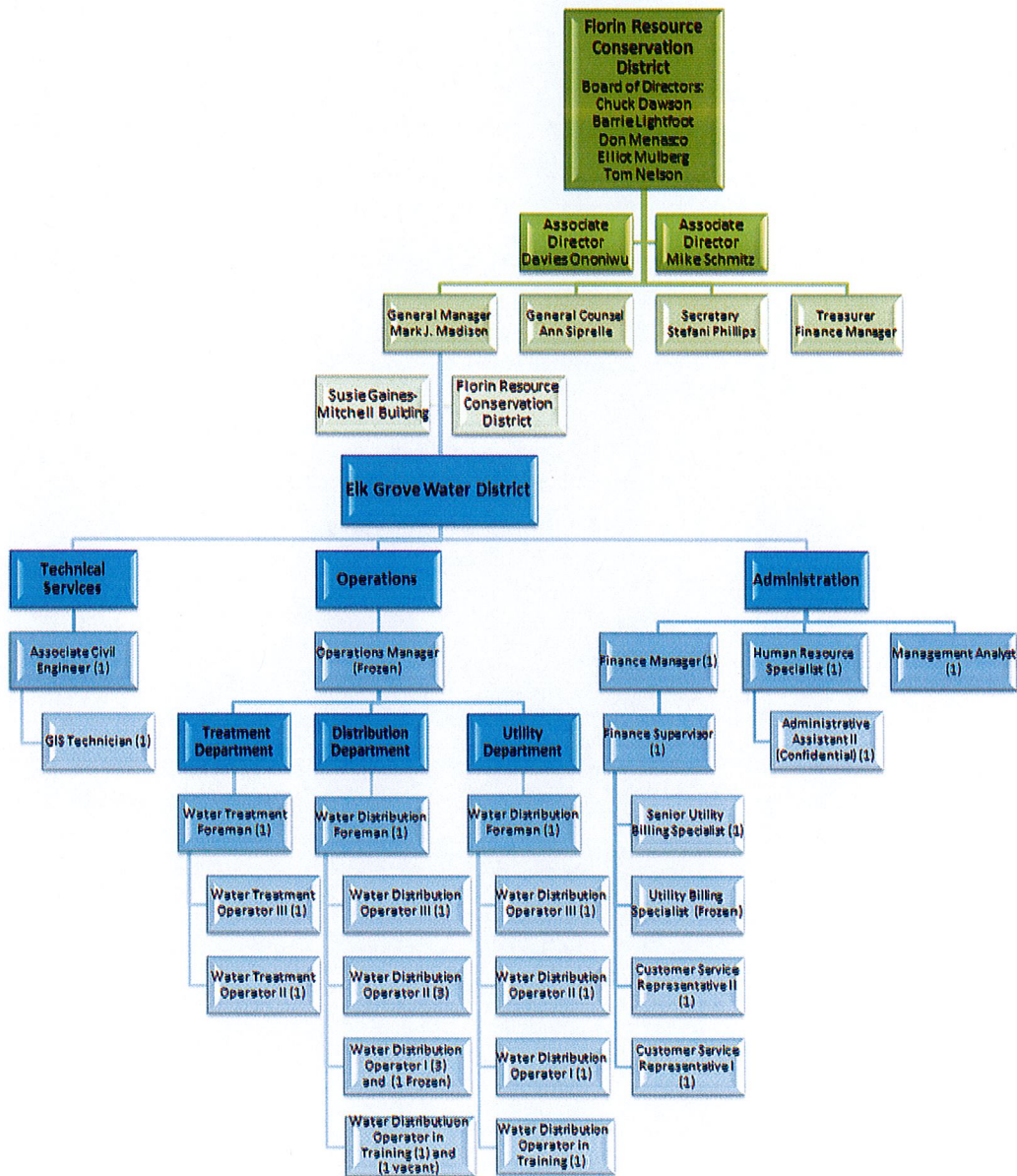
Operational employees are required to complete all training and certification required for their jobs' grade level. Monthly training is provided to all staff on subjects such as workforce safety and customer service. Employees are also encouraged to further their education and the District offers a reimbursement program for those who successfully complete courses pertinent to their job function. An employee policy manual is reviewed annually by a committee of board members and staff, approved by the board of directors and reissued to staff.

Salaries and Pay Scales

Salaries are compared against other agencies and the Association of California Water Agencies salary survey to ensure that they are fair and competitive. The organization is a member of the CalPERS retirement system.

Organization Structure

The EGWD organization is very similar to other district water agencies in this area.



Municipal Service Review Information and Determination

- **Growth and Population Projections - FRCD**

Demand for services is almost wholly restricted to requests from the Elk Grove Unified School District for activities within the partnership already described. The FRCD has no plans to expand its boundaries beyond the current annexation proposal.

Most of the FRCD is within an urban area, which is unusual for normally rural-based RCDs. The potential for growth is predominantly in the Vineyard and Mather areas as most of the District is already fully developed.

Growth and Population Projections - EGWD

To meet service demand in 2012, EGWD produced over 1.8 billion gallons of water for its customers and purchased an additional 8 million gallons from Sacramento County Water Agency (SCWA) under a long term agreement.

Balancing expected growth with the full implementation of SB x7 7 (the 20% by 2020), EGWD expects to produce or purchase 9,580 acre-feet/year by the year 2020.

EGWD is divided into two service areas. Service Area 1 receives water produced by EGWD and Service Area 2 receives water purchased under a long term contract from SCWA. Service Area 1 is fully developed, serving about 7,930 accounts and very little growth is predicted. Service Area 2 provides water to about 4,115 accounts and, as documented in the City of Elk Grove's General Plan, some additional development can be expected. The General Plan quotes a projected City-wide growth of 9.6%, determined by the Sacramento Area Council of Governments.

