

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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February 7, 2018

TO: Sacramento Local Agency Formation Commission

FROM: Donald J. Lockhart AICP, Executive Officer
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**RE: LANDOWNER INITIATED PROPOSED SPHERE OF INFLUENCE
AMENDMENTS FOR THE CITY OF ELK GROVE, SACRAMENTO
REGIONAL COUNTY SANITATION DISTRICT & SACRAMENTO
AREA SEWER DISTRICT (L AFC #07-15) (CEQA EIR SCH #2016032015)**

EXECUTIVE OFFICER'S RECOMMENDATION:

- 1. Adopt L AFC Resolution No. 2018-01-0207-07-15:** Certifying the Final Environmental Impact Report for the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendments for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (L AFC #07-15) (CEQA EIR SCH#2016032015)
- 2. Adopt L AFC Resolution No. 2018-02-0207-07-15:** Adopting Findings of Fact and a Statement of Overriding Considerations for the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendments for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (L AFC #07-15) (CEQA EIR SCH#2016032015)
- 3. Adopt L AFC Resolution No. 2018-03-0207-07-15:** Adopting a Mitigation Monitoring and Reporting Program for the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendments for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (L AFC #07-15) (CEQA EIR SCH#2016032015)

4. Adopt LAFC Resolution No. 2018-2018-04-0207-07-15: Making Written

Determinations and Approving: (1) the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendments Municipal Service Review; and (2) the Landowner Initiated 1,156 acre Kammerer/Hwy (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendment for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (LAFC #07-15) (CEQA EIR SCH#2016032015)

EXECUTIVE OFFICER’S SUMMARY

This proposed Landowners Group Sphere of Influence Amendments proposes to establish amendments to the Spheres of Influence of the City of Elk Grove (City), the Sacramento Regional County Sanitation District (SRCSD), and the Sacramento Area Sewer District (SASD) (referred to collectively as the “LGSOIA”). The applicants have proposed that the LGSOIA encompass approximately 1,156 +/- acres (Exhibit A.)

The Landowners Group application includes the following statement of intent:

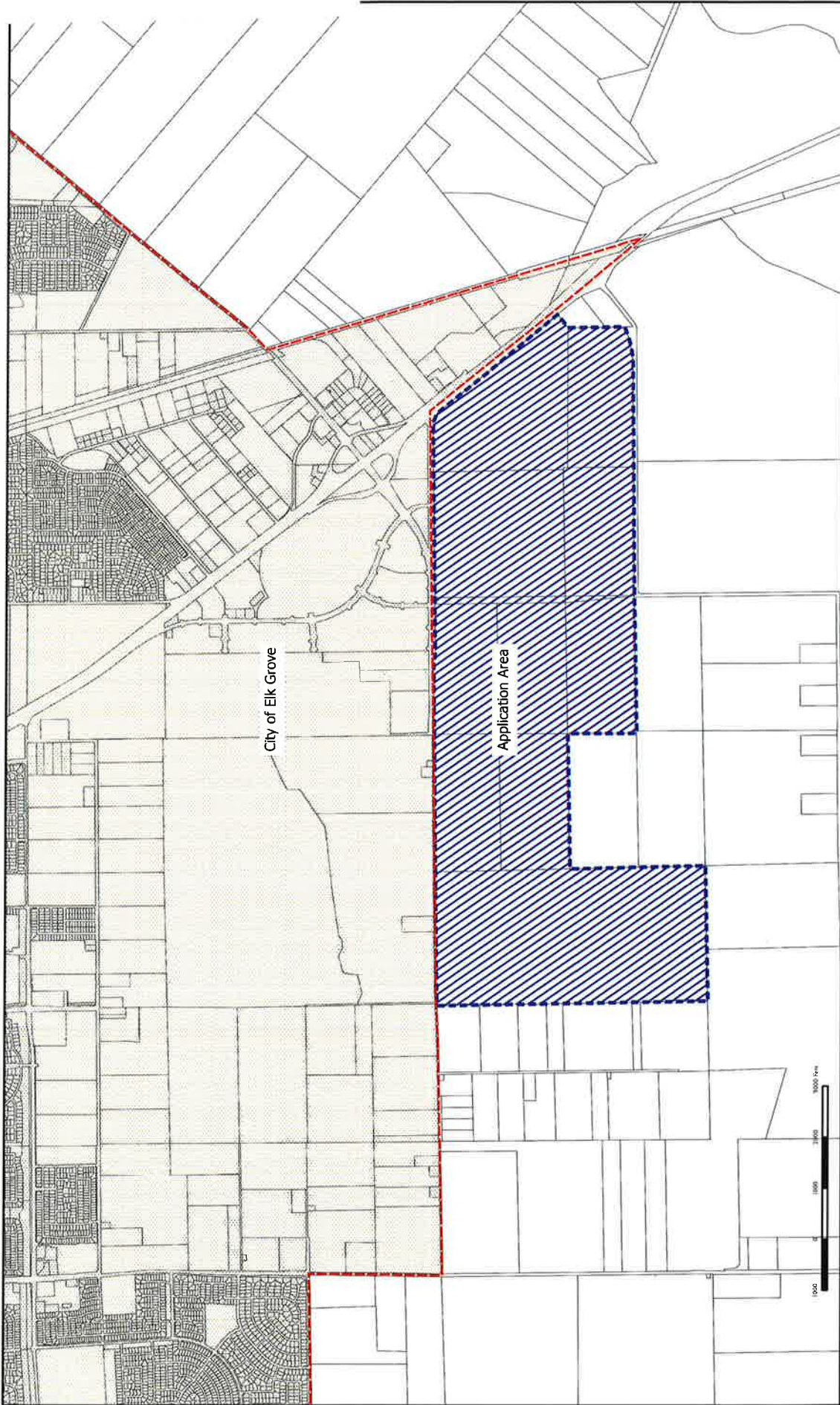
Proposed Kammerer/99 SOIA (LAFCo # 07-15)
Landowners Group Project Narrative

This Kammerer/99 Sphere of Influence Amendment (Application Area) requests Sacramento Local Agency Formation Commission’s (LAFCo) approval to amend the City of Elk Grove’s (City), the SRCSD and the SASD Spheres of Influence (SOI), which are currently coterminous with its current city boundary (City SOIA), and County General Plan Urban Services Boundary (USB) (SRCSD & SASD) to include approximately 1,156 acres adjacent to the City’s southern boundary.

The intent of these proposed Sphere of Influence Amendments (SOIA) is to provide holding capacity for the City to plan solutions for their continuing needs for employment opportunities and to provide future housing opportunities. The State of California is currently experiencing a shortfall in housing inventory, commonly referred to as the Statewide Housing Crisis, which is exacerbated by a lack of available land for development.

Elk Grove’s population within its existing City Limits is over 170,000. During public engagement for the City of Elk Grove General Plan update, city staff utilized Sacramento Area Council of Governments (SACOG) 2016 Metropolitan Transportation Plan/Sustainable Communities Strategy growth projections to illustrate potential demand. Approximate growth of an additional 46,000 residents in Elk Grove by the year 2036 helped citizens participate in planning exercises. Out of the citizen planning exercise and joint sessions of the Elk Grove City

Application Area Exhibit



Council and Planning Commission, it was determined that the SACOG population growth projections cannot be reasonably accommodated within the approximately 1,800 acres of developable land remaining for population and economic growth within the existing city boundaries.

In July 2014 the City of Elk Grove (City) completed the environmental analysis and land use approvals for the last large undeveloped/unentitled area within the existing city limits, the Southeast Policy area. Consequently, the City now has no additional large, unplanned blocks of land available for long term planning and future growth within its boundaries.

The City anticipated this eventual occurrence during preparation of its initial 2003 General Plan. In order to address the future need for additional growth opportunities, the General Plan's Land Use Element, the City contemplated and advocated for a broader planning area including the area encompassed with this application. The statement included in the 2003 City General Plan is as follows:

"This General Plan provides land use planning for the City and a larger Planning Area. The Planning Area is intended to be an area in which the City has an interest in guiding land use decisions by the County of Sacramento, and is envisioned as the area into which the incorporated city boundaries may eventually expand."

As stated above, the General Plan Update assumes an increase in population for the city of Elk Grove of approximately 46,000 persons by 2036. There are currently just over 1,800 acres of vacant land entitled for residential and employment uses within the existing City limits; few other land opportunities exist within the City limits. Most of 1,800 acres, is comprised of inventory for the projected near-term growth within the City. The southern portions of Laguna Ridge, the Southeast Policy Area and Sterling Meadows are the most significant portions of this inventory. Each of these projects are currently under construction or will be breaking ground in Spring 2018. The City is installing over \$33million of infrastructure to service these areas along the north side of Kammerer Road.

Under the current City General Plan land use designations and development standards, some but not all, of the future anticipated population growth might be accommodated. Various constraints may limit the development potential of some of the sites planned for growth, such as small or irregular shaped lots, compatibility with adjacent development, critical habitat for sensitive species and other environmental conditions and floodplain restrictions. It has also been a long-standing General Plan Policy within the City of Elk Grove to ensure that new development is compatible with densities of the surrounding neighborhoods.

Since the City's incorporation in 2000, current City General Plan Policy has limited urban development within the northeast portion of the city, known locally as the "Rural Area." This area is identified as Rural Residential in the Elk Grove General Plan and general plan policy strongly discourages the introduction of "wet" utilities (i.e., municipal water and sanitary wastewater infrastructure) into this area to effectively limit increases in density, and growth. The immediate community, in conjunction with the City's Planning Commission and City Council have repeatedly reaffirmed their commitment to the policy of maintaining this area as currently defined by their General Plan. This policy is being carried forward from the existing General Plan into the current General Plan Update.

This General Plan Policy as it relates the "The Rural Area" places addition growth pressure on the city and the region for Elk Grove to accommodate its share of regional growth. The City's General Plan Update assumes some increased densification where appropriate. However; the development patterns in the city will remain similar to existing Elk Grove and other suburban communities in this region. So, consideration and the study of potential growth areas outside the existing city limits is being encouraged by adjacent, unincorporated landowners.

Through the General Plan Update public outreach, the City has examined vacant and underutilized land inventory within the City to identify opportunity sites where additional or more intensive development could occur. City staff has concluded through this process that there are limited opportunities to provide for the growth that is being projected within the current City Limits. Without expansion of the city boundary, the projected growth cannot be accommodated through the long practiced suburban land use patterns and densities.

The 2003 General Plan Land Use Policies LU-12, -13, -14 and -15 provide detail for the additional growth opportunities. The proposed SOIA is within one of the future study areas and has been long seen as a reasonable area for future city expansion. The Application Area has two miles of frontage along the proposed Capital Southeast Connector (Kammerer Road) and is adjacent to ongoing development to the north and existing development to the east. Also, the fully improved Grant Line Road/Hwy 99 interchange is immediately proximate to the northeast of the site. The land within the SOIA area is outside of the FEMA floodplain and has been extensively farmed for generations resulting in it having limited biological resource value. With the major transportation access already defined and at least partially funded, the extension of urban infrastructure to the SOIA area may be fairly feasible and cost effective.

The Purpose of a Sphere of Influence

A Sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency as determined by the Commission."

The primary purpose of a sphere of influence is to serve as a long-range policy planning tool to be used by your Commission, the city, and affected municipal service providers to facilitate and develop planning and financing strategies to accommodate future growth in population and employment. A sphere may guide the direction of growth, but it does not drive the timing of growth.

A Sphere of Influence does not change land use or give the affected land use planning agency any land use authority or entitlements. The Sphere only establishes a policy planning area to be used by the City and other affected agencies (SRCSD and SASD) to effectively plan for growth as stated in the project application.

Process

Sacramento LAFCo has prepared a Municipal Service Review (MSR), an Environmental Impact Report (EIR,) a Recirculated EIR, and a Final EIR for this project. In addition, there has been extensive outreach to affected agencies, the Elk Grove community, the environmental community, and adjacent landowners affected by this project.

Analysis-Land Inventory and Proposed LGSOIA

The following Table A represents the current land inventory within the City of Elk Grove:

Table A

	Acres	Percent of Total
Developed Land within City Boundary	15,351	56%
Sheldon/Triangle (Rural Residential)	6,323	23%
Projects In Development Phase	2,287	8%
Projects Pending	427	2%
Preserved	968	4%
Vacant-No Projects Pending	1817	7%
Total Acres in the City of Elk Grove	27,173	100%
LGSOIA Request	1,156	4% increase
Total City SOI (City Limits + Proposed LGSOIA) Acres	28,329	4% increase

Exhibit B

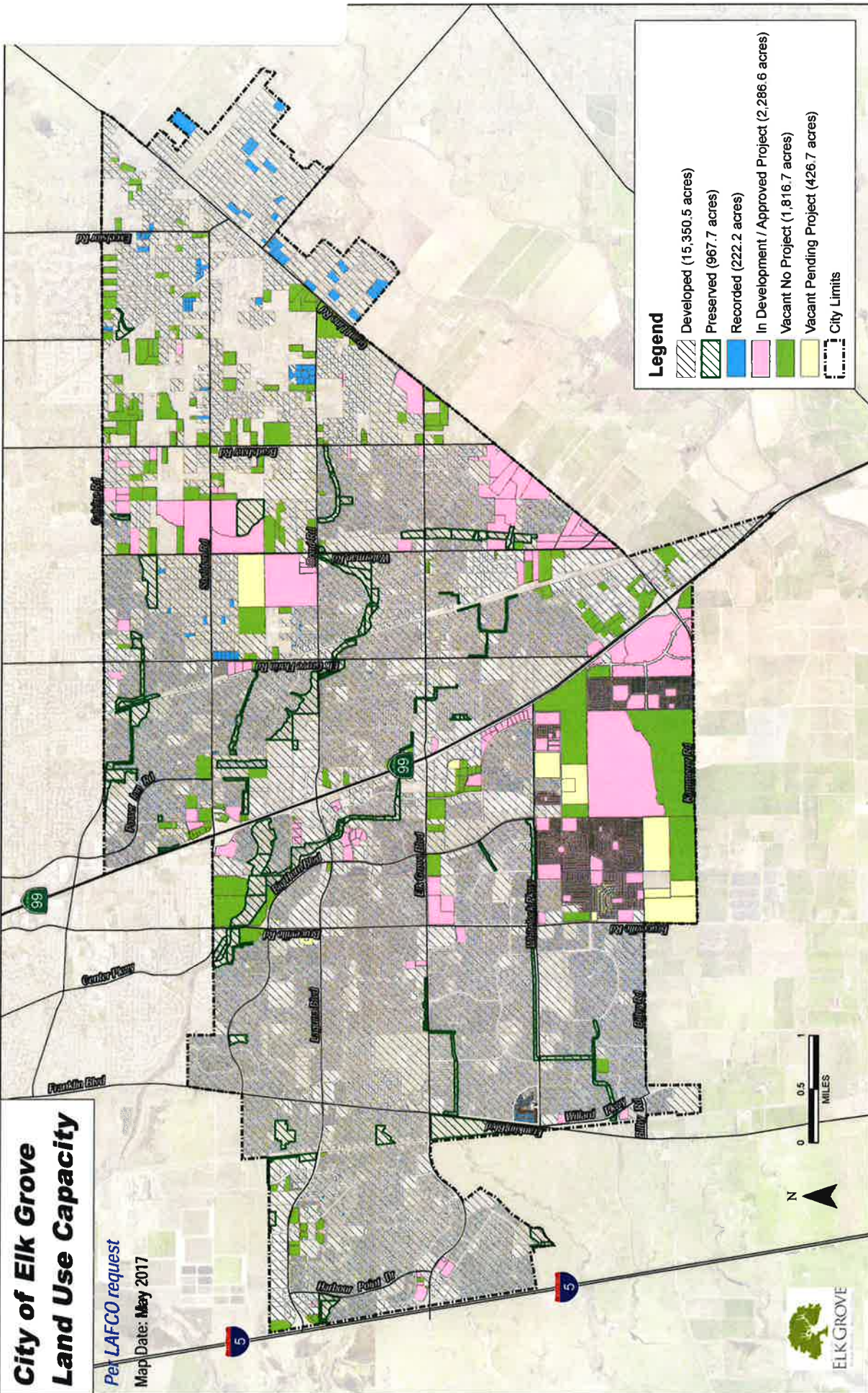
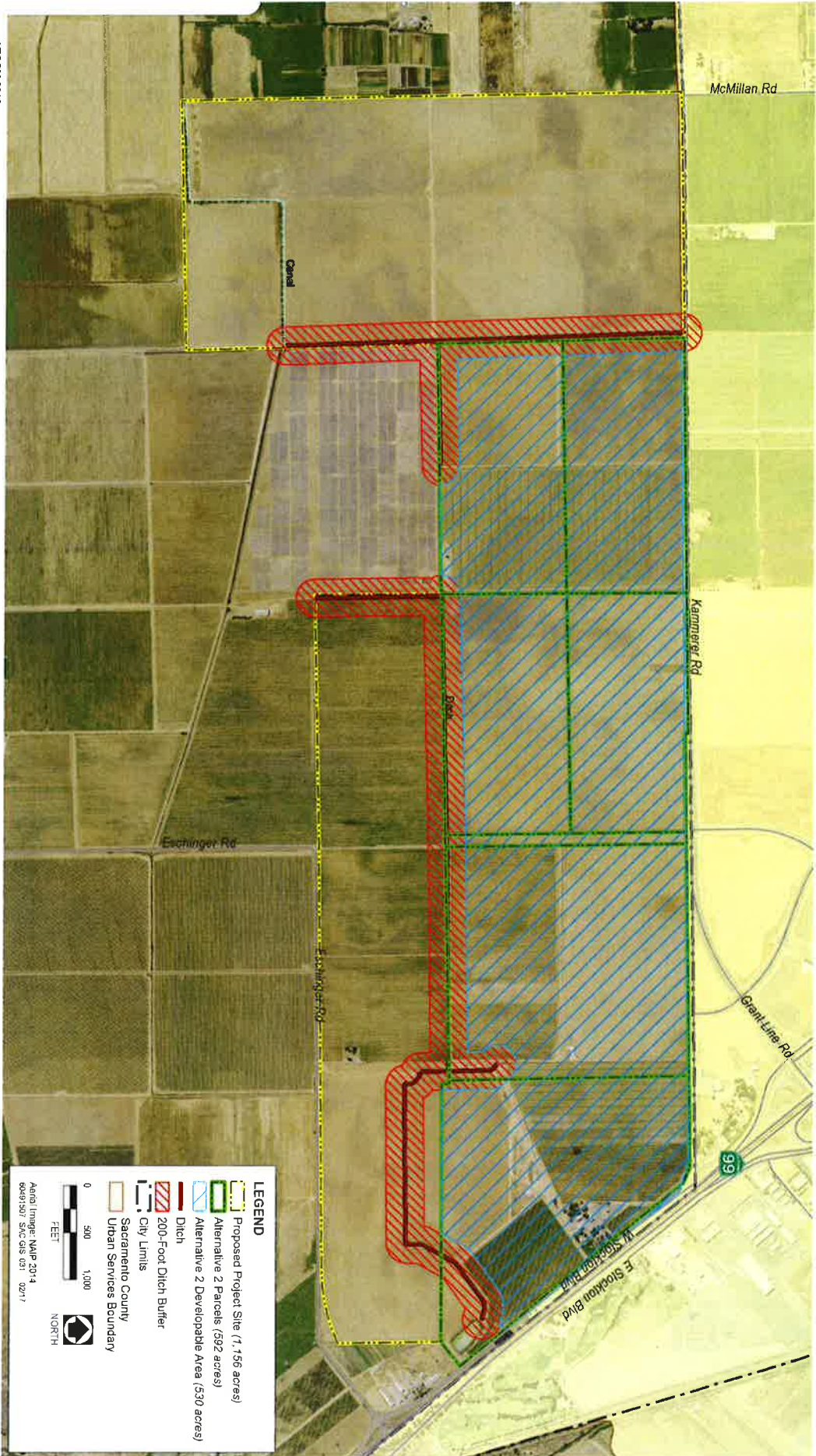


Exhibit C



Source: AECOM 2016
Exhibit ES-3

Alternative 2 Reduced Size Alternative

Central Road/Highway 99 SOJA EIR
 Sacramento LAF Co (LAF-CR07-15)

ES-49

AECOM
 Executive Summary

The following Table C illustrates the percent of area beyond the respective city limits, but within the approved Spheres of Influence within Sacramento County:

Table C

City	Sphere of Influence Area
City of Folsom (prior to 2012 annexation)	23.5% (Now Coterminous)
City of Sacramento	23.5%
City of Galt UPDATE	142.0%
City of Rancho Cordova	Coterminous Sphere
City of Citrus Heights	Coterminous Sphere
City of Isleton	Coterminous Sphere
Note: The incorporation of Rancho Cordova included a relatively large unentitled and undeveloped area to accommodate future growth. The City of Citrus Heights is surrounded by urban uses.	