- **Facilities and Programs**

- **FRCD Facilities** The FRCD has no administrative facility. All FRCD activities are housed at the EGWD administrative office and meetings are conducted at the neighboring Cosumnes Community Services District board room. The FRCD does own a property and building at 2450 Florin Road, Sacramento, California. This

property is leased to Sacramento County which it uses for human assistance purposes.

Present and Planned Capacity of Public Facilities N/A

Infrastructure Needs or Deficiencies/ Capital Improvement Program N/A

LAFCo Determination

Regarding growth in population expected for the District area:

The Commission determines that the District is capable of continuing to provide water service and resource conservation programs in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes 100 percent groundwater to meet the demands of its customers. The service population demand is not expected to grow significantly. New growth will primarily result from reuse and infill development activity. Water pressure, water quality, and water quantity meet federal and state requirements for safe drinking water.

EGWD Facilities

Summary of Facilities All facilities are in Elk Grove.

Name	Location	Size (Acres)	Amenities/Special Features	Description
Railroad Water Treatment and Storage Facility, Maintenance and Operations Center	APN: 134-0050-080	1.26	Water treatment and storage facility	well, 4.0 mg storage capacity
EGWD Administration Office	APN: 127-0170-005	.58	Customer services	Administrative, customer services
Hampton Water Treatment Plant	APN: 134-710-039	.40	none	well and plant
School Street well	APN: 125-253-002	.075	pump house	well
Marval well	APN: 116-134-013	.075	pump house and chlorine shed	well
Polhemus well	APN: 125-0201-016	.075	none	well
Williamson well	APN: 125-410-061	.075	none	well
Dino well	APN: 134-0100-082	.075	none	well
Webb well	APN: 134-301-007	.09	none	well

Facilities Map Maps are included in the FY 2014-2018 Capital Improvement Program document (Appendix C).

Present and Planned Capacity of Public Facilities - EGWD

- **Current and projected service capacity**

In 1995, Elk Grove Water Works entered into an agreement with Sacramento County Water Agency to purchase wholesale water for Service Area 2. This agreement was restated and amended in June, 2002, by the FRCD after it assumed ownership of the water service. The District purchases about 3,300 acre feet of

water from Sacramento County each year. The term of the agreement is 50 years, so no changes to this source of supply are anticipated.

The District's wells serving Service Area 1 produce more than 5,400 acre feet annually. No additional water to support Service Area 1 production has been purchased from SCWA in the past three years.

Adequacy of services and facilities to serve current and future population

EGWD provides water to its customers in two (2) service areas. Service Area 1 is supplied by pumped groundwater from water wells owned and operated by EGWD. Service Area 2 is supplied by water purchased from SCWA. Service Area 1 is fully built out and EGWD has sufficient source capacity to serve this area now and into the future. Service Area 2 is not fully built out. However, a Water Agreement between SCWA and FRCD/EGWD established that new development would be supplied through the Zone 40 conjunctive use program. New development in Service Area 2 is required to pay the Zone 40 Development Fee for new building permits, and a monthly user fee for Zone 40 capital projects, to support the Zone 40 conjunctive use program. Zone 40's conjunctive use water supply is considered a reliable future source as demonstrated by the 2010 SCWA Urban Water Management Plan.

- **Performance Measures used by the District to determine service adequacy**

EGWD follows performance standards established by the American Water Works Association, the California Department of Public Health, the Association of California Water Agencies and other industry regulators. EGWD communicates its performance levels annually through the Consumer Confidence Report, periodic newsletters, and the District's Web site. Performance feedback is actively received through customer surveys, public forums at board meetings, phone calls and letters to the District and email/other Web communication.

Infrastructure Needs or Deficiencies/ Capital Improvement Program

- **District's Capital Improvement Program**

The District's Capital Improvement Program details improvement strategies for the years 2014-2018 and is included as Appendix C.

- **Deferred maintenance strategy**

It is EGWD's policy not to defer necessary maintenance and generally uses its operational crew to attend to three divisions of work: distribution, utility and treatment.

- **Policies and practices for depreciation and replacement of infrastructure**

The distribution work crew is designated for the maintenance and support of the District's infrastructure. Major projects, such as the meter retrofit or the transmission pipeline installation, are generally under the supervision of the utility foreman and his staff.

- **Financing new or upgraded infrastructure and deferred maintenance**

The Board has a "pay as you go" strategy for infrastructure and maintenance, thereby avoiding additional debt. Refer to the attached reserve fund policy for details regarding the funding of infrastructure and other projects.

- **Infrastructure deficiencies**

EGWD has no permit or regulatory violations. Any infrastructure deficiencies are prioritized and addressed in the District's Capital Improvement Program.

- **Evidence of compliance with applicable regulatory standards**

EGWD is in compliance with all applicable regulatory standards. EGWD reports its water quality tests monthly to the California Department of Public Health and

provides an annual Consumer Confidence Report, as required, to all water customers within its service area. EGWD is an active member of the American Water Works Association, with staff participating on national committees to further develop industry standards and to incorporate those standards fully within the District.

- **Programs - FRCD**

Name	Locations	Size	Description
Envirothon	varies	5-10 students	High school environmental competition
Elk Grove Greener Gardens DIY Expo and Garden Tour	Elk Grove	community wide	water efficient landscaping event

Programs – EGWD

Meter Retrofit Program This state-mandated program is nearing completion , well in advance of the 2025 deadline. The District has used a combination of grant funding and capital improvement funding for this project. In addition, EGWD is combining the meter retrofit program with a project to replace backyard water mains with new street side services.

Distribution System Program The District’s Capital Improvement Program includes several improvements to the distribution system, namely one well destruction, several well rehabilitations, water main replacements and a new water main to connect the Hampton Water Treatment Facility and the Railroad Water Treatment and Storage Facility

Integrated Regional Water Management Plan EGWD is a member of the Regional Water Authority and participates in regional planning for water sustainability. This includes participation in the Integrated Regional Water Management Plan, which coordinates planning efforts of the greater Sacramento region to avoid competing and duplication of projects and maximum benefit to all water interests.

California Department of Public Health The District complies with all CDPH requirements for drinking water systems, including water quality sampling and monthly reporting and the annual Drinking Water Consumer Confidence Report.

- **Financial Information - FRCD**

Budget Until recently, the entire budget for the FRCD, aside from occasional grant funding, was the rental income for property jointly owned with two other RCDs. The maximum annual budget was \$6,000. For 2013-2014, the FRCD budget contained approval only to finance a team's participation in the Envirothon. Because the Envirothon was cancelled, the FRCD instead made a contribution to the Elk Grove Greener Gardens DIY Expo and Garden Tour. Other expenses to the FRCD budget include legal consultation and minor incidental expenses, such as postage.

Revenue Until February 2014, the entire FRCD's annual budget, aside from occasional grant funding, was its share of rent paid on property co-owned with the Sloughhouse RCD and the Lower Cosumnes RCD. However, the property has been sold and the FRCD has no assured source of revenue at this time.

Rates, Fees, Charges and Assessments The FRCD charges no rates or fees for any services.

Expenditures Expenditures to the FRCD budget primarily include consultant fees and incidental items.

Assets, Liabilities, Debt, Equity, and Reserves The FRCD Comprehensive Annual Financial Report for the Years ended June 30, 2013 and 2012 (CAFR) is provided for reference as Appendix D.

- **Book Value of Assets**

Assets are included on pages 29 and 30 of the CAFR (Appendix D)

- **List of equipment, land, and other fixed assets.** None.

- **Summary of long term debt and liabilities.**

Long term debt is addressed on pages 31 and 32 of the attached CAFR (Appendix D)

- **Agency's bond rating and reason for rating.**

The FRCD has a bond rating of BBB+. The Standard and Poor's Ratings Services letter detailing the bond rating information is attached as Appendix E.

- **Policies and procedures for investment practices**

The Investment Policy Guidelines of the FRCD are attached as Appendix F.

- **Policies and procedures for establishing and maintaining reserves/retained earnings**

Dollar limit of reserves/retained earnings: N/A

Ratio of undesignated, contingency, and emergency reserves to annual gross revenue: N/A

Summary of Revenue Sources - FRCD

Fiscal Year	2009/10	2010/11	2011/12	2012/13	Projected
Property Taxes					
Interest	66	55	28	17	
Rental Income	12,000	12,000	11,333	9,533	8,000
HPTR					
In-Lieu Fees					
State & Federal Grants	8,936				
Recreation Fees & Grants					
Miscellaneous				4,729	6,537
Fund Balance Available					
Total	21,002	12,055	11,361	14,279	14,537

Summary of Expenditures -FRCD

Fiscal Year	2009/10	2010/11	2011/12	2012/13	Projected
Salaries & Wages					
Services & Supplies	18,961	1,198	3,894	21,579	32,000
Long-Term Debt					
Capital Improvements ¹					
Equipment					
Election costs					
Contingency ²					
Total	18,961	1,198	3,894	21,579	32,000

- Identify Sources of Funding

- Fixed or Variable?

Summary of Financial and Operational Information - FRCD

2012/2013	
Population	280,014
Area Served	96,692.5 acres
Developed Real Estate	
Undeveloped Real Estate	
Service Standard Ratios ¹	N/A
Full Time Employees	0
Average Part-time Employees	0
Total Annual Budget	
Per Capita Spending	
Total Annual Administrative Costs	
% Annual Administrative Costs to Total	

Estimated Deferred Maintenance	N/A
Average Capital Improvements (5 Years)	N/A
Reserve Amount	
Operational Cost per Employee	N/A
Average Property Tax Rate	1%

- For example, Park acres per 1000 residents

LAFCo Determination

Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the Florin Resource Conservation District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

Financial Information - EGWD

Budget The EGWD Fiscal Year 2013-2014 Budget is included in this report as Appendix G. The District finance staff were recently awarded the Certificate of Achievement for Excellence in Financial Reporting for the fourth year in a row.

Revenue See the attached budget for revenue information. Almost all revenue is gathered through collection of rates for water services provided.

Rates, Fees, Charges and Assessments The District completed a comprehensive cost of service analysis and water rate study report in 2013. This report is attached at Appendix H.

Expenditures The EGWD has established rates and fees sufficient to fund short and long-term operations, maintenance, and capital improvement costs. Several Certificates of Participation were issued to make major and necessary improvements after the District became a public agency in 1999 and the rates satisfy the repayment of these Certificates of Participation. The cost of service has been analyzed thoroughly in establishing rates in order to provide rate payers the best quality for the exact cost necessary.

Assets, Liabilities, Debt, Equity, and Reserves

- **Book Value of Assets**

See the attached Comprehensive Annual Financial Report (CAFR) (Appendix D) for information on assets, liabilities, debt, equity and reserves. Capital Assets are detailed on pages 29 and 30.

- **List of equipment, land, and other fixed assets.**

Major assets are addressed in the FY 2014 – 2018 Capital Improvement Program (Appendix C).

- **Summary of long term debt and liabilities.**

The FRCD/EGWD last issued Capital Improvement Certificates of Participation in March of 2005. The attached Comprehensive Annual Financial Report contains further information regarding financing and debt on pages 31 and 32. Details of each debt are

located on pages 33 through 37.

Agency's bond rating and reason for rating.

The District has a bond rating of BBB+. The Standard and Poor's Ratings Services letter detailing the bond rating information is attached as Appendix E.