Compared to other jurisdictions within Sacramento County, this LGSOIA application for 1,156 acres is considerably less than the approved SOIs for the City of Galt and the City of Sacramento.

Analysis of Agricultural Lands and Open Space within the Proposed LGSOIA Boundary

Government Code Section 56377 sets forth policies that LAFCo must consider if an application could reasonably be expected to convert open space lands to other uses. In such cases, the Commission must consider the following policies and priorities:

- a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
- b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency.

The current City of Elk Grove SOI is coterminous with the City’s boundary. The City is generally surrounded on the north, east, and west by existing and/or entitled development, as well as habitat and open space constraints. The only logical and orderly way for the City to grow

is along its southern and southeastern boundaries. Such growth into the proposed LGSOIA Area would impact Prime Farmland, Farmland of Statewide Importance, and habitat areas. The RSA also contains Prime Farmland, Farmland of Statewide Importance, and Farmland of Local Importance.

The following Table D shows the allocation of farmland by major types within the proposed LGSOIA Area and the RSA Area.

Table D

Distribution of Farmland Type within the LGSOIA Project Application Area and Reduced Size Alternative 2				
	Acres	Prime Farmland	Statewide Importance	Local Importance
LGSOIA	1,156	105	405	627
Reduced Size Alternative	530	59	240	216
Net Difference	626	46	165	411

NOTE: Balance of area is urbanized, vacant or developed lands.

The EIR analyzed potential impact to agricultural lands, habitat, and open space lands. If the EIR is certified and the project is approved, mitigation measures would be imposed to preserve these lands in the event of annexation to the City.

Specifically, mitigation is recommended in the EIR to mitigate for the conversion of agricultural land within the proposed LGSOIA Area at the time of a future annexation follows:

The City will require that applicants protect one (1) acre of existing farmland of equal or higher quality for each acre of Prime, Unique, or Farmland of Statewide Importance that would be developed as a result of an annexation.

In addition, the City would be required to mitigate for the loss of habitat and other biological resources as determined by State and Federal regulatory agencies. If approved, the City is also required to comply with the terms and conditions of any applicable, adopted habitat conservation plan.

Finally, conditions on approval of the LGSOIA have been proposed to require the City, prior to annexation, to provide the Commission with adopted infill policies. These policies should

encourage development of vacant parcels, reuse or redevelopment of abandoned or derelict structures, rezoning of excess commercial and/or industrial lands to residential uses where appropriate (as determined by the City), utilization of existing public infrastructure and services in an efficient manner, and intensification of uses on underutilized lands to accommodate as much residential, commercial and employment capacity as feasible within the existing City limits.

Analysis of Consistency with Regional Planning Documents

The proposed LGSOIA does not change or propose to change any land use designations.

The City's General Plan currently does not include any land use designations for the proposed LGSOIA Area. The General Plan designations cover only the current City boundaries. The LGSOIA area is included in the pending General Plan Update planning area, as part of the "South Study Area." The South Study Area consists of 3675 acres, which fully encompasses the 1,156-acre proposed LGSOIA. As included in the City's presentation to the Commission at the December 6, 2017 meeting, the General Plan update will include guidance for the future land uses in each of the study areas. However, the City has not finalized the draft General Plan, nor has it circulated its Draft Environmental Impact Report for the General Plan Update.

The current land use and zoning designations are defined by the County's General Plan and Zoning Ordinance and the primary land uses within the project site are agricultural residential. Both the LGSOIA application and the RSA are located entirely outside the County General Plan Urban Services Boundary (USB) which is intended to guide the path of unincorporated development.

According to the Sacramento Area Council of Governments (SACOG), the LGSOIA area is "generally consistent" with the SACOG Blueprint, which is a policy document for long range transportation planning and funding. SACOG's 2016 MTP/SCS designates the LGSOIA Area as "Blueprint Vacant Urban Designated Lands Not Identified for Development in the MTP/SCS Planning Period." (SACOG 2016.)

Executive Officer Recommendation

Your Executive Officer recommends approval of the LGSOIA application as proposed. As noted above, your Commission has the discretion to: (1) disapprove the SOI amendment; (2) Modify (increase or decrease) staff's recommendation for the SOI boundary based on public testimony and information provided to the Commission; (3) Approve the Reduced Size Alternative 2; or (4) Approve the SOI amendment request as submitted in the application. The EIR has evaluated the entire 1,156-acre proposed SOI boundary. This allows the Commission to either approve the

entire LGSOIA or modify the proposal by reducing the boundary and/or adopting other appropriate terms and conditions.

LAFCo recognizes that a city may need to grow to meet both population and employment demand occurring in the city and the region over time. The SOI allows the City and affected Special Districts to develop long range plans for that growth, which includes municipal service plans - including infrastructure and financing plans.

No Development is Authorized by the LGSOIA

No city approved growth or related impacts will occur in the LGSOIA Area until it is annexed and development projects are under construction. In addition, annexations are subject to LAFCo terms and conditions, as recommended in this Report, CEQA mitigation measures as stated in the FINAL EIR, and subsequent LAFCo and CEQA review and analysis, which may impose additional conditions and mitigation measures.

In the event the City needs to annex land to meet growth, LAFCo encourages smart, orderly, and efficient growth patterns together with the preservation of agricultural, habitat, and open space resources. In the event of an annexation application, LAFCo would consider whether the application was consistent with LAFCo policies, terms and conditions of SOIA approval, and the SACOG Blueprint.

Future Annexations

Finally, there are a number of steps that must occur prior to annexation. This recommendation is subject to Mitigation Measures and Conditions of approval. The City must prezone the land proposed for annexation, as well as develop service plans and financing plans. The City of Elk Grove must rely on several special districts for municipal services and these agencies cannot plan for growth outside a city's SOI. A SOIA would allow these agencies to incorporate the area within the amended Sphere into their Master Planning processes.

Even when an SOIA is approved, the process to annex area with a jurisdiction's SOI typically does not occur for years. By way of example, the City of Folsom's most recent SOIA and annexation process took almost 20 years. Similarly, the City of Galt had a large SOIA adopted in 1994 and amended in 2011 that has only recently been to subject to some annexation activity to the City. The City of Sacramento has had the same Sphere since the mid-1980's that has not resulted in any significant annexations, though unincorporated development has occurred in some of these areas.

Need for LGSOIA Area and the Jobs/Housing Balance

In the Executive Officer's opinion, the City has capacity within its current boundary to accommodate growth in the near and perhaps intermediate term (within the next 8 to 10 years) for both residential, commercial, and office growth. However, it does not appear that the City has sufficient area to accommodate industrial, manufacturing type uses, and other large employment type facilities sufficient to create true employment centers that would accommodate an improved jobs-housing balance, as sought by the City. If the City could accommodate larger projects that involve job creation and development, the results could be positive.

The City of Elk Grove continues to implement measures aimed at increasing the balance between jobs and housing. Some of the employment sectors currently targeted include distribution, industrial uses, small manufacturing, office, and large scale development projects. Such uses may be more inclined to consider areas that can accommodate their needs and provide buffer areas from residential areas. A contemporary example of such sphere of influence development is the 1,700 acre development in the City of Tracy to accommodate commercial, general office, and business park/industrial development. As reported in The Tracy Registry, this is an example of the importance of having a sufficient inventory in advance:

“By 2014, Amazon is to occupy approximately 85 acres in an 870-acre business park that the city annexed in 1996. But that park has only smaller parcels remaining in the 20-acre to 40-acre range, and companies speaking to the city today want much larger sites.

City officials emphasized that the jobs being created by the operations paid “head-of-household” wages, estimated to begin at \$52,000 a year. Seventy percent of Tracy's work force migrates out of the city each workday to jobs in the more central Bay Area. The goal is to reduce that migration.”

It appears that the City of Tracy is attempting to improve its jobs/housing balance and this effort in the case of Amazon has taken 18 years from the date of annexation (1996). The opportunity to attract these types of employers requires a sufficient inventory of land to meet those needs. It does not happen quickly.

A larger Sphere would provide more opportunity to plan for uses requiring larger tracts of land and the opportunity to attract users that require this type of acreage. It also appears that there are a limited number of jurisdictions within Sacramento County that could accommodate this type of development.

Both the City of Folsom (prior to the South of Hwy 50 annexation) and the City of Sacramento have Spheres that represent an area 23.5 percent greater than their existing city limits. The City of Galt has a sphere that is approximately 142 percent greater than its city limits. This landowner initiated application requests a SOI that is approximately 4 percent greater than its city limits. The Reduced Size Alternative would be approximately 2 percent greater than the city limits. Annexations will not occur until there is sufficient demand.

Conclusion

It is difficult to predict the amount of land that will be needed to accommodate the future needs of any city. A SOI establishes only a policy area to be considered for future annexations. Many annexations and development projects of other land use jurisdictions involve relatively large areas (2,000-3,000 acres.) The proposed LGSOIA may provide an area for the City to comprehensively plan for cohesive, orderly development.

The Executive Officer has recommended that the Commission approve the 1,156-acre LGSOIA as proposed by the applicants, as the boundary for the City of Elk Grove Sphere of Influence. This represents a Sphere boundary that is 4 percent greater than the current City limits. The accompanying amendment to the SOIs of SASD and SRCSD are also recommended.

KAMMERER/ HIGHWAY 99 SPHERE OF INFLUENCE AMENDMENT LAFCO PROJECT NUMBER L AFC# 07-15 [SCH No. 2016032015]

Project Title:	Kammerer/ Hwy 99 Sphere of Influence Amendments (landowner initiated)
Proposal:	Amendment of the City of Elk Grove, Sacramento Area Sewer District and Sacramento Regional County Sanitation District Spheres of Influence (SOI) to add approximately 1,156 acres to the existing SOI, consistent with the 2003 City of Elk Grove General Plan and General Plan Update
Lead Agency Name and Address:	Sacramento Local Agency Formation Commission (LAFCo) 1112 I Street, Suite 100 Sacramento, CA 95814

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INTRODUCTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code, § 56000, et seq.) establishes procedures for local government changes of organization. Your Commission has numerous powers under the Act, but of primary concern is the power to act on local agency boundary changes and to adopt spheres of influence for local agencies – cities and special districts.

Government Code section 56425, subdivision (a), specifies that “[i]n order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the Sphere of Influence of each local agency within the county.”

The Sacramento Local Agency Formation Commission (“Sacramento LAFCo”) has reviewed and analyzed the Landowners Group Application for Spheres of Influence Amendments for the City of Elk Grove, the Sacramento Area Sanitation District, and the Sacramento Regional County Sanitation District (referred to collectively as the “LGSOIA”), and made careful determinations as to the environmental considerations involved, the provision of municipal services, and the need for the Sphere of Influence (“SOI”) expansion. Additionally, numerous hearings were held by Sacramento LAFCo to hear and consider comments from the public and

affected agencies. The public was also given a comment period to submit input on both the Draft and Recirculated Environmental Impact Report (“EIR”) and the Municipal Services Review (“MSR”) before these documents were finalized.

Approving an approximately 1,156-acre LGSOIA will allow the City to accomplish its stated goal of creating additional employment centers to improve the jobs-housing balance in the City. The LGSOIA also may also provide an opportunity for the City to comprehensively plan this area for orderly growth that addresses environmental and municipal services issues. It should be noted that a SOI is not a surveyed boundary, but is rather an illustrative policy map. The proposed LGSOIA Area includes a 1,156-acre area that abuts the southern portion of the City’s existing jurisdictional boundary. The LGSOIA Area consists of approximately 1,156 acres west of State Route (Hwy) 99, south of Kammerer Road, and east of McMillan Road (future Big Horn Boulevard.)

In further support of the Commission’s goals to promote orderly growth, staff recommends imposing certain terms and conditions on approval of the 1,156-acre Sphere of Influence Amendment (“SOIA”). These terms and conditions are outlined in this report and would be imposed in addition to any mitigation measures required by the Environmental Impact Report. By imposing these requirements, LAFCo will also ensure that the City follows appropriate procedures, consistent with the Act, if it decides to annex the LGSOIA Area in the future. The SOI expansion thus presents an appropriate balance between the City’s need to grow and LAFCo’s responsibility to provide logical boundary changes and ensure orderly growth.

In conformity with the determinations set forth in this report, LAFCo staff recommends that the Commission approve the MSR and adopt the proposed LGSOIA, as described in the Final Environmental Impact Report (“Final EIR”).

BACKGROUND

This Background section outlines the context for the MSR and LGSOIA application, including a description of the proposed LGSOIA, a description of the City of Elk Grove, and an outline of current regional planning activity.

I. PROPOSED SPHERE OF INFLUENCE AMENDMENT PROPOSAL

The LGSOIA proposes to add territory to the City’s SOI as described in this report as shown on the attached maps. A SOI is defined as “a plan for the probable physical boundaries and service area of a local agency.” However, the SOI does not change land use authority and no physical development can be approved or implemented by the City of Elk Grove until this territory is rezoned and annexed into the City.

The proposed LGSOIA does not result in any change in land use authority, grant any development entitlements, or result in any immediate impact to the environment. It is a long range planning tool similar to a City General Plan.

If this LGSOIA is approved, a subsequent annexation application, or series of applications, may be submitted to LAFCo. The City of Elk Grove would be the lead agency for processing an annexation and would be required to conduct a California Environmental Quality Act (CEQA) analysis of any proposed annexation based on the proposed rezoning. In addition, the city and county would need to enter into a property tax sharing agreement.

The EIR describes the objectives of the LGSOIA project as follows:

- Amend the Sphere of Influence (SOI) boundary beyond the existing Elk Grove city limits to accommodate orderly and sustainable growth consistent with the current City General Plan and General Plan Update. The SOI for both the Sacramento Area Sewer District (SASD) and the Sacramento Regional County Sanitation District (SRCSD) will also be amended concurrently with this proposal.
- Implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 consistent with public service conditions present or reasonably foreseeable in the proposed LGSOIA Area.
- Establish a logical boundary within which future and timely annexation requests by the landowners or the City of Elk Grove may be considered. Establish an SOI for the City of Elk Grove that will facilitate the protection of important environmental, cultural, and agricultural resources.
- Provide sufficient land to accommodate a jobs-housing ratio for the City of Elk Grove that provides for sufficient residential and employment-generating lands uses to minimize the need for commuting to or from other jurisdictions.

A. Project Description

The LGSOIA consists of a request initiated by the Landowners Group to the Sacramento LAFCo to amend the Spheres of Influence of the City of Elk Grove, SASD, and SRCSD. All of the current Spheres are coterminous with the City boundary, which is atypical. Generally, a city has an SOI that is larger than its boundaries so that it may plan for future growth.

The application requests the addition of 1,156 acres generally described as the areas south of Kammerer Road, between Hwy 99 and the future alignment of Big Horn Boulevard. The application includes land use projections indicating that future growth may require additional lands outside of the current City boundary. The City’s available residential, industrial, and commercial land inventory is in the process of building-out and may be unable to accommodate all anticipated urban growth within the City limits. As a result, the City supports this LGSOIA to establish a direction to accommodate its anticipated future growth by designating an area for long-term planning that may also contribute to a more beneficial jobs-housing balance.

For purposes of analyzing environmental impacts, LAFCo staff, in consultation with the applicant and City staff, has developed land use assumptions that would allow the Commission and the public to understand the environmental effects of expanding the City’s SOI that may result from potential growth during future annexations, under the assumed scenario. There are no specific land use entitlements proposed at this time in conjunction with the proposed LGSOIA. California Government Code section 65300 provides that a city may comprehensively plan for lands outside of its jurisdiction without the area being within an approved SOI.

For the purposes of analyzing potential environmental impacts of the projects, land use assumptions were developed by LAFCo staff by considering existing land uses under the General Plan for other areas within the City, then projecting reasonably foreseeable land uses within the proposed LGSOIA Area based on those existing land use designations.¹

The current City boundaries with the coterminous SOI encompass 27,173 acres. The proposed LGSOIA would expand the existing SOI, not the city limits, by 1,156 acres, or by 4 percent, to a total SOI of 28,329 acres.

<u>SOI Boundary</u>	<u>Acreage</u>
Current City boundaries/SOI	27,173
Proposed SOI Amendment	1,156
Total of Current City Boundaries & Proposed SOI Amendment	28,329

Source: City of Elk Grove, Land Use Capacity Map, May 2017.

¹ While LGSOIA area is included in the pending General Plan Update planning area, as part of the “South Study Area,” the City’s current General Plan only addresses lands within the City’s boundaries. The South Study Area consists of 3,675 acres, which fully encompasses the 1,156-acre proposed LGSOIA. The General Plan update will include guidance for the future land uses in each of the study areas. However, the City has not finalized the draft General Plan, nor has it circulated its Draft Environmental Impact Report for the General Plan Update.

B. Project Location

The proposed LGSOIA Area is located in the unincorporated area of Sacramento County. The proposed LGSOIA is generally located south-southwest of the existing City of Elk Grove boundaries. More specifically, the LGSOIA Area is described as the area south of Kammerer Road, west of Hwy 99, and east of McMillan Road (future Big Horn Boulevard). No portion of the proposed LGSOIA lies within any identified floodplain.

C. Existing Land Uses in the LGSOIA Area

The 1,156-acre LGSOIA Area primarily contains agricultural uses consisting of dry farming, vineyards, and farmhouse with ancillary structures.

The LGSOIA Area is mapped as containing 105 acres of Prime Farmland and 405 acres of Farmland of Statewide Importance. Both designations fall under the Important Farmland umbrella as classified by the California Department of Conservation Farmland Mapping and Monitoring Program. There are no lands covered by Williamson Act contracts.

D. Proposed Draft South Sacramento Habitat Conservation Plan (SSHCP)

The SSHCP process began in 1992 as a watershed study funded with monies granted from the United States Environmental Protection Agency (EPA). In 1993, state and federal regulatory agencies proposed shifting from a watershed study to a more comprehensive approach such as a habitat conservation plan. After an initial assessment confirmed that an HCP would be politically, economically, and biologically feasible, further work was conducted to identify possible strategies and economic constraints.

The proposed LGSOIA Area is located within the proposed South Sacramento Habitat Conservation Plan area. The SSHCP, which is in draft form, has completed the public circulation and review period, and the responses to comments are currently being prepared. The plan represents a regional approach to addressing issues related to urban development, habitat conservation, and habitat protection.

The proposed LGSOIA Area is not located within the Draft SSHCP designated Urban Development Area (UDA). The current Draft SSHCP does not restrict development outside the UDA, but identifies UDA as acreage within the Plan Area where urbanization is anticipated to occur. Geographically, the UDA is that portion of the SSHCP Plan Area that is within the Sacramento County Urban Services Boundary (USB); the incorporated cities of Rancho Cordova, and Galt; and Galt's Sphere of Influence.

The City of Elk Grove is not a participating agency in the SSHCP. Project consistency with the SSHCP is not required because the SSHCP is not yet approved and it is not a land use plan. The final, exact scope and content of the SSHCP is not known at this time. Therefore, further evaluation of project consistency with the SSHCP would be too speculative for meaningful analysis and an impact conclusion cannot be made at this time.

1. Overview of Outreach regarding the SSHCP

Your staff has met several times with the landowners group, the City of Elk Grove, and the various stakeholders participating in the SSHCP process, including the County of Sacramento, Sacramento County Water Agency, the Capital SouthEast Connector, the Sierra Club/Save the Sand Hill Cranes (“SOS”), Friends of Swainson’s Hawk, Habitat 2020/Environmental Council of Sacramento (“ECOS”). No consensus was reached from these meetings. These diverse parties expressed a range of positions, from full support to complete opposition to the proposed LGSOIA.

Following review of the Final EIR, LAFCo reached out to representatives of environmental groups and the landowners group to review additional comments on the proposed LGSOIA. Staff communicated by telephone, and email correspondence, and then arranged an in-person meeting on November 16th, 2017. Those in attendance were: Sean Wirth and Rob Burness, who represent ECOS and the Sierra Club (Mother Lode Chapter); Jude Lamar and Jim Pachl with Friends of Swainson’s Hawk (FOSH); Don Lockhart, LAFCo’s Executive Officer; Nancy Miller, legal counsel representing LAFCo; Matthew Gerken with AECOM, who authored the Draft and Final EIRs; Gerry Kamilos from the applicant team; and via conference call, Bill Ziebron and Rich Radmacher, who led the preparation of the Draft South Sacramento Habitat Conservation Plan (HCP).

The focus of the post-Final EIR comments was on the Conservation Strategy included in the Draft HCP. The following is a summary of topics discussed during recent meetings with representatives of ECOS and the Sierra Club and members of the applicant team.

2. Sandhill Crane Foraging Habitat

Sean Wirth requested clarification on the how the 103,085 acres of greater sandhill crane upland foraging habitat described on page 3-75 of the Final EIR was calculated for the project CEQA review.