- **Policies and procedures for investment practices**

Investment policy guidelines for the FRCD and the EGWD are attached as Appendix F.

- **Policies and procedures for establishing and maintaining reserves/retained earnings.**

On August 22, 2012, the Board of Directors passed a resolution adopting a revised policy regarding reserve funds. A copy of the reserve policy is attached as Appendix I. Reserve monies are placed into one of six funds:

- Operating Reserve Fund – target balance: 120 Days of Annual Operations and Maintenance Budget
- Capital Improvement Reserve Fund – target balance: Annual Capital Improvement Program Budget
- Capital Replacement Reserve Fund – target balance: Annual Capital Replacement Budget
- Elections and Special Studies Reserve Fund – target balance: \$120,000
- Future Years Capital Improvement Reserve Fund – target balance: 75% of the balance of the unrestricted reserves funds not allocated to the Operating Reserve Fund, Capital Improvement Reserve Fund, Capital Replacement Reserve Fund and the Elections Special Studies upon conclusion of the annual audit.
- Future Years Capital Replacement Reserve Fund – target balance: 25% of the balance of the unrestricted reserves funds not allocated to the Operating Reserve Fund, Capital Improvement Reserve Fund, Capital Replacement Reserve Fund and the Elections Special Studies upon conclusion of the annual audit.

Summary of Revenue Sources - EGWD

The EGWD seven year financial summary is on page 64 of the CAFR in the statistical section entitled Pledged Revenue Coverage – Water Service Fund.

Fiscal Year	2009/10	2010/11	2011/12	2012/13	Projected
Property Taxes					
Interest					
Rental Income					
HPTR					
In-Lieu Fees					
State & Federal Grants			198,000		
Recreation Fees & Grants					
Miscellaneous (Charges for Services)	13,642,267	13,981,562	14,420,788	14,312,791	14,015,530
Fund Balance Available					
Total	13,642,267	13,981,562	14,618,788	14,312,791	14,015,330

Summary of Expenditures - EGWD

Fiscal Year	2009/10	2010/11	2011/12	2012/13	Projected
Salaries & Wages	3,024,955	2,927,357	2,777,271	2,882,423	3,098,867
Services & Supplies	4,612,283	5,484,812	4,600,543	4,298,196	4,678,283
Long-Term Debt	3,362,040	3,557,252	3,680,913	3,718,678	3,092,804
Capital Improvements ¹	2,421,726	1,190,646	2,388,053	2,077,833	1,179,716

Equipment	474,970	186,045	39,944	7,386	7,008
Contingency					
Total	13,895,974	13,346,112	13,486,724	12,984,516	12,056,678

Summary of Financial and Operational Information - EGWD

2013/2014	
Population	about 35,000
Area Served	12,000 homes and businesses
Developed Real Estate	N/A
Undeveloped Real Estate	N/A
Service Standard Ratios ¹	N/A
Full Time Employees	30
Average Part-time Employees	0
Total Annual Budget	14,266,032
Per Capita Spending	355
Total Annual Administrative Costs	7,187,247
% Annual Administrative Costs to Total	50%
Estimated Deferred Maintenance	none
Average Capital Improvements (5 Years)	2,149,800
Reserve Amount	13,045,495
Operational Cost per Employee	475,534
Average Property Tax Rate	1% (FRCD does not receive tax revenue)

- For example, Park acres per 1000 residents

Financial Information - FRCD Office Building Enterprise Fund

Budget The FRCD Office Building Budget for Fiscal Year 2013-2014 contains \$1,121,400 in rental income and 2,093,841 in expenditures including \$618,828 in depreciation and amortization expenses.

Revenue The revenues consist of the rental income from the County of Sacramento for leasing of the building for the Department of Human Assistance operations for the South Sacramento area of the County of Sacramento.

Expenditures The FRCD Office Building has major expenditures to operate and maintain the building as per the First Amended and Restated Lease Agreement between the FRCD and the County of Sacramento dated May 1, 1998. Certificates of Participation were issued, and refinanced in 2003, to buy the building.

Assets, Liabilities, Debt, Equity, and Reserves

- **Book Value of Assets**

See the attached Comprehensive Annual Financial Report (CAFR) (Appendix D) for information on assets, liabilities, debt, equity and reserves. Capital Assets are detailed on pages 29 and 30.

- **Summary of long term debt and liabilities.**

The FRCD/EGWD last issued Capital Improvement Certificates of Participation in March of 2005. The attached Comprehensive Annual Financial Report contains further information regarding financing and debt on pages 31 and 32. Details of each debt are located on pages 33 through 37.

- **Agency's bond rating and reason for rating.** The District has a bond rating of BBB+. The Standard and Poor's Ratings Services letter detailing the bond rating information is attached as Appendix E. The outstanding Certificates of Participation for the Office Building are not rated.

- **Policies and procedures for investment practices**

Investment policy guidelines for the FRCD and the EGWD are attached as Appendix F.

- **Policies and procedures for establishing and maintaining reserves/retained earnings.**

On August 22, 2012, the Board of Directors passed a resolution adopting a revised policy regarding reserve funds. A copy of the reserve policy is attached as Appendix I. Reserve monies are placed into one of six funds:

- Operating Reserve Fund – target balance: 120 Days of Annual Operations and Maintenance Budget
- Capital Improvement Reserve Fund – target balance: Annual Capital Improvement Program Budget
- Capital Replacement Reserve Fund – target balance: Annual Capital Replacement Budget
- Elections and Special Studies Reserve Fund – target balance: \$120,000
- Future Years Capital Improvement Reserve Fund – target balance: 75% of the balance of the unrestricted reserves funds not allocated to the Operating Reserve Fund, Capital Improvement Reserve Fund, Capital Replacement Reserve Fund and the Elections Special Studies upon conclusion of the annual audit.
- Future Years Capital Replacement Reserve Fund – target balance: 25% of the balance of the unrestricted reserves funds not allocated to the Operating Reserve Fund, Capital Improvement Reserve Fund, Capital Replacement Reserve Fund and the Elections Special Studies upon conclusion of the annual audit.