The calculation of 103,085 acres represents the acreage of upland habitat available within two miles of greater sandhill crane roost occurrences and other occurrences that are outside of the 100-year floodplain. The source of information regarding the boundaries of the 100-year

floodplain came from the Federal Emergency Management Agency (FEMA), and location information for greater sandhill crane roosts and other occurrences are from the Draft South SSHCP. The calculation was made in GIS to determine the acreage that fell within two miles of roosts and other recorded greater sandhill crane occurrences, minus the area within the FEMA 100-year floodplain.

High-value crane foraging habitat is considered habitat within two miles of a greater sandhill crane roost site, but not necessarily within two miles of an occurrence. Therefore, as discussed on page 3-75 of the FINAL EIR, some, but not all of the 103,085 acres of upland areas would be considered high-value greater sandhill crane foraging habitat. Areas within two miles of a greater sandhill crane occurrence may not provide high-value habitat, nor are all roost sites mapped in the Draft HCP necessarily of equal value to sandhill cranes. The 103,085 acreage estimate was provided as a coarse overview of the extent of unflooded upland habitat within the range of greater sandhill crane roosts and other occurrences.

LAFCo acknowledges Mr. Wirth's observations that areas within two miles of an occurrence do not necessarily represent high-value foraging habitat. LAFCo also acknowledges that roost sites under both existing and future conditions are likely to vary in their value and proximity to good foraging habitat. These acknowledgements do not change the conclusions in the Final EIR regarding the potential impacts of the project on greater sandhill cranes, which is that the loss of foraging habitat from the LGSOIA Area would be a potentially significant impact on this species. These acknowledgements also do not change the EIR's conclusion regarding less-than-significant impacts related to a future HCP if the future HCP resembles closely the Draft HCP that was released between LAFCo's release of the original Draft EIR and the Recirculated Draft EIR.

3. Sandhill Crane Habitat Map from the Draft HCP

Mr. Wirth also expressed concern that no greater sandhill crane exhibit with information from the SSHCP was included in the RDEIR. However, Exhibit 3.4-10 on page 3.4-55 of the Recirculated Draft EIR does incorporate the greater sandhill crane occurrence information from the SSCHP. In addition, information from the SSHCP about greater sandhill cranes and other covered species was considered in development of the Recirculated Draft EIR.

4. Climate Change and Future Sea-Level Rise

Mr. Wirth raised the issue of climate change, sea-level rise, and possible future effects on foraging habitat for greater sandhill cranes. His comments are intended to be presented in the context of habitat loss associated with the proposed LGSOIA, and the ability of other projects

and possible future development within the LGSOIA Area to mitigate impacts individually and through the HCP Conservation Strategy.

Mr. Wirth noted that the existing habitat currently used by greater sandhill cranes for foraging may be lost to future sea level rise. If sea level rise affects existing conservation areas, cranes may need to move to the east in two-mile increments, based on observations of their behavior. If such sea level rise affects crane habitat to the east, and there is future development within the LGSOIA Area, Mr. Wirth believes that it will be more difficult to move cranes to the east. Based on LAFCo's understanding and review of meeting notes, Mr. Wirth believes that the potential loss of the LGSOIA Area as foraging habitat would exacerbate the impacts of climate change on this species.

As described in the response to comment O1-35 on page 2-191 of the FINAL EIR, the changes to habitats that may occur as a result of climate change, and the measures that may be taken in the future to compensate for rising sea levels within the Delta, are uncertain and speculative. It is possible that public agencies could implement flood protection or restoration projects that may relate to existing and future crane habitat in the context of future sea level rise. Mr. Wirth provided maps that LAFCo has published as a part of the Final EIR with narrative that explains Mr. Wirth's perspective. While it is difficult to know with any precision what future effects on greater sandhill crane habitat would be under future conditions, LAFCo acknowledges Mr. Wirth's perspective on this topic, as well.

Developing a meaningful assessment of how future sea-level rise might shift the distribution and use of habitat by greater sandhill cranes is challenging, as is predicting the acres of habitat that might eventually be rendered unsuitable for this species as a result of climate change. For a species like greater sandhill crane, for which changes of just a few inches in water depth can affect use of roosts and foraging habitat, the FEMA 100-year floodplain map should be regarded as a relatively coarse indicator of where suitable or unsuitable habitat might occur with future sea-level rise. Current FEMA mapping does not adequately capture the floodplain microtopography that could affect how greater sandhill cranes use the landscape.

LAFCo recognizes that climate change and future sea-level rise may shift and diminish high quality foraging habitat for greater sandhill cranes. If greater sandhill crane roosts and foraging habitat eventually move to higher ground or are lost as a result of climate change and sea-level rise, the best approach for selecting future mitigation lands for this species would be to consult with staff from CDFW to determine the locations of the most effective mitigation acquisitions. CDFW staff should be knowledgeable about the most current, scientifically sound recommendations for management of the regional greater sandhill crane population, and would provide recommendations about where to secure mitigation lands that could accommodate the effects of potential sea-level rise. This is the requirement specified in Mitigation Measure 3.4-4:

Prepare and Implement a Sandhill Crane Foraging Habitat Mitigation Plan, which requires that the suitability of mitigation lands for greater sandhill crane be determined by the City after consultation with CDFW and a qualified biologist. This mitigation measure is consistent with the Measurable Objectives for greater sandhill crane described in the Draft HCP. The mitigation measure will be adapted, as necessary, to respond to information that may be available in the future about the suitability of foraging habitat for greater sandhill crane.

5. Correction of Typographical Error Related to LAFCo’s Response to Mr. Wirth’s Written Comments on Future Sea-Level-Rise Impacts

LAFCo staff has made a correction to a typographical error in the Final EIR, where responses to comments O2-22, O2-25, O2-26, O2-28, O2-30, O2-37 on sea-level rise and cyclical flooding were mistakenly referred to O1-39, rather than to O1-35.

6. Vineyards and Habitat Value

Mr. Wirth commented that the Recirculated Draft EIR statements about vineyards not being modeled as high-value habitat for greater sandhill cranes are irrelevant because vineyards could be converted to habitat types that would be useful to this species in the future. In other words, the Recirculated Draft EIR focused more on the “loss” side of the habitat equation rather than the “supply” of habitat availability that could be made available as a part of future LGSOIA-related and HCP-related mitigation.

LAFCo staff agrees that greater sandhill cranes would benefit if there is future mitigation that converted vineyards to other cover types that would provide good foraging habitat, such as seasonally managed wetlands, or irrigated pasture, rice, corn, or winter wheat.

Mitigation Measure 3.4-4: Prepare and Implement a Sandhill Crane Foraging Habitat Mitigation Plan would allow such mitigation actions, such as those referenced by Mr. Wirth, to occur. This mitigation measure requires preservation of suitable greater sandhill crane foraging habitat to ensure 1:1 mitigation for foraging habitat lost as a result of potential future development within the LGSOIA Area. The suitable greater sandhill crane foraging habitat could be lands that had been converted from vineyards to useful greater sandhill crane habitat. Such mitigation is possible with Mitigation Measure 3.4-4, which requires that the suitability of greater sandhill crane preservation habitat be determined in consultation with CDFW, and that the mitigation lands be located within five miles of the Cosumnes River Floodplain wintering population site.

This mitigation also allows the mitigation strategy of the future to be adjusted in consideration of future sea level rise. If sea level rise decreases the value existing greater sandhill crane habitat, and there is a more certain understanding of future changes to sea levels, the mitigation lands

could be located and designed to be resilient to climate change. Staff does not believe that there is a need to revise this mitigation language or findings of the EIR in response to Mr. Wirth's discussion of sea level rise impacts.

7. Preference for Mitigation On-Site and in Preserve Planning Unit 6

Mr. Wirth commented that since the 1,156 acres of the LGSOIA Area occurs within the Draft HCP's Preserve Planning Unit 6 (PPU 6), and that because the LGSOIA area is very important to greater sandhill cranes, mitigation for greater sandhill cranes should occur on-site and within PPU 6.

PPUs are the eight geographic subdivisions of the Draft HCP where important covered species resources are present and where habitat preservation would occur. PPU 6 was delineated to encompass uniquely important foraging and roosting habitat for raptors and for some covered species, including Swainson's hawk and greater sandhill crane. PPU 6 encompasses 95,196 acres outside the Urban Development Area (UDA) in the southwestern portion of the HCP Plan Area, which includes 58,458 acres of agricultural lands.

Staff agrees that PPU 6 encompasses very important habitat for greater sandhill crane, Swainson's hawk, and other raptor species. The Final EIR recognizes that the LGSOIA Area occurs within the foraging zone of one of the most important wintering sites for greater sandhill crane (Final EIR page 3.4-52). Staff does not believe, however, that restricting mitigation acquisition exclusively to on-site or to areas within PPU 6 would achieve better mitigation outcomes than the mitigation measures proposed in the FINAL EIR. However, it is likely given existing mitigation language that future mitigation associated with future development of the LGSOIA Area could occur within PPU 6. Mitigation Measure 3.4-4 for sandhill cranes foraging habitat restricts mitigation lands to within five miles of the Cosumnes River floodplain wintering population, an area that is largely within PPU 6.

For Swainson's hawks, Mitigation Measure 3.4-2c: Prepare and Implement a Swainson's Hawk Foraging Habitat Mitigation Plan, the requirement is for mitigation lands to be within the geographical foraging area of the local nesting population, as determined acceptable to CDFW. Foraging areas for the local nesting population near the LGSOIA Area are also largely within PPU 6. In addition, for both species, coordination with CDFW is required to assess the appropriateness of the proposed mitigation acquisitions.

The Draft HCP provides a certain amount of flexibility in assembling the Preserve system and acquiring mitigation lands, and does not require all mitigation for greater sandhill crane foraging habitat necessarily to occur within PPU 6. Restricting mitigation for loss of LGSOIA foraging

habitat for greater sandhill cranes to PPU 6 is not required for consistency with the guidance in the Draft HCP.

Three Draft HCP Measurable Objectives related to greater sandhill crane foraging habitat include the following (Draft HCP Table 7-1, pages 7-27, 7-47):

Objective AG2. Of the 9,696 acres preserved under Objective AG1, maintain at least 2,000 of those acres of high-quality foraging crops (such as corn, alfalfa, or wheat) preferred by tricolored blackbird (*Agelaius tricolor*), greater sandhill crane (*Grus canadensis*), and the Covered raptor species. The 2,000 acres will be distributed in strategic locations throughout PPUs 4, 5, or 6 in plots of 20 acres or more. The Preserves will be assembled in accordance with the Conservation Actions in this table and in accordance with Section 7.5.

Objective GS5. As part of the 2,000 acres preserved under Objective AG2, establish and maintain 10 food plots in strategic locations totaling a minimum of 200 acres within an agricultural setting for greater sandhill crane foraging habitat within PPU 6. Maintain the 200 acres among the 10 food plots as irrigated pasture or planted with crops preferred by greater sandhill crane as foraging habitat. Crops may include alfalfa, corn, wheat, or rice. Strategic placement of food plots will include locations for food plots in upland areas above the floodplain.

Objective GS6. During assembly of the SSHCP Preserve System, ensure that a minimum of 1,000 acres of high-value modeled foraging habitat for greater sandhill crane outside the 100-year floodplain is preserved.

Please note that the target acreage identified in the Draft HCP Objective GS6 for greater sandhill crane (page 7-26) requires preservation of a minimum of 1,000 acres of high-value modeled foraging habitat for greater sandhill crane outside the 100-year floodplain, but does not specify that this acreage needs to be entirely in PPU 6. Of the 9,962 agricultural acres that need to be preserved in PPU 6 to satisfy Draft HCP Objective AG2, 2000 of the 9,962 acres must be high-quality foraging crops for greater sandhill crane, and can be distributed in PPU 4, 5 and 6 (i.e., not exclusively in PPU 6).

The Draft HCP recognizes the uncertainty and challenges of securing mitigation lands within the Preserve Planning Units as specified in the Measurable Objectives. To address those challenges and to facilitate successful development of the HCP Preserve System, the Draft HCP included the following language to provide some flexibility in acquiring mitigation lands while still maintaining appropriate limits on the amount of acreage that could be shifted between PPUs (page 7-86):

Some shifting of Preserve acreages across PPU's that are located outside of the UDA and shifting of Preserve acres outside of the UDA to areas within the UDA are allowable. To ensure that Preserve heterogeneity is maintained throughout the Plan Area, not more than 15% of the total Preserve acreage identified within each PPU can be shifted outside of that PPU (see Table 7-6). In addition, no more than 15% of the total Preserve acreage identified outside of the UDA can be shifted to locations inside of the UDA.

8. Availability of Agricultural Mitigation Lands and Impact on SSHCP Conservation Strategy

Mr. Wirth commented that the 58,458 acres of agricultural land in PPU 6 cited in on page 3-88 of the Recirculated Draft EIR might not be available for acquisition as mitigation lands, and noted that securing mitigation lands for potential future development within the LGSOIA Area could adversely affect the ability to satisfy the Draft HCP Measurable Objectives to preserve habitat for greater sandhill cranes and other covered species.

Mr. Wirth questioned the Final EIR assertion on page 3-88 that 1,156 acres of LGSOIA mitigation of agricultural lands represents 2% of those 58,458 acres, noting that the 58,458 acres of presumably available agricultural lands should be reduced by the amount of land already preserved, that is outside of the 100-year floodplain, and that otherwise may not be available or appropriate for mitigation. Mr. Wirth suggested that the calculated percentage would be 4%, since the acres of the undeveloped LGSOIA Area should also be deducted from future available mitigation lands.

Staff agrees that the 58,458-acre total should be considered an estimate of the acres that may be available for acquisition of agricultural mitigation lands in PPU 6. Staff agrees that both existing and future ownership and land use conditions will affect the actual availability and appropriateness of lands for mitigation in PPU 6. Depending on whether the acreage of the LGSOIA Area should be doubled or assessed based on the total proposed LGSOIA, the percentage of the total available mitigation land could be between 2% and 4%. This does not change the findings of the EIR or suggest that language in Mitigation Measure 3.4-4: Prepare and Implement a Sandhill Crane Foraging Habitat Mitigation Plan language should be revised. This measure requires that suitable greater sandhill crane foraging habitat be preserved to ensure 1:1 mitigation for foraging habitat lost as a result of the project. It further requires that the suitability of that habitat shall be determined by the City with input from CDFW and a qualified biologist and shall be located within five miles of the Cosumnes River Floodplain wintering population site. This mitigation measure is consistent with the Measurable Objectives for greater sandhill crane described in the Draft HCP.

Staff agrees that implementation of the LGSOIA will reduce the inventory of mitigation lands needed to implement the SSHCP because it eliminates lands that could be used for mitigation and increases the demand for mitigation. However, because this reduction is relatively minor in the overall context of potential mitigation lands available, LAFCo has concluded that the LGSOIA is unlikely to impede development of a future HCP's Preserve System or fulfillment of a future HCP Conservation Strategy.

9. Feasibility of Acquiring Mitigation Lands

Mr. Wirth and LAFCo staff discussed feasibility of acquiring mitigation lands in PPU 6, and the effect that possible future development within the LGSOIA Area might have on that feasibility. LAFCo notes that within PPU 6 there are 63,657 acres available, which represents the 95,196 acres total in PPU 6 minus 28,076 acres of already preserved land, and minus 3,436 acres of low-density development. The SSCHP requires the preservation of approximately 9,750 acres in PPU 6.

Mr. Wirth discussed CDFW's 'feasibility of acquisition' concept and noted that a feasibility of acquisition ratio of 15% or lower is acceptable to CDFW. Different HCPs have used different percentages of mitigation needs compared to total available land. A percentage higher than some thresholds, the likelihood of successfully securing mitigation land from willing sellers diminishes. The gross feasibility for acquisition discussed in the HCP for PPU6 is 15.3%.

The 15% threshold as a measure of likelihood of successfully securing mitigation land is not published in the Draft HCP. The CDFW March 8, 2017 comment letter on Notice of Completion of an Amendment Environmental Impact Report does not mention this ratio, nor is guidance on this topic available on CDFW's Natural Community Conservation Plan webpage (<https://www.wildlife.ca.gov/Conservation/Planning/NCCP>).

The comprehensive Habitat Conservation Planning and Incidental Take Permit Processing Handbook (USFWS and NMFS 2016) does not mention a feasibility of acquisition concept or 15% threshold, although it provides extensive guidance on how to develop and acquire a preserve system for an HCP.

Mr. Wirth also commented on possible indirect effects of the LGSOIA on escalating land values, and promoting land speculation in areas that could serve as potential mitigation properties. He noted that because the LGSOIA Area is at the north and middle of PPU 6, this could also impact land values outside the USB, and affect the feasibility of acquiring mitigation lands in PPU 6, particularly for greater sandhill crane and Swainson's hawks.

Chapter 12 of the Draft HCP describes the cost analysis that considered a hypothetical “Preferred SSHCP Preserve System” which indicated the approximate location and Draft HCP land cover type that could be acquired to develop the HCP Preserve System. Then, a land valuation exercise identified per-acre land costs based on the location and Draft HCP land cover type anticipated for acquisition. The economics land cost model that was the basis for the cost analysis accounted for higher land values for areas near the urban fringe.

Staff would like to point out the uncertainty inherent in the process of acquiring lands for the Draft HCP preserve system over the 50-year term of the permit, and the difficulties in forecasting how mitigation land acquisitions may proceed based on current information. The Draft HCP includes the following language with respect to willing landowners and potential limitations on mitigation inventory to address the effect of these challenges on developing the Preserve System (Draft HCP page 9-20):

“It is possible that one or several landowners who own key resources of interest to the Implementing Entity will refuse to sell, or that negotiations to sell will fail. It is impossible to predict where this may occur and in what context it will occur (e.g., how much of the Preserve System has been acquired, the extent of resources remaining to protect). This situation, if it occurs, is only expected to occur near the end of the Permit Term, when most or all of the development impacts will likely have occurred; consequently, any delays in land acquisition associated with a lack of willing sellers will affect few Covered Activities. This situation can be avoided if the Implementing Entity begins negotiations with key landowners early in the SSHCP Permit Term.”

These points do not change the findings or conclusions in the EIR or suggest that EIR mitigation language should be revised. Staff agrees that implementation of the LGSOIA will reduce the inventory of mitigation lands needed to implement the SSHCP because it eliminates lands that could be used for mitigation and increases the demand for mitigation, and will make it somewhat more challenging to secure mitigation lands for the SSHCP Preserve System. However, because this reduction is relatively minor, staff has concluded that implementation of potential future development within the LGSOIA is unlikely to impede fulfilment of the future HCP Conservation Strategy.

10. Comments from Department of Fish and Wildlife

The California Department of Fish and Wildlife (“DFW”) believes that the SSHCP, if revised to reduce the level of impacts to habitat in the mixed agricultural croplands in the western portion of the planning area, will be cumulatively and regionally the best biological scenario for achieving the standards required by Fish and Game Code, § 2080 et. seq.

Therefore, the DFW does not support the LGSOIA as proposed. The DFW prefers the CEQA “No Project” alternative, on the grounds that it may best allow for successful implementation of the SSHCP. However, the DFW also states that approval of the Reduced Size Alternative would allow for successful SSHCP implementation.

D. Surrounding Land Uses

At the time of adoption of the Elk Grove General Plan Update: 2003 Environmental Impact Report (EIR), and currently, the vicinity of the project is characterized by agricultural and rural residential land uses. While additional residential development may have occurred in the project area since certification of the Final EIR, all development activity within the LGSOIA Area has been consistent with existing Sacramento County General Plan land use designations.

Land uses surrounding the LGSOIA Area consist of residential, industrial, and commercial, open space, renewable energy generation, and agriculture.

At the northeastern corner of the LGSOIA Area, the Lent Ranch Marketplace, or Lent Ranch, provides approximately 295 acres for regional retail, office, and entertainment uses (City of Elk Grove 2016a). Even further to the northeast are several commercial/industrial uses, including the Cosumnes CSD Fire Department training and corporation yard facilities. Along the north edge of the LGSOIA Area, north of Kammerer Road, there are mainly agricultural lands with a few rural residences. The recently approved (July 2014) 1200-acre mixed-use Southeast Policy Area (SEPA) lies directly to the north in the city of Elk Grove. To the west of the LGSOIA Area are agricultural uses with several rural residences. South of the LGSOIA Area is Eschinger Road and an area developed with agricultural operations and solar energy generation facilities.

E. Existing County General Plan Land Use Designations

The proposed LGSOIA does not change or propose to change any land use designations. The existing land uses for the project area are determined by the County’s General Plan designations for the area. The current land use and zoning designations, are defined by the County’s General Plan and Zoning Ordinance, the primary land uses within the project site are agricultural residential.

II. THE CITY OF ELK GROVE

A. Location and City Limits

With an estimated population of 171,095, the City of Elk Grove is the 30th largest city in California. (CA DOF 2017.) The City of Elk Grove consists of approximately 42 square miles (27,173 acres) in the southern portion of Sacramento County. Urban land uses consist of a range residential densities, commercial, office, industrial, recreational, and public uses within and

adjacent to the City of Elk Grove. Natural features within the City's General Plan planning area include the Stone Lakes National Wildlife Refuge, the Cosumnes River, the Sacramento River associated tributaries (such as Deer Creek, Morrison Creek, and Laguna Creek), vegetation communities consisting of valley oak woodland, annual grassland, valley foothill riparian, and agricultural lands.

The current City Limits represent all incorporated lands that are governed by the City of Elk Grove. The current City Limits are coterminous with the current Sphere of Influence and encompass 27,173 acres.

B. History

In 1850, Elk Grove was established as a hotel and a stage-stop. It is located about 15 miles south of historic Sutter's Fort in downtown Sacramento, and thus became a crossroads for business, entertainment, mail service, and agriculture, and acted as home base for gold miners in nearby communities. After it played its part in the early gold rush and statehood history in California, a close-knit community evolved with a distinctly rural and western lifestyle.

Despite its close proximity to California's capital city, Elk Grove remained quietly independent of Sacramento's growth and development as it expanded into adjoining areas until the 1980s. Elk Grove had its start in agriculture and it is still a vibrant part of the area's economy today, with vineyards, dairy and cattle, and row crops; but, now, there are also high technology, professional service, and commercial and retail enterprises.

C. Governance

The City of Elk Grove incorporated on July 1, 2000. It is a general law city and operates on the Manager-City Council model of governance. Elk Grove is a "limited service" municipality, providing police, community development, and public works services. Various other services are provided by independent special districts and the County of Sacramento.

D. Elk Grove General Plan and General Plan Update Study Area

The Elk Grove 2003 General Plan defines an area east and south of the City as a "Study Area" as the area within which future growth may occur. The City's current General Plan does not include any land use designations for the proposed LGSOIA Area. The General Plan designations cover only the current City boundaries.

The LGSOIA area is included in the pending General Plan Update planning area, as the "South Study Area." The City has identified that the new General Plan will include guidance on the

range of future land uses that would occur in each of these study areas, as well as guidance on the general organization and relationship of land uses. However, the City has not finalized the new General Plan.

E. Population and Demographics

The following tables were prepared by City staff at the request of LAFCo, and provide current demographic information for the City of Elk Grove. This information provides a general overview of the community’s profile.

Current local population (2017) ¹	171,059
Current regional population (2017) ¹	1,514,770 (all Sacramento County)
Avg. Household Size (2011) ²	3.2 persons per household
Median Age (2011) ²	36.3 years
Total Housing Units (2011) ²	51,784
Occupied Housing Units (2011) ²	47,641
Vacant Housing Units (2011) ²	4,143

Sources:
¹ State of California, Department of Finance E-5 Historical Population Estimates for Cities, Counties, and the State, 2011-2017, with 2010 Census Benchmark, June 2017
² 2011 American Community Survey 1-Year Estimates

Note: Estimates provided by the 2011 American Community Survey 1-Year Estimates are based on a total population of 154,920 and not the latest population estimate of 159,074 as issued annually by the State of California Department of Finance.

Age Distribution of Population

Age Group	Total (2011)	% Distribution
Under 19 years	48,658	31.4%
20 - 24 years	8,935	10.6%
25 - 44 years	39,971	25.8%
45 - 64 years	41,442	26.8%
65 years and older	15,914	10.2%

Source: 2011 American Community Survey 1-Year Estimates

Educational Attainment of Population over 25 Years of Age

Years of School Completed	Total (2011)	% Distribution
Less than High School	9,051	9.3%
High School	19,271	19.8%
Some College	24,818	25.5%
Associate's Degree	9,733	10%
Bachelor's Degree	21,217	21.8%
Graduate or Professional Degree	13,373	13.6%

Source: 2011 American Community Survey 1-Year Estimates

Income Level

Median Household (2011)

\$73,250

Average Household (2011)

\$93,339

Source: 2011 American Community Survey 1-Year Estimates

Household Income Distribution

Annual Income	Total (2011)	% Distribution
Under \$35,000	7,419	15.6%
\$35,000 - \$49,999	5,816	12.2%
\$50,000 - \$74,999	11,336	23.8%
\$75,000 - \$99,999	7,046	14.8%
\$100,000 - \$199,999	12,497	26.2%
Over \$200,000	3,527	7.4%

Source: 2011 American Community Survey 1-Year Estimates

Historic Population Estimates

Year	Population ^{1,2}	Increase	% Change From Prior Year
2001	76,298	----	----
2002	82,932	6,634	8.7%
2003	88,954	6,022	7.3%
2004	113,391	24,437	27.5%
2005	125,703	12,312	10.9%
2006	135,996	10,293	8.2%
2007	142,003	6,007	4.4%
2008	146,083	4,080	2.9%
2009	149,302	3,219	2.2%
2010	152,652	3,350	2.2%
2011	154,663	2,011	1.3%
2012	156,745	2,082	1.3%
2013	160,309	3,564	2.3%
2014	162,511	2,202	1.4%
2015	164,997	2,486	1.5%
2016	168,118	3,121	1.9%
2017	171,059	2,941	1.7%

¹ Population estimates are as of January 1st of the respective year.

² The population estimates includes the 2000 and 2010 decennial census counts. The revised estimates attempt to provide a consistent data series reflecting both decennial census counts by utilizing the Error of Closure (EOC) adjustment procedure.

Sources: State of California, Department of Finance, E-4 Historical Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 and 2010 Census Counts, Revised November 2012; and E-4 Historical Population Estimates for Cities, Counties, and the State, 2011-2017, with 2010 Census Benchmark, June 2017.

Labor Force and Unemployment

Employment Status	Total (2011)	% Distribution
Population 16 Years and Over	117,955	
Civilian Labor Force	80,331	68.1%
Employed	70,806	60.0%
Unemployed	9,525	8.1%
Armed Forces	165	0.1%
Not In Labor force	37,459	31.8%

Source: 2015 American Community Survey 1-Year Estimates

Industry

Employment by Sector - City of Elk Grove

Industry Sector	Total (2011)	% Distribution
Agriculture/Forestry/Fishing and Hunting/Mining	777	1.0%
Construction	3,581	4.5%
Manufacturing	5,432	6.9%
Wholesale	1,725	2.2%
Retail	7,203	9.1%
Transportation and warehousing, and utilities	6,258	7.9%
Information	2,058	2.6%
Finance, Insurance, Real Estate	5,073	6.4%
Professional, scientific, and management, and administrative and waste management services	6,964	8.8%
Education/Health Care Services/Social Assistance	18,963	24.0%
Arts/Entertainment/Recreation/Accommodation/Food Services	5,808	7.4%
Other Services, except public transportation	2,611	3.3%
Public Administration	12,446	15.8%
TOTAL	78,926	100%

Source: 2015 American Community Survey 1-Year Estimates

Major Employers

Company / Distribution

Company	Estimated Employees
Elk Grove Unified School District	3,313
Apple Computer, Inc.	3,199
California Correctional Health Care Services	1,500
Dignity Health	1,133
Raley's	799
Wal-Mart Stores, Inc.	680
Cardinal Health, Inc	430
Autozone, Inc. (ALLDATA)	412
Kaiser Foundation Health Plan, Inc.	387
Elk Grove, City of	370

Source: City of Elk Grove Employment Dynamics , March 2016

Transportation

Airports

Name	Type	Distance in Miles	FBO (Y/N)
Sacramento International (SMF)	Public / County of Sacramento	26.5 miles North I-5 / Airport Blvd. Exit	Yes
Sacramento Executive (SAC)	Public / City of Sacramento	13 miles North Freeport Blvd. / Airport Entrance	Yes
Franklin Field	Public / County of Sacramento	9 miles South Bruceville Road	No
Mather Field	Public / County of Sacramento	35 miles North US-50 / Mather Field Exit	Yes
Stockton Metro (SCK)	Public / County of San Joaquin	40 miles South S. Airport Way / Airport Entrance	Yes

Source: Bing Maps (June 2017)

Distance to Markets

City	Distance in Miles/Direction	Drive Time
Stockton, CA	36 miles South	39 minutes
Sacramento, CA	17 miles North	23 minutes
San Francisco, CA	101 miles West	1 hour 42 minutes
Reno/Sparks, NV	144 miles North East	2 hours 19 minutes
Redding, CA	177 miles North	2 hours 40 minutes
Los Angeles, CA	372 miles South	5 hours 24 minutes
San Diego, CA	493 miles South	7 hours 14 minutes

Source: Google Map (August 2013)

Motor Freight & Contract Carriers (partial list)

Company	Terminal Location	Services	Area Served
Saia LTL Freight	Elk Grove, CA	Long-distance transport	All major
YRC Freight	Sacramento, CA	Long-distance transport	All major
Con-way Freight	Sacramento, CA	Long-distance transport	All major
Old Dominion Freight Line	West Sacramento, CA	Long-distance transport	All major

Source and Date: YellowPages.com (August 2013)

Parcel Carriers

Name	Latest Drop-off	Services
FedEx	Mon-Fri Express 3:45 p.m. to 4:40 p.m.	Express, Ground, Packing, & Supplies
United Parcel Service	Saturday Express: 2:00 p.m. to 2:45 p.m. Mon-Fri: (Ground) 4:30 pm to 6:00 pm Mon-Fri: (Air) 4:30 p.m. Sat. (Air Only) 1:30 p.m. to 2:00 p.m.	Air, Ground, International

US Postal Service

*Sources: FedEx Authorized Ship Centers within 5 miles of Elk Grove city center, www.fedex.com/us/ (August 2013);
UPS Customer Centers within 5 miles of Elk Grove city center, www.ups.com (August 2013)*

Nearest Seaports

Name	Distance	Services
Port of West Sacramento 916.371.8800	18 miles Industrial Blvd.	<ul style="list-style-type: none"> • Not Available
Port of Stockton 209.946.0246	38 miles South on Highway 99	<ul style="list-style-type: none"> • 200 Trucking companies service the port • Rail (UP, BNSF) • Berthing for 17 vessels • Customs inspection scheduled hours • 7.7 million sq. ft. of warehousing • Stevedoring • Truck Scales

Sources: Google Map (August 2013); www.portof Stockton.com/ (August 2013); www.ssmarine.com/locations/pacificSW/portofwestsacramento.asp (August 2013)

Education

2 and 4-Year Colleges (within 20 miles)

Institution	Location	Distance	FTE Enrollment (2016)	Public/Private
California Northstate University	Elk Grove, CA	0 miles		Private
Cosumnes River College	Sacramento, CA	5 miles	14,398	Public
Sacramento City College	Sacramento, CA	8 miles	22,690	Public
Carrington College	Sacramento, CA	11 miles	1,272	Private
California State University, Sacramento	Sacramento, CA	11 miles	30,284	Public
Asher College	Sacramento, CA	18 miles	485	Private
The Art Institute of California, Sacramento	Sacramento, CA	15 miles	731	Private
Brightwood College	Sacramento, CA	15 miles	473	Private
Le Cordon Bleu College of Culinary Arts	Sacramento, CA	17 miles	348	Private
Universal Technical Institute of N. Cal.	Sacramento, CA	17 miles	1,648	Private
American River College	Sacramento, CA	18 miles	29,381	Public
MTI College	Sacramento, CA	18 miles	919	Private
University of California, Davis	Davis, CA	20 miles	35,186	Public

Source: National Center for Education Statistics, <http://nces.ed.gov> (June 2017)

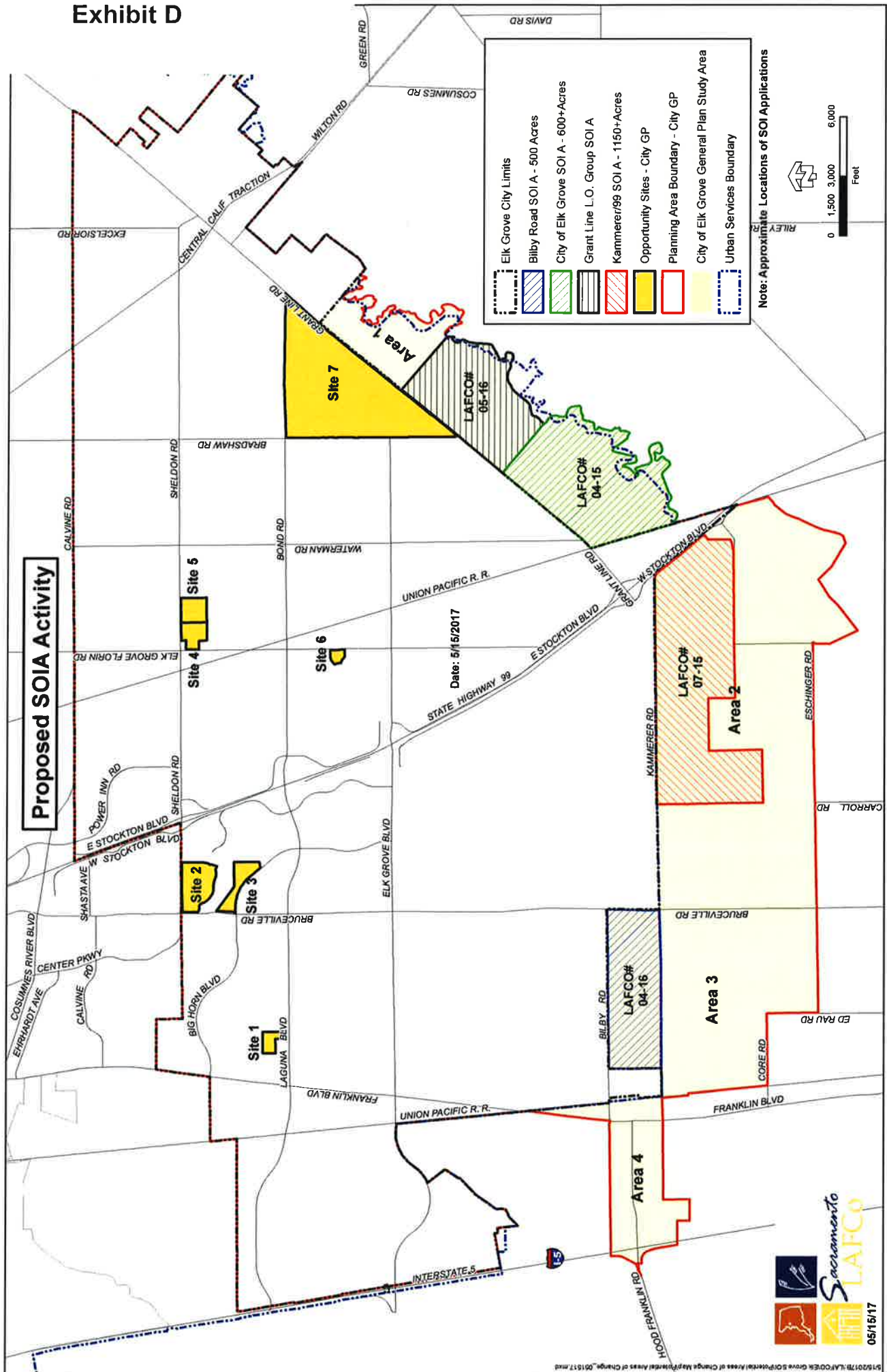
Vocational Training			
Provider	Location	Distance	Programs
Center for Employment Training	Sacramento, CA	5 miles	<ul style="list-style-type: none"> • Business Office Technology , • HVAC Technician & Green Technology • Medical Assistant , • Medical Administrative Assistant
Charles A Jones Skills Business Education Center	Sacramento, CA	10 miles	<ul style="list-style-type: none"> • Business Management and Marketing • Communications Technologies • Health Professions and Related Clinical Sciences • Legal Studies • Mechanic and Repair Technologies • Culinary Services • Transportation and Materials Moving
National Career Education	Rancho Cordova, CA	16 miles	<ul style="list-style-type: none"> • Electrician • Medical Assistant • Optical-Optometric Assistant

Source: National Center for Education Statistics, <http://nces.ed.gov> (June 2017)

Safety		
Crime Rate		
Jurisdiction	Violent Crime Rate per 1,000 (2015)	Property Crime Rate per 1,000 (2015)
City of Elk Grove	3.5	18.8
City of Galt	2.8	24.1
City of Stockton	13.5	42.6
City of Lodi	5.9	32.5
City of Sacramento	7.4	33.7
Sacramento County (Unincorporated)	5.4	19.4
State of California	4.3	26.2

Sources: FBI, *Crime in the United States, 2015 (Uniform Crime Reporting, UCR)*

Exhibit D



III. CURRENT ELK GROVE SOIA AND REGIONAL PLANNING ACTIVITY

LAFCo is currently processing four SOIA applications related to the City of Elk Grove, three of which are active, (Table E) (Exhibit D):

Table E

Project Title	Acres	Applicant	Status	File
Elk Grove Civic Complex	600 w/SOIA (100 annexation)	City of Elk Grove	DEIR release Spring, 2018	LAFC#04-15
Kammerer/Hwy 99	1,156	Landowner Group	2/7/18 Public Hearing	LAFC#07-15
Bilby Ridge	500+/-	Landowner Group	2/7/18 DEIR Workshop	LAFC#04-16
Grant Line Rd. LO Group	Undetermined	Landowner Group	Inactive, incomplete application	LAFC#05-16
Est. Total Acres	2256 est.			

Table F (Exhibit E,) below shows land use proposals in various stages of either the entitlement process or development process in Sacramento County (including Elk Grove), Sutter County, and Placer County. This provides context for the Commission regarding the proposed Sphere of Influence Application Area (LGSOIA Area) and it documents the amount of residential and employment acreage capacity pending, available on the ground, or in the “pipeline.” (Note: Table F data reflects the level of activity prior to the “Great Recession.” Many of these projects remain undeveloped. This table does not address status of project approval, anticipated timing of construction, or other factors that address the relationship of the listed project on meeting regional growth needs now or in the future.)

Table F

Database date /1/	Plan Number	Plan Name	Housing Units	Employment Land Uses (SQ FT) /2/	Employment Land Uses (Acres) /2/
2010	1	Sac County- Easton Specific Plan	1,644	3,527,900	
2010	2	Sac County- Florin Vineyards Community Plan	9,919	unknown	1,306
2010	3	Sac County- North Vineyard Station Specific Plan	6,063	unknown	39
None	4	Sac County- East Franklin	unknown	unknown	
2010	5	Elk Grove- Laguna Ridge Specific Plan	7,762	3,342,000	

2010	6	Rancho Cordova- Rio Del Oro Specific Plan	11,771	unknown	522
2010	7	Rancho Cordova- Sunridge Specific Plan	8,763	unknown	174
2010	8	Rancho Cordova- Suncreek Specific Plan	5,616	unknown	
2010	9	Rancho Cordova- Ranch at Sunridge (Preserve)	2,713	165,000	
None	10	Sac City- North Natomas Community Plan	unknown	10,900,000	
2010	11	Sac City- Delta Shores Specific Plan	5,092	1,461,600	
2010	12	Sac City- Greenbriar Specific Plan	3,473	288,000	
2010	13	Folsom- SOI Specific Plan	10,210	5,054,616	
2010	14	Sutter- South Sutter Specific Plan	17,500	49,706,000	
2010	15	Placer- Regional University Specific Plan	4,387	unknown	622
2010	16	Elk Grove- South of Kammerer	unknown	unknown	
2010	17	Roseville- MOU North Creekview Specific Plan	2,011	190,000	
2010	18	Placer- Placer Vineyards Specific Plan	14,132	3,553,081	
2010	19	Sac County - Metro Air Park SPA	unknown	unknown	
2010	20	Sac City- Natomas Joint Vision Area	unknown	unknown	
2010	21	Sac County- Elverta Specific Plan	4,957	unknown	19
2010	22	Sac County- Cordova Hills Specific Plan	9,010	unknown	
2013	23	Sac County- New Bridge	3,075	500,000	45
2013	24	Sac County-Jackson Township	6,143	1,996,100	101
2013	25	Sac County- Jackson West Specific Plan	17,893	17,276,332	1,433

					Neighborhood Comm - 10 acres, University Site (Net) - 152.87 acres, Sports Complex (net) - 126.19 acres
2010	26	Sac County- South Mather	2,161		
2010	27	Elk Grove- Southeast Planning Area	4,600	unknown	

/1/ Database date:

"2010": data collected circa 2010 to support update of the 2012 MTP/SCS.

"None": no data available.

"2013": data collected after 2012 MTP/SCS adoption.