Summary of Revenue Sources – FRCD Office Building Enterprise Fund

The FRCD Office Building Enterprise fund seven year financial summary is contained (but not separated) in the information on page 47 of the CAFR in the statistical section entitled Change in Net Position.

Fiscal Year	2009/10	2010/11	2011/12	2012/13	Projected
Property Taxes					
Interest					
Rental Income	1,414,572	1,532,453	1,414,572	1,292,417	1,121,400
HPTR					
In-Lieu Fees					
State & Federal Grants					
Recreation Fees & Grants					
Miscellaneous (Charges for Services)					
Fund Balance Available					
Total	1,414,572	1,532,453	1,414,572	1,292,417	1,121,400

Summary of Expenditures - FRCD Office Building Enterprise Fund

Fiscal Year	2009/10	2010/11	2011/12	2012/13	Projected
Salaries & Wages					
Services & Supplies	145,992	443,848	404,743	430,677	380,020
Long-Term Debt	1,558,044	1,243,248	1,236,427	1,232,278	1,027,477
Capital					

Improvements ¹					
Equipment					
Contingency ²					
Total	1,704,036	1,687,096	1,641,170	1,662,955	1,407,497

LAFCo Determination

Regarding financial ability of the Florin Resource Conservation District to provide services:

The Commission determines that Florin Resource Conservation District has sufficient rates to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the District Master Plan. The District complies with the requirements of Proposition 218 to establish rates.

4. **Status of and Opportunities for Innovation and Shared Facilities - FRCD**

- **Existing and/or potential shared facilities, infrastructure, and staff. Joint power agreements or other agreements for sharing resources with other agencies.**

The FRCD signed a cooperative working agreement with the Natural Resources Conservation Service, USDA and co-owned a property with two other RCD's until 2014.

- **Existing and/or potential joint use planning.** None
- **Existing and/or potential duplication with existing or planned facilities or services with other agencies.** None.
- **Availability of any excess capacity to serve customers or other agencies.** None
- **Economies of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.** None.
- **Duplication (overlap), or gaps in services or boundaries.** None
- **Ongoing cost avoidance practices.** The FRCD has no active programs, so there are minimal costs. There has not been any contractual hiring for many years.
- **Opportunities to reduce overhead and operational costs.** Costs to the FRCD are primarily for legal advice and election costs and these costs are fixed. Funding for these costs comes from the rent revenues previously received from the tenant of the building co-owned with two other RCDs.
- **Opportunities to reduce duplication of infrastructure.** N/A
- **Areas outside agency boundary which could be efficiently served by existing or proposed agency facilities.** None.

- **Areas within agency boundary which could be more efficiently served by another agency.** None.
- **Compatibility of service plans with those of other local agencies.** All are compatible.

Status of and Opportunities for Innovation and Shared Facilities - EGWD

- **Existing and/or potential shared facilities, infrastructure, and staff. Joint power agreements or other agreements for sharing resources with other agencies.**

In 2005, EGWD reentered into an agreement with Sacramento County Water Agency (SCWA), under which SCWA provides "...a permanent supply of wholesale treated groundwater and/or surface water..." SCWA and EGWD maintain several intertie points at which water can be transferred to the EGWD.

SCWA entirely surrounds EGWD, and therefore, there are no other neighboring water agencies to share additional resources.

EGWD maintains professional relationships with several organizations, including:

- The City of Elk Grove
- Cosumnes Community Services District
- The Water Forum
- Association of California Water Agencies
- American Water Works Association
- Regional Water Authority
- Sacramento Central Groundwater Authority
- California Association of Resource Conservation Districts

- California Special Districts Association
- California Urban Water Conservation Council

- **Existing and/or potential joint use planning.**

EGWD works cooperatively with the Regional Water Authority, the Integrated Regional Water Management Plan and the Sacramento Central Groundwater Authority to identify regionally beneficial projects and priorities.

- **Existing and/or potential duplication with existing or planned facilities or services with other agencies.**

EGWD has not identified any existing or potential duplication with existing or planned facilities or services with other agencies.

- **Availability of any excess capacity to serve customers or other agencies.**

EGWD maintains the required amount of water storage for firefighting, but does not produce an excess that could be made available to customers or other agencies. During an emergency and especially during non-peak periods, EGWD can evaluate its water supply versus demand, and on a case-by-case basis may be able to provide water for a limited period of time to SCWA through one or more of its interties.

- **Economies of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.**

Economies of scale have been observed primarily in conservation programs. For example, membership in the Regional Water Authority enables EGWD to take advantage of reduced prices in bulk conservation items, such as showerheads for distribution, fliers and brochures and mass marketing programs, such as television announcements or radio time. Likewise, EGWD has partnered with the City of Elk Grove to share costs of water efficiency advertisements and outreach.

- **Duplication (overlap), or gaps in services or boundaries.**

There is no duplication, gaps or overlap in services or boundaries. There are no opportunities to reduce infrastructure by eliminating duplication.