EXECUTIVE OFFICER’S ANALYSIS

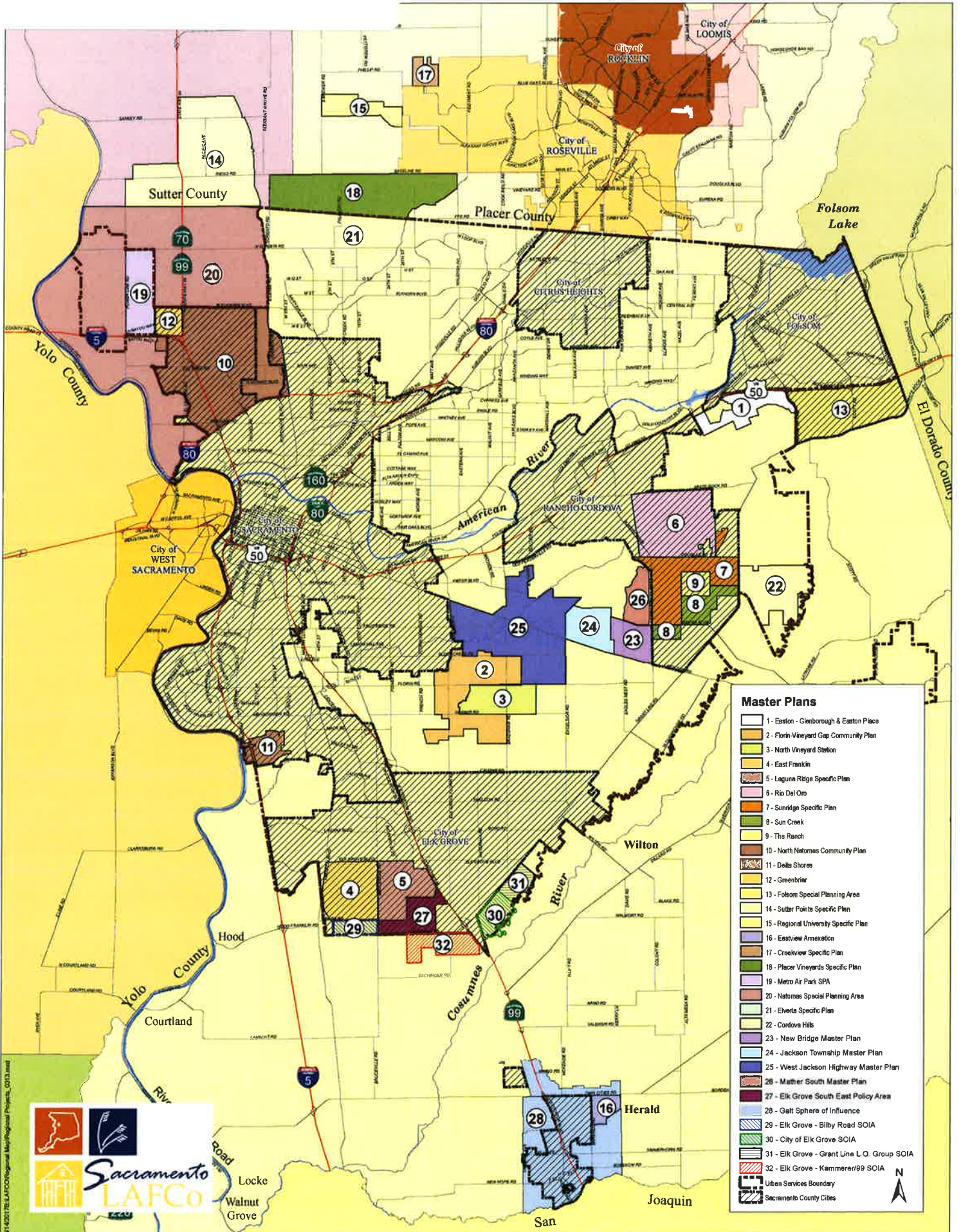
The Commission is considering the landowners group’s application for a Spheres of Influence Amendment for the City of Elk Grove, the Sacramento Area Sewer District, and the Sacramento Regional County Sanitation District (referred to collectively as the “LGSOIA”), the provision of municipal services, the environmental considerations involved, and the need for the Spheres of Influence expansion. The following analysis details the applicable statutes, guidelines, regulations, and policies, and applies them to this LGSOIA application.

I. MUNICIPAL SERVICES REVIEW

In order to consider the proposed Sphere of Influence Amendments, the Commission must conduct a service review of the municipal services provided in the affected territory. The Municipal Services Review (“MSR”) is the instrument required to provide information and data to ensure that the Commission has access to all necessary information in a timely manner to make sound conclusions and determinations with respect to municipal services.

The MSR was prepared by the project applicant in consultation with LAFCo and affected agency staff. (The complete updated MSR was previously distributed to your Commission in November, 2017). The Draft MSR has been posted to the Commission website, and notice provided to County departments, affected agencies, interested parties and the general public. The MSR has been the subject of three review cycles of 45 days each, originally in 2015, then revised and updated per public and agency comments received again in 2016, and most recently in 2017. The Draft MSR was provided for information to your Commission in November, 2017. The Final Draft MSR was posted to the website in January, 2018, and is presented for your consideration

Exhibit E



this evening. Upon your Commission making the necessary Determinations, the Draft will then become the Final MSR.

Information compiled through the MSR shows that the area proposed for inclusion within the Sphere of Influence of the City of Elk Grove will improve government structure options. Future residents will share common municipal services currently provided to City lands. This will result in a uniform expansion of land uses and allow the future residents to benefit from similar levels of service, governmental structure and vision presently provided within the City of Elk Grove.

The future extension of service to this project area by the City of Elk Grove and affected agencies will provide a well-planned and logical expansion of services currently provided to the existing residents within the City. Similarly, by providing for comprehensive service planning to the project area, the service levels to the existing City will not be adversely affected, and in some cases will be improved through future funding and construction of various proposed infrastructure improvements.

The MSR addresses the adequacy of each provider's current services, major infrastructure and facilities to serve existing users in the LGSOIA Area and their abilities to extend services, in the event of annexation and related growth of the area. The adequacy of each provider's facilities is generally based on each provider's current and long range plans and service standards consistent with local policies, standards and procedures. This self-assessment is augmented, where necessary and appropriate, by comparison to surrounding communities or industry standards.

The MSR is organized by service, with each of the urban services considered in relation to the availability of infrastructure to meet the existing and future service demands. Several municipal services are provided by public service providers other than the City of Elk Grove. Some service providers may require amendments to respective service areas to provide service. Such action would be agency specific to any related proposed annexation subject to the required Plan For Services, consistent with the project MSR.

The MSR concludes that the SASD, SRCSD and City's rates and fees are reasonable compared to other comparable cities' and service providers. The MSR also notes the efficient management of applicable rate structuring opportunities, as set forth in the MSR and the Record of Proceedings. The MSR further includes statements for each existing district specifying the functions or classes of services provided by those districts. The MSR also establishes the nature, location, and extent of any functions or classes of services provided by existing districts.

The MSR prepared by the applicants in consultation with affected agencies, and LAFCo staff, includes an assessment of services and providers and states how providers will plan for and implement the respective services for the SOIA. If the LGSOIA is approved, the County and

affected agencies will be able to develop the required master plans regarding the financing and timing of proposed facilities.

The MSR is based on a review of all enabling legislation pertinent to the provision of services.

It should be noted that the project area is not within the County General Plan Urban Services Boundary (USB.) It should also be noted that the USB is a County policy that is not applicable to the land use planning activities of cities. It may be considered in the course of your Commission proceedings, however, the outcome of any Commission proceedings should be based on consistency with the affected city's General Plan. The service boundaries of various affected agencies that may provide service to the proposed SOIA area including water and wastewater, align with the USB also.

The service areas of the Sacramento Regional County Sanitation District (SRCSD) and the Sacramento Area Sewer District (SASD) are defined by applicable city limits or the USB. The Sacramento County Water Agency (SCWA) Zone 40 service area is also established in consideration of the USB, or existing city limits. Inclusion of this area in the amended SOI service boundaries of both SRCSD and SASD would facilitate long range service and financing plans, with any subsequent annexation proposals to be subject to proceedings before your Commission. Any changes to the service boundary for SCWA Zone 40 would be overseen by the County Board of Supervisors, in their role as the SCWA Board of Directors.

A. Required MSR Determinations

Pursuant to Government Code section 56430, the Commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed and shall prepare a written statement of its determination with respect to each of the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.

6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

In accordance with this requirement, the Sacramento LAFCo, in consideration of the landowners initiated proposed LGSOIA (LAFC #07-15), makes the following determinations.

1. Growth and Population

The LGSOIA Area was included for consideration as part of the long-term vision of the City with the 2003 Elk Grove General Plan to accommodate future growth and development. In accordance with the General Plan, the City will work with Sacramento LAFCo to establish and update the SOI.

The current Metropolitan Transportation Plan/Sustainable Communities Strategy (2016 MTP/SCS) was adopted by the Sacramento Area Council of Governments (“SACOG”) in February, 2016. The land use forecast for the 2016 MTP/SCS projects housing and employment growth expected through 2036 based upon adopted general plans at the time and certain constraint assumptions. At its core, the MTP/SCS is a funding plan for regional transportation projects under an assumed growth scenario. As such, State and Federal law require updates to the MTP/SCS every four years. The next update is scheduled for 2020 and is currently underway.

The MTP/SCS assumes no housing or employment growth by 2036 in the LGSOIA area as this area was not, at the time the MTP/SCS was prepared, within the City. To be clear, the purpose of the MTP/SCS is to forecast what is likely to be constructed during the MTP’s planning period. This is different from a land supply contingency needed to support a healthy land market. Additionally, the 2016 MTP/SCS does include a number of transportation capacity projects in the southern portion of the City, including widening and extending Kammerer Road before 2036. Elk Grove may need additional land outside of the current city limits at some point beyond 2036 to support additional job growth to address the City’s current imbalance of jobs and housing, as well as fulfilling its mandate under State law to provide its share of inventory towards the Regional Housing Needs Allocation. However, given the very large supply of housing entitlements in the rest of the region, and Elk Grove’s current high ratio of housing to jobs, SACOG does not forecast a need for additional land in the SOI for housing for a very long time.

The SACOG MTP/SCS identifies the project site as part of the lands not identified for development in the current MTP/SCS or Blueprint. The Blueprint is a conceptual map and is not intended to be interpreted or implemented in a literal, parcel-specific manner. The MTP/SCS and Blueprint do not mandate growth or restrict growth from occurring in these areas. The project

site is adjacent to areas planned for development and borders the City of Elk Grove. As such, changing the City's sphere of influence to include this area would not conflict with the MTP/SCS or Blueprint. The size and general location of the proposed LGSOIA is relatively consistent with the SACOG Blueprint.

Over the last decade Elk Grove has experienced significant growth. While much of this development is newer, particularly west of Highway 99, according to SACOG, the City is over 75 percent built out in terms of residential uses and 56 percent built out in employment uses. The 2016 MTP/SCS forecast for Elk Grove foresees 50,865 total jobs by 2036, and 72,225 jobs upon buildout of the City. However, the LGSOIA Area is not included in SACOG's future housing and employment projections; therefore, the number of jobs potentially generated by future development would represent a substantial number of jobs not accounted for in SACOG's employment projections for the City. Since the LGSOIA area was not included in SACOG projections under the constrained assumptions presented in the Plan the jobs attributed to the proposed project do not account for any of the SACOG 2036 or build out estimates.

Key issues that may influence the timing and trajectory of growth in Elk Grove that may be tracked through the regional monitoring program include, the pace of success of the city's substantial initiatives to promote jobs growth, whether the City starts to experience any of the types of redevelopment activity in existing areas that are part of the typical evolution of urban areas, the outcome of the proposed LGSOIA applications, and the status of growth in other areas of the region. Any or all of these factors could lead to a changed land use forecast for the city in future MTP/SCS update cycles.

2. Location and Characteristics of any Disadvantaged Unincorporated Communities

There are two small communities located proximate to the proposed LGSOIA Area, Bruceville and Point Pleasant. Bruceville and Point Pleasant are south of the proposed LGSOIA Area and would not be affected by the LGSOIA. As such, the LGSOIA is consistent with the LAFCo policy requiring that an SOIA shall not split neighborhoods or divide an existing identifiable community of interest and no impact would occur.

Neither of these communities would be identified as a "Disadvantaged Unincorporated Community" (DUC) – defined as either inhabited territory, or a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

3. *Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies Water*

Water

Water service to the area is currently accomplished with individual wells on private property. The City of Elk Grove does not provide any municipal water supply, treatment, or delivery. The proposed LGSOIA would likely be served by the Sacramento County Water Agency (SCWA.) However, during the rezoning process done in conjunction with any future annexation, the City will have to evaluate the water service demand on surrounding agricultural lands, and the appropriate water service provider. The City of Elk Grove is currently not a signatory of the Water Forum Agreement.

The Sacramento County Water Agency (“SCWA”) is a logical municipal and industrial (“M&I”) water service provider for future urban land uses in the proposed LGSOIA Area. SCWA would need to plan and extend infrastructure and services to fully serve the entire SOI Amendment area. The SCWA is not subject to LAFCo purview. The Board of Supervisors would oversee any changes to the SCWA service area.

SCWA provides municipal water to approximately 50,000 households. SCWA is responsible for operating and maintaining its public water system, and is currently providing M&I water to the northern and western portions of the City of Elk Grove and various unincorporated portions of Sacramento County.

Historically, SCWA relied primarily on groundwater to provide water service to its customers. Existing groundwater pumping capacity plus a small amount of surface water through the Franklin intertie had been sufficient to meet system wide water demands. With the completion of Freeport project and the Vineyard Surface Water Treatment Plant, SCWA is now able to more fully implement conjunctive use program that results in a variation of the mix of supplies based on the water year type.

According to the Water Forum Agreement, the annual average long-term sustainable yield of the groundwater basin is 273,000 acre-feet. Current groundwater pumping from the basin is below this threshold. The basin is not considered to be in overdraft. Historically, intensive groundwater extraction from the basin has resulted in a general lowering of groundwater elevations near the center of the basin away from the sources of recharge. This has resulted in a cone of depression centered near Elk Grove. To address this and other groundwater related issues, the Central Sacramento County Groundwater Management Plan was adopted in 2006 for the groundwater basin containing basin management objectives designed to protect the productivity and integrity of the basin. Implementation of this program is the responsibility of the Sacramento Central Groundwater Authority (SCGA).

The remaining water demand is met by surface water supplies – consistent with the Water Forum Successor Effort. Customers in various parts of the SCWA service area receive a portion of their drinking water from surface water (American and Sacramento River) from the City of Sacramento via the Franklin Intertie with SCWA and the Vineyard Surface Water Treatment Plant via the Freeport Regional Water Project.

SCWA's Zone 40 provides for the planning and construction of major water supply facilities in the urban and urbanizing areas of the Elk Grove, Vineyard and Rancho Cordova communities, generally located in the central part of the County. Major facilities are funded by development and utility charges.

In addition, SCWA owns and operates more than 60 wells and more than 10 water treatment plants. Major services include water supply planning and capital facilities design and construction.

Prior to submittal of any application to annex territory within the LGSOIA Area, the application must provide a Plan For Services (PFS) that demonstrates compliance with Federal Clean Drinking Water Act standards; and that sufficient, sustainable potable water supplies adequate for projected needs are available to accommodate the build-out of the annexation territory, with no adverse impact to existing ratepayers. In addition, other conditions regarding the timely availability of water, infrastructure planning and other water issues are further discussed in the MSR.

The proposed LGSOIA area currently requires no municipal water services, as the area remains primarily agricultural. Approval by LAFCo of this LGSOIA area will cause no additional immediate demand for municipal water service, water supplies or infrastructure.

Possible development of this LGSOIA area will require municipal water service. Providing municipal water service to this LGSOIA area will require adequate planning to ensure that the financing, services and infrastructure are available.

If approved, the proposed LGSOIA will provide direction to municipal water service providers about the location and extent of the City's growth. This will allow the affected agency to conduct the necessary planning, as funding is available, to ensure adequate services and infrastructure are available. Should SCWA become the exclusive service provider in the proposed LG SOIA Area, action would be required by the Sacramento County Board of Supervisors in their role as the SCWA Board of Directors.

Wastewater

As the proposed LGSOIA Area is primarily agricultural, the predominant wastewater service currently consists of private onsite septic systems.

No acreage of the proposed LGSOIA Area is within the service boundaries of the Sacramento Area Sewer District (local collection and conveyance) and the Sacramento Regional County Sanitation District (regional treatment). The service areas of both districts are currently coincident with the existing city limit, and the County General Plan USB. Both SASD and SRCSD SOI Amendments are included with this application. Both SRCSD and SASD have the means and capacity to accommodate service demand for the LGSOIA area. Both districts have stated no objection to the proposed LGSOIA. Both service providers will require annexations to the respective service areas to provide service. Such action would be agency specific to any related annexation, or service boundary adjustments.

Urbanization in the proposed LGSOIA Area would require adequate municipal wastewater service. As no municipal wastewater services are currently provided to the proposed LGSOIA Area, future extension of wastewater service will require annexation into both SASD and SRCSD wastewater service boundaries. As part of the annexation application, the applicants will have to demonstrate adequate wastewater service capacity availability for the LGSOIA territory based on rezoning and land uses designated by the City.

Currently there are no SASD trunk facilities located in or planned to serve the project area. All existing connection points adjacent to the project area convey wastewater north. These pipelines are not designed to accommodate any additional flows from the LGSOIA area. In order to receive sewer service from SASD, future development will need to construct new facilities or upgrade the existing pipelines. The project proponents should work closely with SASD Development Services to ensure proper connection to any existing SASD facilities.

Storm Drainage and Flood Control

Sacramento County Water Agency (“SCWA”) provides for the construction of major drainage facilities in the urban and urbanizing areas of the unincorporated county and the cities of Citrus Heights and Rancho Cordova. No acreage of the proposed LGSOIA is currently within the Zone 11A service boundary.

In the event of annexation, the City would be the appropriate service provider for future storm drainage and flood control at the time of development. Drainage considerations will be addressed during any related land use entitlement review by the City, given that it assumes local land use jurisdiction. Additionally, as part of the Southeast Policy Area, the City is detaching the portion of the Shed C Channel and drainage shed that is within the City from Zone 11A, as storm water flows in this area are independent of the rest of Zone 11A.

City Development Services staff evaluates new development proposals for subdivisions and commercial properties to ensure that improvement plans are in compliance with drainage and floodplain management policies. New development is required to conform to City standards, drainage ordinances, and floodplain development policies. The City also administers the Federal Emergency Management Agency (“FEMA”) National Flood Insurance Program (“NFIP”) for the lands within the city limit.

The potential development and eventual build out of the LGSOIA will increase site runoff, and will require the construction and maintenance of additional drainage infrastructure and facilities to ensure adequate service. As part of any future annexation application, the applicant will have to demonstrate adequate planning for sufficient facilities to accommodate the increased drainage requirements related to the proposed development. Prior to annexation of any or part of the LGSOIA Area, the City of Elk Grove shall require that new projects in the LGSOIA Area not result in new or increased flooding impacts on adjoining parcels on upstream and downstream areas. These requirements have been included in the EIR mitigation measures in Mitigation Measure 3.10-3.

Solid Waste

The Sacramento Regional Solid Waste Authority (“SWA”) is a joint powers authority between two agencies, the County and the City of Sacramento. SWA regulates commercial solid waste collection by franchised haulers through the SWA Code. The proposed LGSOIA Area is currently within the service boundaries of the Sacramento County Municipal Services Agency, Department of Waste Management & Recycling, but service is provided by mostly private franchised hauling companies for the commercial and industrial customers.

In the event of annexation, solid waste service would be provided through the City Integrated Waste Department, which manages the City’s residential solid waste franchise and plans, coordinates, promotes and implements citywide solid waste reduction, recycling, composting, and public education activities. The City’s solid waste is currently managed under an exclusive franchise agreement by Republic Services.

Any future growth or change in organization is not anticipated to significantly affect the current solid waste services provided. Solid waste collection and disposal for commercial, industrial, and multifamily residential units would be serviced by the current private haulers. It is anticipated that single family residential customers would be served by the City contractors.

In the event of annexation, the City’s franchised hauler will collect all of the waste and recyclables within the City. There is adequate infrastructure at build out to ensure collection of solid waste generated within the area. The solid waste facilities that the City contractors utilize

have indicated they have existing capacity to accommodate the build out of the proposed LGSOIA Area, ensuring sufficient disposal facilities.

Pursuant to a proposed condition, at the time of submittal of any application to annex any or all territory within the LGSOIA, the City of Elk Grove shall identify solid waste services, including contract service operation if applicable, to be extended, the level and range of services, timing of services, improvements of facility upgrades associated with the services, and how the services will be financed to accommodate the build-out of the LGSOIA Area.

Circulation and Transportation

The County of Sacramento Department of Transportation will continue to provide adequate roadway service in the unincorporated area without the LGSOIA. In the event of an annexation, a Property Tax Exchange Agreement between the City and the County would not significantly reduce the County funds available to maintain funding to provide adequate roadway services. As part of any future annexation application, the City will have to demonstrate that it can provide adequate roadway service to and within the LGSOIA Area proposed to be annexed. The County may request that the City of Elk Grove enter into maintenance and operations agreements for the responsibility of the public roadway infrastructure as well as for the shared public roadway facilities adjoining this SOI at the time future annexation occurs.

Public Safety

Sacramento County's Sheriff's Department currently provides service throughout the LGSOIA. As part of any annexation application, the City of Elk Grove will have to demonstrate that it will be able to provide law enforcement services to the proposed area to be annexed. This plan would be part of the required Plan For Services (PFS) submitted to LAFCo in support of any proposed annexation.

Cosumnes Community Services District ("CCSD") will be the fire and emergency service provider regardless of annexation. Prior to any future annexation, the City of Elk Grove and Cosumnes Community Services District would have to develop a plan for service to the serve the LGSOIA Area proposed for annexation. The plan for service will need to address operations and maintenance and capital improvements that will be required.

The SOI Amendment will not increase the need for higher levels of law enforcement and fire protection within the area, as it is currently undeveloped. The City of Elk Grove's Police Department is able to provide full services to the area, which includes Field Services, Investigative Services, Administrative Services, and Support Services. The Police Facility is located at 8400 Laguna Palms Way north of the LGSOIA Area. As part of the annexation

application, the applicant will be required to provide a plan for services for LAFCo consideration.

Animal Control

While the City has a contractual relationship with Sacramento County regarding sheltering of animals, this contract will end in July 2019. In preparation, the City is currently designing its own animal shelter, to be located at the City's Corporate Yard off of Iron Rock Road. Financing for construction comes from the City's Capital Facilities Impact Fee (among other sources) and operations for this increased service will come from the impending wind-down of revenue neutrality payments back to the County from incorporation.

In the event of any future annexation, the City will provide animal control services. The City's Animal Services Division provides animal control services for the entire City. Services include investigating public nuisance, investigating bite reports, licensing, pick-up, and checking on the humane conditions of animals. As part of any annexation application, the applicant will be required to provide a plan for services for LAFCo consideration.

Code Enforcement

The County's Code Enforcement Division is able to provide adequate service within the LGSOIA Area. The property will provide minimal demands for City of Elk Grove Code Enforcement Division and immediate needs are met with existing personnel and infrastructure. Any future annexation application will need to demonstrate that the City of Elk Grove can provide code enforcement services to any areas proposed for annexation.

Parks and Recreation

The City of Elk Grove is authorized to provide parks and recreational services within the City. The Cosumnes Community Services District ("CCSD") is the current authorized parks and recreation service provider in the city and the proposed LGSOIA Area. As part of any future annexation application, the City of Elk Grove will have to prepare a finance and service plan for the area proposed to be annexed, in consultation with CCSD.

The City and Cosumnes CSD have a Memorandum of Understanding (MOU) governing the funding, design, construction, and operations of parks facilities in the City. Generally, in new developing areas of the City, the City is responsible for funding (through impact fees) and the CCSD, through contract with the City, designs and constructs the facility. Once completed, ownership of the park is transferred to CCSD who then maintains the facility. Financing for

parks maintenance comes from a City-operated Community Facilities District applied to the surrounding development.

The City and CCSD have established a “Quimby” rate of 5 acres of active parkland per 1,000 persons. The household size information is updated annually based upon the latest Census data, consistent with State law.

The Parks and Recreation Master Plan was first adopted in 2008/2010, as described, but was amended with current parkland information in summer 2016. The CCSD is coordinating, and the City is participating in, a comprehensive update to the Master Plan, scheduled for adoption in FY 2017-18.

Libraries

The Sacramento Public Library Joint Powers Agreement is already providing service to the area and has sufficient capacity to continue to serve the project area. Upon any future annexation, the LGSOIA Area would be required to participate in the annual Library Fund assessments.

Electricity and Natural Gas

Pacific Gas and Electric (PG&E) is a private, investor owned provider currently providing natural gas in the LGSOIA and is able to adequately serve future growth to the LGSOIA Area. Sacramento Municipal Utility District (SMUD) is currently providing electricity to the LGSOIA Area and is able to adequately serve any future growth. There will be no change in service providers.

Prior to annexation, the City of Elk Grove will have to demonstrate that SMUD is able to adequately serve the area.

Public Transportation and Mass Transit

The City operates the “e-tran” bus system. Routes are coordinated with Regional Transit (RT) buses and light rail and South County Transit/Link (SCT/LINK) to areas outside the city. Main transfer points are at the Cosumnes River College Light Rail Station and Laguna Town Hall. Services are funded with Transportation Development Act (TDA) and Federal Transit Administration (FTA) funds.

The City of Elk Grove Transit Services has also created a Transportation Demand Management Program (TDM) to promote and encourage the use of alternative transportation within Elk Grove. The City is developing partnerships with public and private employers within the City to

work together in addressing local transportation and air quality issues. The goal is to promote innovative solutions to parking, commuting and air quality problems.

The City of Elk Grove TDM program is managed by the City of Elk Grove Transit Services. The program is funded by grants from the Sacramento Area Council of Governments, City Transportation Development Act (TDA) revenue and from revenue generated from major development projects within the City limits that may potentially contribute to increase congestion on local roadways.

“E-van” is a service of e-tran that provides services required under the Americans with Disabilities Act (ADA) and for seniors that are age 75 years old and older. Services are funded with Transportation Development Act (TDA) and Federal Transit Administration (FTA) revenues. E-van offers ADA service within the city limits of Elk Grove and to medical facilities in South Sacramento for passengers that are unable to board e-tran fixed route vehicles.

E-van also provides regional service to ADA certified passengers through the urbanized Sacramento area for medical related trips only. These communities and cities include Sacramento, Carmichael, Fair Oaks, Rancho Cordova, Citrus Heights, Rio Linda, Elverta, Arden/Arcade, Orangevale, Antelope, North Highlands, and portions of Folsom.

Prior to annexation, the City of Elk Grove will have to show that transportation services will be adequately provided to serve the area.

4. *Financial ability of agencies to provide services*

It should be noted that services which may be provided by other affected agencies will be subject to the policies, infrastructure and finance planning of the respective agencies. Such discussion is not addressed in this MSR. Both SRCSD and SASD have the means and capacity to accommodate service demand for the LGSOIA area. Both districts have stated no objection to the proposed LGSOIA. Both service providers will require annexations to respective service areas to provide service. Such action would be agency specific to any related annexation, or service boundary adjustments. The MSR therefore focuses on the financial ability of the City.

The City is financially stable, and has sufficient assets and funds available for its continued operation. Most City services are supported by the General Fund. The General Fund contains all the City’s general revenues that are not specifically levied or collected for other City functions and related expenditures. The General Fund provides support to such areas as general governmental operations, public safety, roadways, and community development.

Specific municipal services, which depend on usage, are almost entirely supported by enterprise funds. Services include drainage, solid waste, and transit. Enterprise funds are generally sufficient to cover existing operating costs. Unlike most enterprise funds that are fully funded from user fees, the Transit operations receives its operating revenue from multiple sources including transit grants, local transportation funding and user fees.

Any application for annexation will have to demonstrate that the affected public agency is able to financially provide for its respective services through a Financial Plan and analysis or demonstrate that future development would be responsible for the related development impact fees and infrastructure implementation per the requirements of the City of Elk Grove or affected agencies to the satisfaction of LAFCo.

The following is updated financial information from the 2016 Comprehensive Annual Financial Report (CAFR):

City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the 2015-16 fiscal year by nearly \$1.3 billion (Net Position). Of this amount, \$48 million (unrestricted Net Position) may be used to meet ongoing obligations to citizens and creditors; \$217 million is restricted for capital projects, debt service and legally segregated taxes, grants and fees; and \$1 billion is invested in capital assets.

As of June 30, 2016, the governmental funds reported combined fund balances of \$235 million, of which is all available to meet the City's current and future needs (Restricted, Committed, and Unassigned balances).

At fiscal year end the committed amount in the General Fund for stabilization totaled \$11.6 million, or nearly 18% of total general fund expenditures. General Fund Capital Project reserves totaled \$8.1 million, or nearly 14% of total general fund expenditures. The General Fund has an additional unassigned amount of \$7.5 million or nearly 13% of total expenditures.

Governmental capital assets increased by nearly \$21.2 million prior to depreciation in comparison with the prior year representing capital street improvements, facilities, and equipment. The increase is reflected in the net investment in capital assets.

The City's total governmental long-term liabilities increased by \$10.2 million compared to the prior year. This increase is due to the refunding of debt and realizing new debt proceeds for two special districts, East Franklin and Poppy Ridge in the fiscal year.

Revenues for FY 2015-2016 were \$121.1 million. For the fiscal year ending June 2016, the City's CAFR presents a total general fund balance of \$27.9 million, with \$7.5 million unassigned for a specific use.

For the fiscal year ending June 2016, the City's CAFR's presents total primary government debt, excluding unamortized insurance premiums, totaling \$109.8 million, consisting of \$90.6 million in Special Assessment Bonds and \$19.2 million in Lease Revenue Bonds. These current long-term debt obligations are not a significant burden for the City and repayment is funded from a variety of sources include user fees, community facility districts and the General Fund. Cities generally incur long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City has not defaulted on any of these debts and is able to continue making regular payments while maintaining a strong level of fund debt service reserves.

5. *Status of, and opportunities for, shared facilities*

The City utilizes a sufficient range of cost avoidance opportunities; including facilities sharing, utilizing technologies to improve workflow, use of volunteers, and cooperative coordination with other service providers. These arrangements shall be articulated in the required Plan For Services, in the event of an annexation proposal for the LGSOIA.

6. *Accountability for community service needs, including governmental structure and operational efficiencies*

The City, SRCSD, and SASD are able to operate effectively under the current General Law statutes. The City of Elk Grove was incorporated as a general law city on July 1, 2000, and operates under the general law statutes defined under the California Government Codes, which enumerates their powers and specifies their structure. This form of government allows the City to provide the following services: public safety, streets, solid waste/recycling, sanitation, culture, parks and recreation, public improvements, land use planning and zoning, and general administrative services. Services provided by others include: utilities, electricity, and other general governmental services contract, such as street lighting.

The City operates under the Council/Manager form of government, a system that combines the policy leadership of elected officials in the form of a city council, with the managerial expertise of an appointed city manager.

Elk Grove is a general law city under California law with five elected representatives on the City Council, the mayor and four councilmembers. The office of the elective mayor is decided by the voters, with the position elected citywide (at-large), having a residency requirement within the

City limits, and serves a two-year term. There are four council residency districts, and councilmembers are elected citywide (at-large) and serve four-year terms. Each councilmember must reside within the district of the city that they oversee.

The City Council has a broad range of municipal powers including the review and approval of an annual budget, establishing community goals and objectives, approving the City's general plan, reviewing and approving certain development applications, and hearing community problems and concerns. The City Manager is appointed by the City Council and serves as the Chief Executive Officer of the organization. The City Manager is responsible for the administration of City affairs, day-to-day operations, and implementation of Council policies. The City Attorney, also appointed by the City Council, advises and represents the City and City Council in all legal affairs. The Council meets on the second and fourth Wednesdays of each month. Council meetings can be viewed on Cable Channel 14, or reviewed online at <http://www.elkgrovecity.org>. City Hall is located at 8401 Laguna Palms Way.

No change in the current government structure is necessary to continue the adequate provision of municipal services in consultation and coordination with affected agencies and service providers. As a City, Elk Grove is a legally separate and fiscally independent agency. It can issue debt, set and modify budgets and fees, and sue or be sued.

The City works to meet its goals for each service provided. The overall management structure of the City is sufficient to account for necessary services and maintain operations in an efficient and effective manner.

7. *Any other matter related to effective or efficient service delivery, as required by commission policy*

All material and information required or requested by the Commission has been provided through the preparation of the draft submittals, and is included in the Final MSR of January, 2018.

8. *Environmental Justice*

According to the Governor's Office of Planning and Research ("OPR"), as the primary agency with responsibility for approving changes in boundaries, LAFCo plays an important role in ensuring that proposed changes are consistent with environmental justice obligations. In order for civil rights and environmental concerns to be properly considered, OPR recommends that relevant information be collected at the municipal review stage and considered when developing determinations.

Environmental justice has particular implications for MSRs, as the determinations relate to the provision of municipal services to whole communities including those that may have been historically underserved and/or environmentally overburdened. MSRs can play a key role in identifying geographic inequities. Preventing and reversing historical problems of procedural and geographic inequity requires accurate information in order to develop policies and prioritize implementation measures.

The City of Elk Grove and affected special districts do not alter or adjust any services to varying parts of the applicable service areas. All ratepayers are provided service equally, regardless of race, culture, and/or income level.

B. Conclusion

The City of Elk Grove has made an effort to proactively plan to provide for future growth in this area. The determinations in the MSR quantify the ability of the City, SRCSD, and SASD to provide for planning for services and financing to meet the needs of the project through inclusion into the SOI. The MSR determines that there is adequate government structure to provide services and accommodate successful growth under the proposed LGSOIA.

II. SPHERE OF INFLUENCE AMENDMENT

A. Sphere of Influence Process

Under Government Code section 56425, LAFCo has the power to approve or disapprove applications for boundary changes for cities and special districts, modify boundaries of a proposal, and impose reasonable terms and conditions of approval. The Commission shall consider the application for a sphere of influence change, and receive any oral or written testimony. This is a discretionary action subject to the California Environmental Quality Act (CEQA). Sacramento LAFCo is the lead agency.

When considering an application for a Sphere of Influence Amendment, LAFCo must complete the following actions:

1. **Environmental Review:** CEQA requires that LAFCo assess the environmental consequences of its actions and decisions, and take actions to avoid or minimize a project's adverse environmental impacts.
2. **Municipal Service Review:** As discussed in detail above, LAFCo must conduct a service review of the municipal services provided in the county and prepare a written statement of its determinations.

3. Sphere of Influence Determinations: Pursuant to Government Code sections 56425(e) and 56668, in determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to specific enumerated items.
4. Public Comments and “Meet and Confer” Process: This is a private landowners group application. Thus, the City and County were not required to conduct a “meet and confer” negotiation period regarding the Sphere of Influence boundaries, development standards, and zoning requirements for the areas within the proposed Sphere of Influence.
5. Compliance with Applicable Laws and Policies: As part of its determination as to a Sphere of Influence application, LAFCo will ensure that the recommended sphere of influence expansion is consistent with applicable laws, such as the Cortese-Knox-Herzberg Local Government Act, and applicable policies.

As discussed in detail below, after the completion of this process, staff recommends that the Commission find that the proposed LGSOIA application, as defined in the EIR for this project, is consistent with the Cortese-Knox-Herzberg Local Government Act and applicable policies.

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: “The Commission shall have all of the ... powers and duties ... to review and approve or disapprove, with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the Commission A Commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A Commission shall require, as a condition to annexation, that a city prezone the territory to be annexed. However, the Commission shall not specify how, or in what manner, the territory shall be prezoned.” The decision of the Commission shall be based upon the General Plan and pre-zoning of the City of Elk Grove in effect at the time of the decision. (Government Code section 56375(a).)

In addition, LAFCo is required to review proposals and consider discouragement of urban sprawl, the preservation of open space and prime agricultural land and the encouragement of orderly formation and development of local governmental agencies. (Government Code sections 56001 and 56668.)

The Executive Officer has reviewed the application for a LGSOIA, and is recommending terms and conditions that are consistent with the Commissions duties under the law. In addition, the Executive Officer has considered preservation of open space and agricultural lands, and recommended appropriate mitigation measures addressing this requirement.

B. Loss of Agriculture and Open Space

The issue of preserving agricultural lands and open space is integral to LAFCo's consideration of applications for sphere of influence amendments. Specifically, Government Code section 56377 requires that when a proposal can reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space uses, the commission shall consider all of the following policies and priorities:

- (a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing non-prime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

Given the unique location of the City of Elk Grove in that its only area of growth would impact prime agricultural land, some loss of agricultural land is necessary to promote orderly growth.

- (b) Development of existing vacant or non-prime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow or lead to the development of existing open-space lands for non-open space uses which are outside the existing jurisdiction of the local agency or outside of the existing Sphere of Influence of the local agency.

To address this issue, the Executive Officer is recommending an infill policy condition and jobs-housing condition to ensure that development occur within the existing City if feasible before agricultural land is developed. In addition, the Executive Officer has proposed the agricultural preservation measure as stated previously.

LAFCo has also adopted policies and standards related to agricultural land conversion.

(Note: Some of the listed policies relate to a "change of organization or reorganization." A sphere of influence amendment is not a "change of organization or reorganization" under

Government Code section 56021. However, LAFCo Policies, section V.I, states that “[t]he LAFCo policies will be applied to applications for amendment to a Sphere of Influence as if it were an annexation.” An annexation is considered a “change of organization or reorganization” under Government Code section 56021. Thus, listed policies and standards are applicable to the SOI Amendment.)

- Amendment proposals involving Sphere expansion which contain prime agricultural land will not be approved by the LAFCo if there is sufficient alternative land available for annexation within the existing Sphere of Influence. (LAFCo Policies § V.I.6).

For the reasons stated within this Executive Officer’s Report, there is insufficient alternative land available to the City. However, the Executive Officer has recommended numerous conditions to lessen the impact on prime agricultural lands.

- LAFCo will approve a change of organization or reorganization that will result in the conversion of prime agricultural land in open space use to other uses only if the Commission finds that the proposal will lead to the planned, orderly, and efficient development of an area. For purposes of this standard, a proposal leads to the planned, orderly, and efficient development of an area only if all of the following criteria are met:

- The land subject to the change of organization or reorganization is contiguous to either lands developed within an urban use or lands that have received all discretionary approvals for urban development.

The proposed SOI is contiguous to urban uses.

- The proposed development of the subject lands is consistent with the Spheres of Influence Plan, including the Master Services Element (MSR) of the affected agency or agencies.

No development is planned at this time.

- ...In the case of very large developments, annexation should be phased wherever feasible. If the Commission finds phasing infeasible for specific reasons, it may approve annexation if all or a substantial portion of the subject land is likely to develop within a reasonable period of time.

At the time of annexation, LAFCo will consider this requirement.

- Insufficient vacant nonprime lands exist within the applicable Spheres of Influence that are planned, accessible, and developable for the same general type of use.

At the time of annexation, LAFCo will consider this requirement. The City's current SOI is coterminous with the City limits. Thus, there are no other areas within the SOI for consideration.

- The proposal will have no significant adverse effect on the physical and economic integrity of other agricultural lands. In making this determination, LAFCo will consider the following factors: (1) the agricultural significance of the subject and adjacent areas relative to other agricultural lands in the region; (2) the use of the subject and adjacent areas; (3) whether public facilities related to the proposal would be sized or situated so as to facilitate the conversion of adjacent or nearby agricultural land, or will be extended through or adjacent to, any other agricultural lands that lie between the project site and existing facilities; (4) whether natural or human-made barriers serve to buffer adjacent or nearby agricultural land from the effects of the proposed development; (5) applicable provisions of the General Plan open space and land use elements, applicable growth-management policies, or other statutory provisions designated to protect agriculture (LAFCo Standards, pgs. IV-5 and IV-6).

LAFCo has imposed numerous conditions including, but not limited to, agricultural and open space mitigation, and encouraging infill development, and jobs-housing balance language to accomplish these goals while allowing orderly growth for the City. Prior to annexation, the City shall demonstrate its compliance with these conditions.

- LAFCo will not make affirmative findings that the proposed development of the subject lands is consistent with the Spheres of Influence in the absence of an approved Sphere of Influence Plan. LAFCo will not make the affirmative findings that insufficient vacant non-prime land exists within the Spheres of Influence Plan unless the applicable jurisdiction has:
 - Identified within its Spheres of Influence all "prime agricultural land" as defined herein.
 - Enacted measures to preserve prime agricultural land identified within its Sphere of Influence for agricultural use.

The Executive Officer has proposed several conditions to promote orderly growth while preserving prime agricultural land.

- Adopted as part of its General Plan specific measures to facilitate and encourage in-fill development as an alternative to the development of agricultural lands.

The Executive Officer has recommended such specific measures.

The City of Elk Grove currently has a coterminous Sphere of Influence. The City is generally surrounded on the north, east, and west by existing development as well as habitat and open space constraints. The only logical way for the City to grow is along its southern and southeastern boundaries. As a result, growth in this direction impacts Prime Farmland, Farmland of Statewide Importance, and habitat areas that cannot be avoided.