- **Ongoing cost avoidance practices.**

The FRCD and the EGWD maintain and abide by numerous policies and practices to reduce costs and maintain customer charges as low as possible. Specifically, there are two adopted policies which govern the purchase of goods and services (Appendix J), and the bidding of public works construction projects (Appendix K). These policies are strictly compliant with public contract law and maintain a competitive procedure to ensure that expenditures made by the Districts are as economical as possible. The EGWD has been successful in obtaining over \$330,000 in grant funding which has assisted in the installation of meters throughout the EGWD. The EGWD generally completes most work using in-house personnel, however many professional type services are solicited due to the specialized nature of that work. In 2011, the District adopted an Employee Cost Control Program (Appendix L) that includes many elements aimed at controlling employee costs over the long-term. This program has been very successful and is credited with helping to temper rate adjustments over the next five years. It should also be noted that the District completed a Source Capacity Improvement Program which saved several million dollars on replacement wells needed to improve the water supply production. This Program also has saved over a half a million dollars in supplemental water that would have otherwise been purchased to supply our customers during peak summertime periods.

- **Opportunities to reduce overhead and operational costs.**

The FRCD/EGWD actively continues to seek cost reduction measures in all operational areas of the District. The District also continues to actively pursue all types of grant opportunities and this will be especially important to the FRCD, which has limited sources of revenue.

- **Opportunities to reduce duplication of infrastructure.** None.

- **Areas outside agency boundary which could be efficiently served by existing or proposed agency facilities.** None.

- **Areas within agency boundary which could be more efficiently served by another agency.** None.
- **Compatibility of service plans with those of other local agencies.**

The EGWD service plan is compatible with the plans of other local agencies. Every year, EGWD works with the City of Elk Grove and the Cosumnes Community Services District to coordinate capital improvement projects. Examples of this cooperation include EGWD's moving a water line to make way for the City's new pedestrian overpass project and the coordinating of the installation of a new water main with the City's plan to lay the new surface of a major road.

LAFCo Determination

Regarding status of and opportunities for, shared facilities:

The Commission determines that Florin Resource Conservation District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

5. Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

a. Composition of the agency's governing board.

- Number of Directors: 5
- Nature/Length of Terms: 4 year staggered terms
- Is governing body landowner or population based? Landowner based
- Are Directors elected or appointed? Elected, although mid-term vacancies have been filled by appointment
- Are elections or appointments at large or by district? At large

EGWD is governed by the FRCD's elected (at large) five member board of

directors. Board members serve staggered four year terms. In addition to the elected board, the FRCD/EGWD has two associate directors, who have no voting privileges, but volunteer their service to the FRCD/EGWD. According to Section 9314 of Division 9 of the Public Resources Code, the board can be appointed by the county's board of supervisors; however, for several years the FRCD has instead held elections for board seats.

To qualify as a director, candidates must be:

- A registered voter, **and**
- Reside within the district, **or**
- Have two or more years' experience as an associate director, **or**
- Be a designated agent of a resident landowner within the district.

At present, all FRCD/EGWD directors live within the FRCD boundaries; two live within the EGWD boundaries

b. Compensation and benefits provided to the governing board, including any benefits that continue after term of service.

The directors of the governing board receive no compensation or benefits for their service. Directors may be reimbursed for reasonable and necessary expenses incurred in attendance at meetings or otherwise engaged in the business of the district. (California Public Resource Code Section 9303).

c. Governing board meeting locations and frequency

The Board of Directors meets on the fourth Wednesday of every month. The December meeting may be combined with an annual meeting of neighboring RCDs.

d. Rules, procedures, and programs for public notification of agency operations, meetings, programs, etc.

- Public participation encouragement

The Board Secretary adheres to Brown Act requirements to ensure that ample public notice is provided for each meeting. Notice of all public meetings is advertised in the local newspaper (the Elk Grove Citizen), on the EGWD Web site (www.egwd.org), and an agenda posted both at the EGWD administrative office and at the meeting's site.

- Public meetings accessibility

Meetings are normally held at the Cosumnes Community Services District's board room, 8820 Elk Grove Blvd., Elk Grove, which is a larger facility than any of EGWD's space. All meetings are open to the public, unless previously noticed as a closed session. Meetings are usually held at 6:30 in the evening.

e. Public education/outreach efforts, (i.e., newsletters, bill inserts, Web site, etc.)

Public education and outreach efforts are organized both inhouse and through EGWD's membership in the Regional Water Authority. Inhouse communications include regular updates to the EGWD Web site, a periodic newsletter (the Water Drop) and the annual Consumer Confidence Report. EGWD staff participates in two local festivals each year, the Elk Grove Western Festival and the Elk Grove Harvest Festival, during which the staff promotes water education and conservation awareness at the EGWD booth.

f. Level of public participation, and ways that staff and Directors are accessible to the public.

During a recent rate study, community participation was actively recruited for the Community Advisory Committee (CAC), a group of rate-paying citizens who reviewed each step of the cost of service and rate making process. The end proposal submitted to the Board of Directors was endorsed by the CAC.

The Board of Directors is available to the public through the directors' emails, found on the EGWD Web site. Every public meeting reserves time early on the

agenda for public comment on items not on the agenda and time for comment as each agenda item is discussed. Public comments are limited to 3 minutes and speakers are requested to complete a Speaker Card and to present it to the Board Secretary before taking the podium. Having the Speaker Card enables the Board and EGWD staff to follow up on any issues raised that are not immediately addressed during the public's comments. The Board may also appoint up to five associate directors, who must be registered voters or landowners within the FRCD and demonstrate expertise in an area of interest to the Board. Associate directors participate in meetings and on committees but do not vote.

Staff are available to the public throughout the work day and an emergency number is posted on the administrative office's front door, on the customer bills and on the Web site so that the public can reach staff at any time day or night. Some staff members have email addresses posted on the EGWD Web site and all staff members carry business cards to provide customers for reference in future or follow-up contacts.

g. Public access to information and agency reports.