The proposed LGSOIA application contains Prime Farmland, Farmland of Statewide Importance, and Farmland of Local Importance. As a result of the potential impact to agricultural lands, it is recommended that mitigation measures be imposed to preserve Agricultural and Open Space lands within the proposed LGSOIA boundary.

The recommended mitigation measure for the conversion of agricultural land within the proposed LGSOIA area is summarized as follows:

The City will require that applicants protect one acre of existing farmland of equal or higher quality for each acre of Prime, Unique, or Farmland of Statewide Importance that would be developed as a result of the project.

In addition, the City will be required to mitigate for the loss of habitat and other biological resources as determined by State and Federal regulatory agencies. If approved the City is also required to comply with the terms and conditions of any adopted habitat conservation plan.

Finally, Terms and Conditions have been proposed to require the City to efficiently utilize its existing inventory of vacant land within the City prior to requesting annexation of new territory.

C. LAFCo Policies

The following LAFCo Policies are relevant to the Commission's review of the LGSOIA application.

- The LAFCo will favorably consider proposals that will provide urban services in areas with high growth potential rather than in areas with limited potential for future growth. (LAFCo Policies § III.4).

As discussed in detail below, staff recommends approval of the proposed LGSOIA. This recommendation is made, in part, on the conclusion that the area encompassed by the project application presents a reasonably high growth potential.

- The LAFCo will favorably consider those applications that do not shift the cost for services and infrastructure benefits to other service areas. (LAFCo Policies § III.6).

The SOI application does not shift costs.

- The LAFCo has determined that community needs for efficient services and orderly development are generally met most effectively by proposals which:
 1. Correct a threat to the public health and safety;
 2. Consolidate the activities of public agencies in order to obtain economies from the provision of consolidated services;
 3. Consolidate services and service providers if such consolidations enhance the efficiency and quality of service; and
 4. Restructure agency boundaries and service areas to provide more logical, effective, and efficient local government services. (LAFCo Policies § IV.G)

As discussed in detail above in connection with the MSR, the provision of local government services would be improved with the approval of the LGSOIA.

- An applicant for an amendment to a Sphere of Influence must demonstrate a projected need or lack of need for service. (LAFCo Policies § V.I.5).

The need for the LGSOIA has been demonstrated by evidence that creating additional employment centers, and addressing long-term housing needs, may improve the jobs-housing balance in the City, while still allowing for orderly growth that addresses environmental and municipal services issues. The proposed LGSOIA presents an appropriate balance between the City's need to grow and LAFCo's responsibility to provide logical boundary changes and ensure orderly growth.

- Sacramento LAFCo Policies section I.C state the following principles:
 1. LAFCo is charged with encouraging orderly urban growth and development to prevent urban sprawl, leap frog development, and scattered urbanization;
 2. LAFCo is responsible for encouraging logical formation and determination of boundaries to coordinate property development standards and encourage timely urbanization.;
 3. LAFCo should exercise its authority to ensure that affected populations receive adequate and efficient governmental services; to promote cooperative planning efforts between cities, special districts, and the County; to examine urbanization from a regional perspective; to promote an equitable distribution of costs, services, and to discourage overlapping and duplicative provision of public services; and

4. LAFCo is required to guide development away from open space and prime agricultural land uses unless such actions would fail to promote the planned, orderly, and efficient development of a community.

The proposed LGSOIA is consistent with LAFCo Policies section I.C because it encourages orderly growth and prevents urban sprawl by allowing the City to grow, but places terms and conditions on such growth to ensure that the City will annex and develop in an orderly fashion. Based on the Commission's requirements for phased annexation and approvals prior to annexation, LAFCo also encourages logical formation of boundaries.

LAFCo's careful consideration of municipal services and determinations based on the Municipal Services Review (MSR) ensures that there will be adequate and efficient services, and coordination with other agencies in the County to provide public services. By adopting agricultural land mitigation measures, LAFCo is allowing Elk Grove to grow but also guiding development away from prime agricultural land. Thus, the recommended Sphere of Influence in this Report is consistent with LAFCo Policies I.C.

Additionally, evidence is provided throughout this Report supporting the conclusion that the landowners group proposed Sphere of Influence Amendment conforms to LAFCo policies because:

1. The proposed SOI territory does not overlap the Sphere of Influence of any other city.
2. The MSR for the proposed SOI identifies types and adequacy of municipal services to be provided.
3. The MSR for the proposed SOI identifies existing land uses and reasonable projection of land uses that may occur.
4. The MSR for the proposed SOI identifies existing and proposed facilities.
5. The proposed SOI is consistent with the policies of the adopted Elk Grove General Plan.
6. The SOI does not split neighborhoods or divide an existing identifiable community, commercial district, or other area having a social or economic identity.
7. The proposed LGSOIA does not create islands, corridors or illogical peninsulas or distort existing boundaries. The proposed SOI is abutted to the north by lands approved for development by the City of Elk Grove. No portion of the proposed

LGSOIA encompasses any of the Stone Lakes National Wildlife Refuge, which is established, and designated for permanent preservation.

8. The proposed LGSOIA does not exclusively contain revenue-producing properties.
9. The proposed SOI does not split parcels or create an area difficult to serve. Situated to the west of Hwy 99, no portion of the proposed LGSOIA lies within any identified FEMA floodplain, which is fixed and can be readily ascertained
10. The proposed LGSOIA is orderly and is not “leap frog” development in relation to existing development. The current LGSOI is coterminous with the City limits.
11. The proposed LGSOIA does not pose a threat to public health and safety. No portion of the proposed LGSOIA area is within an identified FEMA 100-year floodplain. Any future growth and expansion through the annexation process would be limited to areas outside of the FEMA 100-year floodplain, in accordance with Elk Grove Safety Policy SA 15. Further, the Central Valley Flood Management Planning Program will require 200-year floodplain protection for urban areas.
12. Projected population growth and development patterns for the City of Elk Grove indicates that the proposed SOI Amendment will provide future economic development opportunities for the City and improve the jobs-housing balance for this community.
13. The proposed LGSOIA territory that, although currently agricultural lands, is in the logical path of urban development and adjacent to developed land, which promotes orderly growth and discourages sprawl.

D. City of Elk Grove General Plan Consistency

The City of Elk Grove General Plan is a broad framework for planning the future of Elk Grove. It is the official policy statement of the City Council to guide the private and public development of the City in a manner to gain the maximum social and economic benefit to the citizens.

The Elk Grove 2003 General Plan defines an area east and south of the City as a “Study Area” as the area within which future growth may occur. The City’s current General Plan does not include any land use designations for the proposed LGSOIA Area. The General Plan designations cover only the current City boundaries.

The LGSOIA area is included in the pending General Plan Update planning area, as the “South Study Area.” The City has identified that the new General Plan will include guidance on the

range of future land uses that would occur in each of these study areas, as well as guidance on the general organization and relationship of land uses. However, the City has not finalized the new General Plan.

Although the City has no jurisdiction over the determination of land uses in the Planning Area, it can consult and advise Sacramento County on land use policy within the Planning Area. While the Elk Grove General Plan provides a statement of the uses the City desires in the Planning Area, those statements are purely advisory.

The General Plan envisions the potential for converting agricultural land uses to urban land uses within the area south of Kammerer Road. The entirety of the proposed LGSOIA Area is located within the Elk Grove's General Plan South Study Area.

The General Plan does not identify a land use plan for these areas but lays out policies to guide the study of future development in cooperation with the public and other agencies and parties. No specific land use designation or pre-zoning are proposed or required at this time. No pre-zoning is associated with this proposed LGSOIA. Pre-zoning is required prior to annexation of the area.

General Plan consistency is further discussed in the related CEQA documents.

E. Other Policy Considerations

The LGSOIA must be considered in the context of applicable policy considerations. This section discusses LGSOIA in the context of the following policy areas: (1) infill policies and (2) jobs-housing balance.

1. Infill Policies

During the public process, some have maintained that the City of Elk Grove has sufficient land within its current boundaries to accommodate all necessary City growth. In reviewing this issue, LAFCo staff is guided by its own local policies, as well as the existing General Plan policies. Based on the documents provided during the administrative process, including the Market Study dated March 27, 2014, the City's own data, and documents from public agencies, the Executive Officer has determined that the City has a reasonable expectation of demand for the acreage requested.

According to the City, an increase its jobs-housing balance cannot be met through infill development alone. There are approximately 1,817 acres of existing unentitled, vacant lands within the City of Elk Grove. The Elk Grove Market Study prepared by the Center for Strategic

Economic Research showed that it would be infeasible for the City to utilize much of this land for future development for the following reasons:

- To develop vacant parcels, the subject property must be of sufficient size and scale to accommodate a reasonably-sized development project.
- Environmental issues, access, circulation and other infrastructure constraints, and undesirable land use adjacencies can limit the development potential of vacant parcels that would otherwise be permitted to develop under the General Plan.
- Much of the vacant built space may be unsuitable for future development given shifting trends in land use and technology. This space may require repositioning in order to be usable.
- Increasing development densities would also be problematic because it would exceed current infrastructure capabilities and the cost of updating such infrastructure would be unreasonable.
- Vacant area on the east side of Waterman Road is designated to remain rural and increased density in this area would not be permissible.

Further, the MSR states that the City experienced rapid growth between the years of 2000 and 2007, with slowed growth between 2008 and 2013, and particularly rapid growth in the area west of State Highway 99. The 2017 population for the City is 171,059, an increase of 11,985, from the 2013 population of 159,074 and is projected to reach 212,153 by 2035. Additionally, the number of employees in the City is estimated to increase by 68% between 2008 and 2035 and the number of housing units by 35%. A portion of the anticipated growth can be accommodated by the approximately 1,817 acres of vacant lands within the City. However, increasing development densities in the City would exceed current infrastructure capacities, and the cost of updating such infrastructure would not be cost-prohibitive.

In addition to the recommendation of the proposed LGSOIA, the Executive Officer will recommend a condition on approval requiring the City to demonstrate that it has adopted policies, standards, and practices that promote infill development of existing urban lands (outside the Rural Sheldon Area) before annexing and developing new territory. These policies, standards and practices should encourage:

- Development of vacant parcels,
- Reuse or redevelopment of abandoned or derelict structures,

- Rezoning of excess commercial and/or industrial lands to residential uses where appropriate,
- Utilization of existing public infrastructure and services in an efficient manner, and
- Intensification of uses on underutilized lands to accommodate as much residential, commercial and employment capacity as feasible within the existing City limits.

Due to terms and conditions imposed on any future annexation, concerns regarding infill have been adequately addressed and support approval of the proposed LGSOIA Area.

2. *Jobs-Housing Balance*

In support of this proposed LGSOIA, the City has a stated goal to improve its jobs-housing balance in its long-term land use planning. Approval of the proposed LGSOIA supports a jobs-housing balance because it will allow the applicant and the City to plan for additional employment lands, which will provide for economic growth, additional commerce needed within the City, and shorter commutes for Elk Grove residents.

A jobs-housing ratio is a policy planning tool used to gauge the relative balance of jobs and housing units within a community. The ratio does not necessarily measure the immediate proximity of the jobs to the housing. For example, a community with a 100 percent balance of jobs and housing could have the jobs concentrated in one portion of the community and the housing distributed throughout the balance of the community. It is important to note that a favorable jobs-housing balance or “fit” should be achieved on average for the entire City area, not on a project by project basis.

Historically, trends indicate that people are driving more places at longer distances. Land use patterns may increase travel distances because of the separation of home, jobs, and other destinations. Better planned, mixed-use communities with a balance of jobs and housing can help reduce travel distances, potentially decrease time in commuting, and have greater efficiency and use of public infrastructure and services.

As mentioned above, jobs-housing balance is more of a policy planning technique than a regulatory tool that local government can use to achieve a roughly equal number of jobs and housing units or households in its jurisdiction or part of a jurisdiction. The jobs-housing ratio should fit to the jurisdiction needs and be in line with population and employment forecasts for that area. Ideally, the jobs available in a community need to match the labor force skills, and housing should be available at prices, sizes, and locations for workers who wish to live in the area.

While many jurisdictions have a goal to develop and provide adequate housing close to employment centers that is attainable to all segments of their population, regulatory barriers may unknowingly impede the development of the range of housing types needed to meet the desired jobs-housing balance. Many times, local zoning and other regulations can prevent communities from using land efficiently and providing enough life cycle housing. Because local zoning and regulations limit density and design options, and because low-density development costs per unit are higher, the market may be skewed toward more limited housing offerings.

The SACOG MTP/SCS also considers the relationship between jobs and housing and the important relationship between jobs and workers. Housing has long been used as a proxy for workers and worker residence. In reality, the number of workers per household varies widely across the region, and different housing types have the capacity for accommodating different numbers of workers. Additionally, areas with “good” jobs-housing balance may still force longer commutes for workers, if available housing in the area is unaffordable to workers filling local jobs.

Many of the funding choices present in the MTP/SCS are based upon the location of employment centers in the region. The City has identified in its pending General Plan update the objective of establishing a major employment center along the Kammerer Road corridor, along with other employment centers in the Laguna Springs and Laguna West areas.

Approval of the proposed LGSOIA would permit the City to develop employment centers within its boundaries and incentivize development of a sustainable community with reduced traffic and automobile pollution, which encourages “Smart Growth.” Prior to or in conjunction with any future annexation application, the City should demonstrate, either through work with SACOG or the development of local policies, a jobs-housing implementation measure to support the annexation request.

To address potential concerns regarding the jobs and housing balance, the Executive Officer recommends that a condition be imposed stating that the City should consider and incorporate employment-generating land uses within the SOIA Area as a part of the ultimate land use plan. At the time of the filing of any application for annexation, the Commission will consider the level of contribution of the proposal towards the City's jobs/housing fit.

B. Review Under the California Environmental Quality Act

Prior to considering approval of the proposed Sphere of Influence Amendment Proposal, the Sacramento LAFCo must certify that the Environmental Impact Report (“EIR”) prepared for the project is adequate under the California Environmental Quality Act (“CEQA”) and that the Commission has considered the information presented in the EIR. After making this finding, LAFCo may consider approval of the proposed City of Elk Grove Sphere of Influence Amendment.

The EIR is an informational document that informs public agency decision makers of the significant environmental effects of a project, identifies possible ways to minimize the significant effects, and describes reasonable alternatives to the project. The public agency shall consider the information in the EIR along with other information which may be presented to the agency.

The Final Environmental Impact Report was prepared in accordance with the requirements of the Public Resources Code and CEQA Guidelines. CEQA requires that the lead agency take reasonable efforts to mitigate or avoid significant environmental impacts when approving a project. Sacramento LAFCo is the lead agency for the proposed Sphere of Influence Amendment.

The Notice of Preparation was issued March 7, 2016. A Notice of Availability was issued February 15, 2017, to over 100 interested parties, including agencies and members of the public. The public comment period for the Draft Environmental Impact Report was open from February 15 through April 3, 2017.

In light of agency and public comments provided, your Commission directed staff to prepare a DEIR for recirculation for the review and comments of the public and affected agencies. A Notice of Availability was issued July 28, 2017, to over 100 interested parties, including agencies and members of the public. The Recirculated DEIR (RDEIR) was circulated public review period from July 28 to September 13, 2017. LAFCo also solicited public input throughout the EIR process by posting all materials at www.SacLAFCo.org, and by holding numerous public hearings.

The Final EIR was prepared and distributed during November 3, 2017. The Final EIR consists of the following:

- The Draft EIR and Recirculated Draft EIR prepared by Sacramento LAFCo as lead agency for the project to incorporate LAFCo factors and issues.

- Comments submitted to LAFCo received from persons, organizations, and public agencies on the both DEIR and the Recirculated Draft EIR (RDEIR).
- The responses of Sacramento LAFCo related to significant environmental issues raised in the review and comment period which have been incorporated in the Final EIR.

The Final EIR evaluated potentially significant adverse environmental impacts that could be associated with the project, and identified mitigation measures and project alternatives that would reduce or eliminate these impacts. The Recirculated Draft EIR did not set forth policy for Sacramento LAFCo about the proposed project's desirability. Rather, the Recirculated Draft EIR was an informational document to be used by the public, decision-makers, and public agencies. During the project review process, Sacramento LAFCo must consider all feasible mitigation measures and alternatives developed in the Recirculated Draft EIR to substantially lessen anticipated environmental impacts of the proposed project.

1. Alternatives to the Proposed LGSOIA

In accordance with CEQA Guidelines section 15126.6, the EIR contains an assessment of alternatives to the proposed project. The two alternatives analyzed in the EIR are the following:

1) No Project/Existing General Plan Alternative

The project site would remain in its existing condition and no Sphere of Influence application would be submitted. The Sphere of Influence boundaries would be limited to the existing City of Elk Grove City limits. The LGSOIA Area is anticipated to continue to develop under the existing Sacramento County General Plan.

2) Alternate SOI Boundary - Reduced Size Alternative 2

Instead of the 1,156-acre proposed LGSOIA Area, Alternative 2 is a reduced size alternative that would avoid the irrigation ditches on-site, (Exhibit C.) The ditches may be sensitive for biological resources, including giant garter snake, Sanford's arrowhead (and other special-status plants), western pond turtle. In addition, the waters may be subject to federal protection under Section 404 of the Federal Clean Water Act due to ultimate connectivity to the Sacramento-San Joaquin River Delta via South Stone Lake thence Snodgrass Slough; however, a jurisdictional determination has not been completed for the SOIA Area. Avoidance of the ditches would reduce the project site to 530 acres, less than half the size of the proposed project.

This alternative could generally meet the project objectives, albeit at a lesser scale.

2. *Mitigation Measures*

The Final EIR contains an analysis of all significant environmental effects of the proposed LGSOIA (referred to in the mitigation measures below simply as the "SOIA"). In order to mitigate these impacts to a less than significant level, where feasible, mitigation measures were included in the Final EIR and will be provided in a Mitigation Monitoring and Reporting Program ("MMRP") for Commission approval. All mitigation measures in the Final EIR will be incorporated as conditions of project approval.

The following list of mitigation measures is not exhaustive. Instead, the mitigation measures listed here are those that were the most discussed during meetings with the public, interested parties, and public agencies. For a list of all mitigation measures for the project, please refer to the MMRP. Staff recommends that all the mitigation measures in the EIR be incorporated as conditions of approval for the LGSOIA.

Conversion of Agricultural Lands

Mitigation Measure Agricultural Resources 3.2-1 Preserve Agricultural Land

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall require that applicants protect one (1) acre of existing farmland land of equal or higher quality for each acre of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance that would be developed as a result of the project. This protection may consist of the establishment of a farmland conservation easement, farmland deed restriction, or other appropriate farmland conservation mechanism to ensure the preservation of the land from conversion in perpetuity, but may also be utilized for compatible wildlife habitat conservation efforts (e.g., Swainson's hawk foraging habitat mitigation) that substantially impairs or diminishes the agricultural productivity of the land. The farmland/wildlife habitat land to be preserved must have adequate water supply to support agricultural use. The City shall consider the benefits of preserving farmlands in proximity to other protected lands.

The total acres of land conserved will be based on the total on-site agriculture acreage converted to urban uses. Conserved agriculture areas may include areas on the project site, lands secured for permanent habitat enhancement (e.g., giant garter snake habitat, Swainson's hawk habitat), or additional land identified by the City. The City shall attempt to locate preserved farmland within 5 miles of the SOIA Area; however, the preserved farmland shall at a minimum be located inside Sacramento County. The City shall impose the conservation easement content standards to include, at a minimum: land encumbrance documentation; documentation that the easements are permanent, monitored, and appropriately endowed; prohibition of activity which substantially impairs or diminishes the agricultural productivity of the land; and protection of water rights.

In addition, the City shall impose the following minimum conservation easement content standards:

- a) All owners of the agricultural/wildlife habitat mitigation land shall execute the document encumbering the land.
- b) The document shall be recordable and contain an accurate legal description of the agricultural/wildlife habitat mitigation land.
- c) The document shall prohibit any activity that substantially impairs or diminishes the agricultural productivity of the land. If the conservation easement is also proposed for wildlife habitat mitigation purposes, the document shall also prohibit any activity that substantially impairs or diminishes the wildlife habitat suitability of the land.
- d) The document shall protect any existing water rights necessary to maintain agricultural uses on the land covered by the document and retain such water rights for ongoing use on the agricultural/wildlife habitat mitigation land.
- e) Interests in agricultural/habitat mitigation land shall be held in trust by an entity acceptable to the City and/or by the City in perpetuity. The entity shall not sell, lease, or convey any interest in agricultural/wildlife habitat mitigation land that it acquires without the City's prior written approval.
- f) The applicant shall pay to the City an agricultural/wildlife habitat mitigation monitoring fee to cover the costs of administering, monitoring, and enforcing the document in an amount determined by the receiving entity, in an amount determined by the City.
- g) The City shall be named a beneficiary under any document conveying the interest in the agricultural/wildlife habitat mitigation land to an entity acceptable to the City.
- h) If any qualifying entity owning an interest in agricultural/wildlife habitat mitigation land ceases to exist, the duty to hold, administer, monitor, and enforce the interest shall be transferred to another entity acceptable to the City or transferred to the City.