Under the California Public Records Act, Government Code sections 6250-6276.48, the public may review or obtain copies of most EGWD records. EGWD/FRCD Policy No. 31 (Appendix M) details the public's ability to access information and agency reports. The public is invited to review all available information during regular business hours and staff will research and make available information that is not readily available upon request. A small fee may be charged to cover the cost of photocopying documents. Agency reports are available by:

- Coming into the EGWD administration building,
- Email request to the FRCD Board or EGWD staff,
- Telephone request to the EGWD staff,
- Downloading a copy available on the Web site in an Adobe Acrobat (pdf) format

h. Opportunities to eliminate service islands, peninsulas and other illogical service areas.

The FRCD/EGWD does not identify any opportunities to eliminate service islands, peninsulas and other illogical service areas at this time..

LAFCo Determination

Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a five-member Board. Directors are elected at large by the voters of the District.

6. Issues, Concerns and Opportunities

Issues or concerns related to operations (financial, managerial, legal, organizational, etc.)

- Compliance with Environmental Justice requirements

The FRCD is in complete compliance. EGWD's policy is to provide fair treatment and meaningful involvement of all people and a safe, healthful environment for both the public and employees.

- Compliance with regulatory reporting requirements

The FRCD is in complete compliance. EGWD strictly complies with all local, state and Federal regulatory and reporting requirements, including the annual Consumer Confidence Report.

- Compliance with regulatory agencies and public health and safety issues

The FRCD is in complete compliance. EGWD is in full compliance with its regulatory agencies and public health and safety issues. EGWD follows OSHA requirements for a safe workplace.

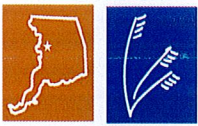
LAFCo Determination

Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

APPENDICES

- FRCD/EGWD 2012-2017 Strategic Plan
- District Transparency Certificate of Excellence
- FY 2014-2018 Capital Improvement Program
- FRCD Comprehensive Annual Financial Report for the Years ended June 30, 2013 and 2012
- Standard and Poor's Rating Services FRCD rating letter
- FRCD Investment Policy Guidelines FY 2012-2013
- EGWD Fiscal Year 2013-2014 Operating Budget
- EGWD 2013 Water Rate Study Report
- Resolution adopting EGWD Reserve and Capital Investment Policy
- FRCD Policy No. 3, Purchases of Goods and Services from Outside Vendor
- FRCD Policy No. 8, Bidding Policy and Procedures for Public Works Construction Contracts
- Resolution adopting policies concerning Employee Benefits and Work Schedules
- FRCD Policy No. 31, Public Record Act Requests



Notice of Exemption

To: Office of Planning and Research **From:** Sacramento LAFCo
1400 Tenth Street, Room 121 1112 I Street, Suite 100
Sacramento, CA 95814 Sacramento, CA 95814

County Clerk
County of Sacramento

Project Title: Florin Resource Conservation District Municipal Service Review, Sphere of Influence Amendment and Annexation

Project Location: Specific: 2450 Florin Road, Sacramento, Ca. County of Sacramento A.P.N. 047-0013-005

Description of Nature, Purpose, and Beneficiaries of Project:

Municipal Service Review and Sphere of Influence Update, and Annexation for the Florin Resource Conservation District

Lead Agency Approving Project: Sacramento LAFCo (LAFC 10-14)

Name of Person or Agency Carrying Out Project: Peter Brundage

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec 21080(b)(3); 15269(a));
- Emergency Project (Sec 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: 15061(b)(3)
- Statutory Exemptions. State code number: _____

Reasons why project is exempt: No impact to the environment

Lead Agency Contact Person: Peter Brundage **Phone:** 916 874-5935

Signature: Peter Brundage **Date:** July 30, 2014 **Title:** Env. Coordinator

Signed by Lead Agency Date received for filing at OPR: NA

RECEIVED

JUL 15 2014

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

City of
SACRAMENTO

COMMUNITY
DEVELOPMENT
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

300 RICHARDS BLVD. ,
3RD FLOOR
SACRAMENTO, CA
95811

PH: 916-808-8860

July 15, 2014

Donald Lockhart, AICP, Assistant Executive Officer
Sacramento Local Agency Formation Commission
1112 I Street, Suite #100
Sacramento, CA 95814

Subject: Florin Resources Conservation District – Annexation (LAFC #10-14)

Dear Mr. Lockhart,

The City of Sacramento has reviewed the application materials that propose Sphere of Influence Amendment and concurrent annexation of a single, non-contiguous 5.69 acre parcel (APN: 047-0013-005) located at 2450 Florin Road (the southeast corner of 24th Street / Florin Road). The parcel has a 52,000 square foot building leased (through 2023) to the County (Susie Gaines-Mitchell Building – County Dept. of Human Assistance).

Florin Resource Conservation District (FRCD) was established in 1953 as a resource conservation district whose purpose is to control runoff, prevent and control soil erosion, development and distribution of water, and improve land capabilities. In December 1999, FRCD purchased the Elk Grove Water Works (now operating as the Elk Grove Water District is a department of the FRCD which operates and maintains a 100+ year old water system serving approximately 36,000 customers within the City of Elk Grove).

The subject parcel is located within the City of Sacramento, in Council District 8. The City is a full-service provider. No actual municipal services are proposed to be provided by FRCD. The sole rationale for the proposed annexation is to render the property exempt from future property tax.

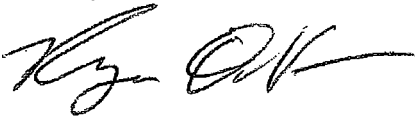
The City of Sacramento opposes the proposed annexation because the action would negatively impact City revenues, would create ambiguous service provider information, and is poor public policy.

If LAFCo grants the application request, the City of Sacramento respectfully requests the following conditions of approval:

1. Property Tax Revenue – Back Taxes: The City shall receive its share of back taxes.
2. Property Tax Revenue – Ongoing Revenue: The District shall pass-through the City's share of property tax revenue that was in existence prior to annexation.
3. Water & Conservation Service: The District shall stipulate that it will not be the (water & soil conservation) service provider within the City of Sacramento boundaries.
4. Subsequent Detachment: The District shall make application to LAFCo for detachment of the subject property *in the event that the District sells the property or leases the property to a non-governmental entity.*

If LAFCo imposes these conditions, then the proposal would have minimal fiscal or service impacts on the City of Sacramento. However, even if these conditions are met, the City of Sacramento feels that the non-contiguous annexation for the sole purpose of tax avoidance is not good public policy.

Sincerely,



Ryan DeVore
Interim Director, Community Development Department

Cc: Kevin McCarty, City Council District 6 (LAFCo Commissioner)
Matthew Bryant, Council District 8
Fran Halbakken, Office of the City Manager
David Kwong, Planning Director
Tom Pace, Long Range Planning Manager
Scot Mende, Principal Planner

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JUN 13 2014

RESOLUTION NO. 02.26.14.01

SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

**A RESOLUTION OF THE FLORIN RESOURCE CONSERVATION DISTRICT BOARD
OF DIRECTORS PETITIONING THE LOCAL AGENCY FORMATION COMMISSION
TO INITIATE PROCEEDINGS TO AMEND THE FLORIN RESOURCE
CONSERVATION DISTRICT SPHERE OF INFLUENCE AND CONCURRENTLY
ANNEX A NONCONTIGUOUS PARCEL (APN 047-13-005)**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §§56000, et seq.) provides for the encouragement of orderly formation and development of local agencies based upon local conditions and circumstances and to shape the development of said local agencies so as to advantageously provide for the present and future needs of the users of its services; and

WHEREAS, the Florin Resource Conservation District ("District") is a resource conservation district organized and operating under the California Public Resources Code §§9001, et seq. to develop and operate programs and activities in furtherance of the following statutory purposes: the control of runoff, the prevention or control of soil erosion, the development and distribution of water, and the improvement of land capabilities; and

WHEREAS, the District's boundaries were initially established in 1953 and amended three times, in 1955, 1959, and 2004; and

WHEREAS, the District wishes to annex a single, noncontiguous parcel of land located at 2450 Florin Road in the City of Sacramento, owned by the District and leased to Sacramento County for its Department of Human Assistance, also known as the "Susie Gaines-Mitchell Building;" and

WHEREAS, the Susie Gaines-Mitchell Building has been owned by the District and leased to Sacramento County's Department of Human Assistance since 1998; and

WHEREAS, because the Susie Gaines-Mitchell Building is not within the District's boundaries, it is subject to property tax even though it is owned by the District and leased to governmental agencies and used exclusively for public purposes; and

WHEREAS, the District's lease with the County dated May 1, 1998 requires the District to manage and maintain the Susie Gaines-Mitchell Building and to pay any property taxes that may be assessed against it; and

WHEREAS, the County's monthly payments under the lease are insufficient to pay for maintenance, repairs and property taxes on the Susie Gaines-Mitchell Building, and the District has no other legally available funds with which to make such payments; and

WHEREAS, the County has extended the term of the lease to 2024; and

WHEREAS, the County Assessor began to assess property taxes on the Susie Gaines-Mitchell Building for the first time in 2005-2006; and

WHEREAS, the District paid property taxes on the property for four years, until 2009-10, but thereafter was unable to pay the property taxes due to insufficient lease revenue and the absence of other legally available funds; and

WHEREAS, the amount of property taxes assessed against the Susie Gaines-Mitchell Building in 2013-14 totaled \$73,129.04 in two equal installments.

WHEREAS because property taxes have gone unpaid for five years, the Susie Gaines-Mitchell Building will be subject to a property tax sale beginning on or about July, 2015; and

WHEREAS, due to inaccurate projections of expenses and revenues related to the property and the terms of the County lease, the District does not currently have and does not expect ever to have legally available funds sufficient to pay the past due property taxes or property taxes imposed in the future; and

WHEREAS, annexation of the Susie Gaines-Mitchell Building would exempt it from future property taxes under California Constitution Article XIII(3)(b), so long as the District owns it; and

WHEREAS, the District is attempting to negotiate a "work-out" with investors who purchased the bonds that financed the District's original purchase of the Susie Gaines-Mitchell Building; and

WHEREAS, annexation of the Susie Gaines-Mitchell Building would prevent future tax liabilities from further eroding the security of the bondholders' investment; and

WHEREAS, Government Code Section 56119 permits a special district to annex noncontiguous property if the district's enabling act authorizes it to include noncontiguous territory within its boundaries and the property is not within the boundaries of another district; and

WHEREAS, the District's enabling act authorizes a resource conservation district to include noncontiguous territory within its boundaries (Public Resources Code Section 9153), and the Susie Gaines-Mitchell Building is not within the boundaries of any other resource conservation district; and

WHEREAS, the annexation of the Susie Gaines-Mitchell Building will not change the District's provision of water service or the nature or extent of its resource conservation activities; and

WHEREAS, it is desired to provide that the proposed reorganization be subject to the following terms and conditions: That the annexation be effective immediately upon the filing of the Certificate of Completion; and

WHEREAS, the District will prepare a Municipal Services Review.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Florin Resource Conservation District that the District hereby petitions the Sacramento Local Agency Formation Commission to initiate proceedings to amend the Florin Resource Conservation District sphere of influence and concurrently annex a noncontiguous parcel (APN 047-13-005).

PASSED AND ADOPTED by the Board of Directors of the Florin Resource Conservation District on this 26th day of February, 2014 by the following vote:

AYES: Dawson, Menasco, Mullberg, and Lightfoot
NOES: 0
ABSTAIN: 0
ABSENT: Tom Nelson

B.C. Lightfoot
Chair, Florin Resource Conservation District

ATTEST:

Mari Diligso
Secretary, Florin Resource Conservation District