Before committing to the preservation of any particular farmland pursuant to this measure, the project proponent shall obtain the City's approval of the farmland proposed for preservation

Mitigation Measure Agricultural Resources 3.2-1 Prepare an Agricultural Land Use Compatibility Plan

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall prepare an agricultural land use compatibility plan for the SOIA Area. The plan shall include implementation of the City's Agricultural Activities ordinance (Municipal Code,

Chapter 14.05, “Agricultural Activities”), as required under Elk Grove General Plan Policy CAQ-4-Action 1, site design, screening, fencing, landscaping, and setbacks.

Prospective buyers of property adjacent to agricultural land shall be notified through the title report that they could be subject to inconvenience or discomfort resulting from accepted farming activities as per provisions of the City’s Agricultural Activities ordinance (City of Elk Grove Municipal Code Chapter 14.05).

Air Quality Measures

3.3-1 Apply SMAQMD Basic Construction Emission Control Practices

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall require that all discretionary projects comply with Basic Construction Emission Control Practices identified by the SMAQMD and listed below or Basic Construction Emission Control Practices as they may be updated in the future:

- Water all exposed surfaces two times daily. Exposed surfaces include, but are not limited to soil piles, graded areas, unpaved parking areas, staging areas, and access roads.
- Cover or maintain at least two feet of free board space on haul trucks transporting soil, sand, or other loose material on the site. Any haul trucks that would be traveling along freeways or major roadways should be covered.
- Use wet power vacuum street sweepers to remove any visible track out mud or dirt onto adjacent public roads at least once a day. Use of dry powered sweeping is prohibited.
- Limit vehicle speeds on unpaved roads to 15 miles per hour (mph).
- All roadways, driveways, sidewalks, parking lots to be paved should be completed as soon as possible. In addition, building pads should be laid as soon as possible after grading unless seeding or soil binders are used.
- Minimize idling time either by shutting equipment off when not in use or reducing the time of idling to 5 minutes [required by California Code of Regulations, Title 13, sections 2449(d) and 2485]. Provide clear signage that posts this requirement for workers at the entrances to the site.
- Maintain all construction equipment in proper working condition according to manufacturer’s specifications. The equipment must be checked by a certified mechanic and determine to be running in proper condition before it is operated.

If a project cannot fully mitigate on-site construction emissions below applicable thresholds, the SMAQMD’s Enhanced Exhaust Control Practices listed below as items 1 through 4 or as they may be updated in the future shall be implemented.

1. The project representative shall submit to the lead agency and SMAQMD a comprehensive inventory of all off-road construction equipment, equal to or greater than 50 horsepower, that will be used an aggregate of 40 or more hours during any portion of the construction project.
 - The inventory shall include the horsepower rating, engine model year, and projected hours of use for each piece of equipment.
 - The project representative shall provide the anticipated construction timeline including start date, and name and phone number of the project manager and on-site foreman.
 - This information shall be submitted at least 4 business days prior to the use of subject heavy-duty off-road equipment.
 - The SMAQMD's Equipment List Form can be used to submit this information.
 - The inventory shall be updated and submitted monthly throughout the duration of the project, except that an inventory shall not be required for any 30-day period in which no construction activity occurs.

2. The project representative shall provide a plan for approval by the lead agency and SMAQMD demonstrating that the heavy-duty off-road vehicles (50 horsepower or more) to be used in the construction project, including owned, leased, and subcontractor vehicles, will achieve a project wide fleet-average 20% NOx reduction and 45% particulate reduction compared to the most recent California Air Resources Board (ARB) fleet average.
 - This plan shall be submitted in conjunction with the equipment inventory.
 - Acceptable options for reducing emissions may include use of late model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and/or other options as they become available.
 - The SMAQMD's Construction Mitigation Calculator can be used to identify an equipment fleet that achieves this reduction.

3. The project representative shall ensure that emissions from all off-road diesel powered equipment used on the project site do not exceed 40% opacity for more than three minutes in any one hour.
 - Any equipment found to exceed 40 percent opacity (or Ringelmann 2.0) shall be repaired immediately.
 - Non-compliant equipment will be documented and a summary provided to the lead agency and SMAQMD monthly.

- A visual survey of all in-operation equipment shall be made at least weekly.
 - A monthly summary of the visual survey results shall be submitted throughout the duration of the project, except that the monthly summary shall not be required for any 30-day period in which no construction activity occurs. The monthly summary shall include the quantity and type of vehicles surveyed as well as the dates of each survey.
4. The SMAQMD and/or other officials may conduct periodic site inspections to determine compliance. Nothing in this mitigation shall supersede other SMAQMD, State, or federal rules or regulations.

If a project cannot fully mitigate on-site construction emissions below applicable thresholds on-site, the City of Elk Grove will consult with the SMAQMD regarding the use of an off-site mitigation fee. Any fee will be subject to consultation between SMAQMD and the City of Elk Grove when rezoning the property. The calculation of any future off-site fee by the City of Elk Grove will be in consultation with the SMAQMD.

3.3-2a Prepare an Air Quality Plan to Reduce Potential Operational Emissions

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall require all discretionary projects to prepare an Air Quality Management Plan that includes strategies to reduce or offset operational reactive organic gas (ROG) ozone precursor emissions by at least 35 percent compared to each project without the application of air pollutant emission reduction strategies. The Air Quality Management Plan can include policies and emissions reduction measures demonstrating compliance with the City of Elk Grove's General Plan Conservation and Air Quality Element, in addition to reduction measures identified by the SMAQMD.

If the performance standard of this mitigation cannot be fulfilled with an Air Quality Plan, the City of Elk Grove will consult with the SMAQMD regarding the use of an off-site mitigation fee. Any fee will be subject to consultation between SMAQMD and the City of Elk Grove when rezoning the property.

3.3-2b Prepare Bicycle, Pedestrian, and Transit Master Plan

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall require that all discretionary projects prepare a bicycle, pedestrian, and transit master plan consistent with policies CAQ-29, CI-1, CI-3, CI-4, CI-5, and CI-7 and actions CAQ-29-Action 1 and CAQ-29-Action 2 of the City's General Plan and Elk Grove Climate Action

Plan reduction measures TACM-4, TACM-5, TACM-6, and TACM-11. This plan will identify primary pedestrian and bicycle connections to nearby destinations and to planned public transit stops. This plan will identify the routes to be used for transit service and locations for future stops. Future development within the SOIA Area shall be responsible for implementing the master plan recommendations.

Habitat Preservation – Habitat preservation and consistency with the Draft South Sacramento Habitat Conservation Plan are further discussed below in this report.

Mitigation Measure 3.4-11b Identify Potential Species Habitat, Implement Avoidance Measures, Secure Incidental Take Authorization for Federally Listed Species and Implement all Conditions of the Take Authorization, Compensate for Loss of Habitat

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall demonstrate that it will require all discretionary projects to conduct biological review and analysis for off-site improvement projects to identify potential special-status species habitat. Off-site improvement projects shall be planned and designed to avoid adverse effects to special-status wildlife species, if technically feasible and appropriate. Avoidance shall be deemed technically feasible and appropriate if the species and its habitat may be preserved onsite while still obtaining the project purpose and objectives and if the preserved species habitat could reasonably be expected to continue to function as suitable habitat for the affected species following project implementation.

If, after examining all feasible means to avoid impacts to potential special-status species habitat through project site planning and design, adverse effects cannot be avoided, then impacts shall be mitigated in accordance with guidance from the appropriate state or federal agency charged with the protection of the subject species, including surveys conducted according to applicable standards and protocols, where necessary, implementation of impact minimization measures based on accepted standards and guidelines and best available science, and compensatory mitigation for unavoidable loss of special-status species habitats through preservation and enhancement of existing occupied habitat, relocating individuals or populations to other suitable habitat, and/or restoring or creating suitable replacement habitat in sufficient quantities to offset the loss of occupied habitat and individuals. Purchase of mitigation credits at an agency-approved mitigation bank (i.e., approved by the agency with jurisdiction over the affected species or habitat) in Sacramento County, will also be acceptable for compensatory mitigation.

If the project would result in take of state or federally listed species, then the City will require project proponent/s to obtain take authorization from the U.S. Fish & Wildlife Service or the California Department of Fish and Wildlife, as appropriate, depending on species status, and comply with all conditions of the take authorization. The City will require project applicants to

develop a mitigation and monitoring plan to compensate for the loss of special-status species and their habitats. The mitigation and monitoring plan will describe in detail how loss of special-status species and their habitats shall be avoided or offset, including details on restoration and creation of habitat, compensation for the temporal loss of habitat, success criteria ensuring habitat function goals and objectives are met, performance standards to ensure success, and remedial actions if performance standards are not met. The plan will include detailed information on the habitats present within the preservation and mitigation areas, the long-term management and monitoring of these habitats, legal protection for the preservation and mitigation areas (e.g., conservation easement, declaration of restrictions), and funding mechanism information (e.g., endowment).

SACOG Blueprint and Metropolitan Transportation Plan/Sustainable Communities Strategy Consistency

Condition of Approval At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove will demonstrate consistency with the Sacramento Area Council of Governments (SACOG) regarding the Regional Blueprint and consistency with the Metropolitan Transportation Plan / Sustainable Community Strategy, and provide LAFCo with evidence of the results of this consultation.

Greenhouse Gases and Climate Change

Mitigation Measure 3.8-1. Achieve GHG Emissions Rate Consistent with State Guidance

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall provide an emissions estimate, suite of reduction strategies, and monitoring mechanism consistent with recommendations of CEQA Guidelines Section 15183.5 for GHG reduction programs. This GHG reduction program for the SOIA Area can be an update to the City's existing Climate Action Plan or a stand-alone GHG reduction program. Analysis assumptions, methodology, and emission factors used by the City shall be submitted for review to the SMAQMD. In addition, the City will provide proof of consultation with the SMAQMD to demonstrate compliance with this measure to LAFCo.

The City will require that development in the SOIA Area comply with applicable GHG reduction strategies necessary to demonstrate that the SOIA Area would achieve a GHG emissions rate per service population that would be consistent with the emissions rate for land use-related emissions needed to achieve the State's emission targets for 2030 (Executive Order B-30-15 and SB 32) and 2050 (Executive Order S-3-05).

Adequate Services

Timely Availability of Sustainable Water Supplies Adequate for Projected Needs

3.15-1 Prepare a Plan for Service that Demonstrates Adequate Water Supplies and On-Site and Off-Site Water System Facilities are Available Before the Annexation of Territory within the SOIA Area.

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall prepare a Plan for Services as required by Government Code Section 56668, or its successor. The Plan for Services shall demonstrate that SCWA water supplies are adequate to serve the amount of future development identified in the annexation territory in addition to existing and planned development under normal, single dry, and multiple dry years. The Plan for Services shall demonstrate that the SCWA is a signatory to the Water Forum Agreement, that groundwater management would occur consistent with the Central Sacramento County Groundwater Management Plan, and that groundwater will be provided in a manner that ensures no overdraft will occur.. The Plan for Services shall depict the locations and appropriate sizes of all on-site water system facilities to accommodate the amount of development identified for the annexation territory, demonstrate SCWA has annexed the territory into its service area, and demonstrate adequate SCWA off-site water facilities are available to accommodate the amount of development identified in the annexation territory or that fair share funding will be provided for the construction of new or expansion and/or improvement of existing off-site water system facilities with no adverse impacts on existing ratepayers.

Wastewater Services and Capacity.

Mitigation Measure 3.15-2 Prepare a Plan for Service that Demonstrates Adequate On-Site and Off- Site Wastewater Collection and Conveyance Facilities and Wastewater Treatment Facilities are Available

At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove shall provide a Plan for Services that that depicts the locations and appropriate sizes of wastewater collection and conveyance facilities to accommodate the amount of development identified for the annexation territory. The Plan for Services shall demonstrate that SASD and SRCSD wastewater collection and conveyance facilities and that the SRWTP will have sufficient capacity to accommodate the amount of development identified for the annexation territory or that fair-share funding will be provided for the expansion and/or improvement of existing wastewater facilities, as needed, to accommodate the increase in demand resulting from development of the annexation territory with no adverse impact to existing ratepayers.

Air Quality Mitigation Plans: Mitigation Measures

The goal of these mitigation measures is to avoid air quality impacts by ensuring that the proposed SOIA Area meets or exceeds the air pollution control requirements in the federally-mandated State Implementation Plan for the Sacramento Ozone Non-attainment Area (“SIP”), which consists of all or parts of Yolo, Solano, El Dorado, Placer, Sutter, and Sacramento counties, including the City of Elk Grove and the SOIA Area.

3. *CEQA Findings of Fact and Statement of Overriding Considerations*

Public Resources Code section 21002 provides that public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of the project. However, section 21002 recognizes that “in the event that specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.” Therefore, the Sacramento LAFCO must make Findings of Fact and a Statement of Overriding Considerations in order to approve, or modify and approve, the proposed Sphere of Influence Amendment, or deny the proposed Sphere of Influence Amendment.

In order to approve the project or one of its alternatives, the Commission must make the following findings as part of a Statement of Overriding Considerations. The Statement of Overriding Considerations will provide detail supporting each finding, based upon the information included in this Report and the Final EIR

The Commission finds that the Project will have specific economic, legal, social, and community benefits for the City of Elk Grove including:

- The Proposed Sphere of Influence will provide the City opportunity to grow in accordance with its adopted 2003 General Plan.
- The SOI territory represents a logical and reasonable extension of the Elk Grove city boundaries.
- The SOI territory can most efficiently be served by the City of Elk Grove, and affected special districts through existing and planned infrastructure, municipal services, and governance structure.

- Future annexation would allow economic development during and after construction. It will provide construction employment and promote jobs related to land uses designated for commercial, office, industrial and retail activities.
- The approval of the proposed LGSOIA will be subject to mitigation measures and conditions which have been imposed to mitigate agricultural and habitat impacts.
- A Mitigation Reporting and Monitoring Program have been included as part of this project approval.

D. Sphere of Influence Determinations

If the Commission certifies the Final EIR and adopts the Statement of Overriding Considerations, it may then consider approval of the Sphere of Influence Amendment.

1. Government Code Section 56668

Pursuant to Government Code section 56668, factors to be considered in the review of a proposal shall include, but not be limited to, all of the following (although Government Code section 56668 applies to changes of organization only, LAFCo local policies indicate that change of organization policies will be applied to sphere of influence actions):

- (a) Population, population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

See the Recirculated Draft EIR, Chapter 2, Project Description, for a detailed discussion of the project area.

- (b) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

“Services,” as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

The Municipal Services Review discusses each of these issues in detail.

- (c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The MSR, this Report, and the EIR provide information regarding the effects of the LGSOIA.

- (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

This Report and the Resolutions for this application evidence the conformity of the proposal with Commission polities and the priorities of Section 56377.

- (e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

See above in this Report, detailing the effects of the project on agricultural lands. Conditions of approval have also been imposed to protect the physical and economic integrity of agricultural lands.

- (f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

The attached map (Exhibit F) shows the definite boundaries of the landowners group proposed LGSOIA.

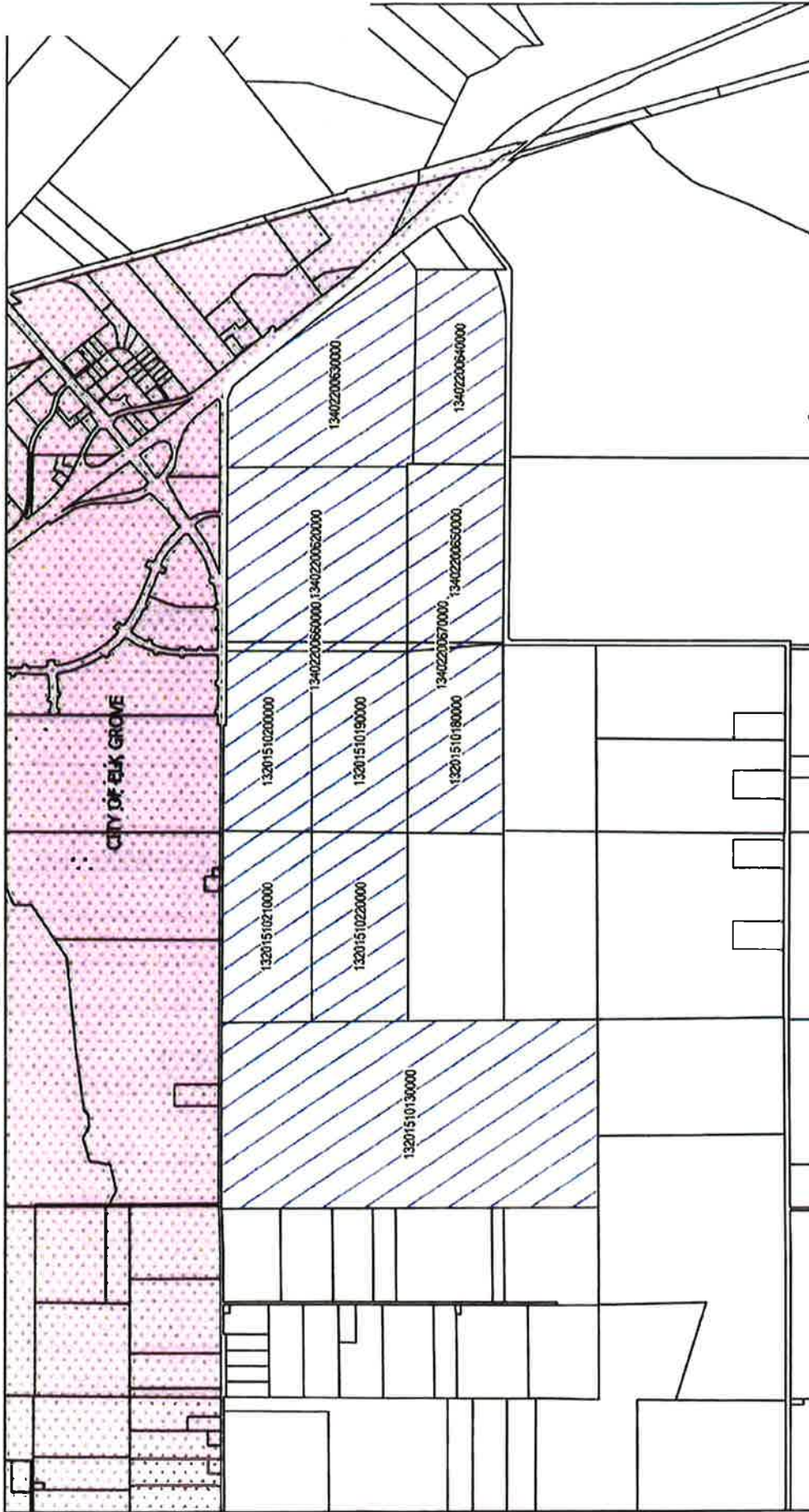
- (g) A regional transportation plan adopted pursuant to Section 65080, and consistency with city or county general and specific plans.

Consistency with adopted regional transportation plans and the City's General Plan are discussed in detail in this Report and supporting materials.

- (h) The Sphere of Influence of any local agency which may be applicable to the proposal being reviewed.

No other Spheres of Influence are applicable to the proposal being reviewed.

APPLICATION BOUNDARY EXHIBIT



PROJECT NAME: Kammerer/99 Sphere of Influence Amendment, City of Elk Grove

SUBJECT APN: 132-0151-013 - 132-0151-018 - 132-0151-019 - 132-0151-020 - 132-0151-021 - 132-0151-022
134-0220-062 - 134-0220-063 - 134-0220-064 - 134-0220-065 - 134-0220-066 - 134-0220-067

- (i) The comments of any affected local agency.

The comments of local agencies are included in the Final EIR, Final MSR and in this Report. The comments were considered and incorporated to the greatest extent possible.

- (j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The MSR discusses the provision of services to the LGSOIA Area, including the sufficiency of SASD, SRCSD and the City's revenues following the LGSOIA.

- (k) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

The Final EIR and MSR discussed the issue of water availability in detail and, as a result, demonstration of timely water availability at the time of annexation is a condition of approval of the project, as discussed below.

- (l) The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.

Upon an application for annexation, the City will be required to show that it will achieve its fair share under the Regional Housing Needs Allocation.

- (m) Any information or comments from the landowner or owners.

All comments on the Recirculated Draft EIR or the proposed LGSOIA from landowners or owners were considered in the Final EIR.

- (n) Any information relating to existing land use designations.

Existing land use designations are discussed above in the Background section of this Report.

- (o) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and provision of public service.

The location of public facilities is not applicable to the LGSOIA application. The provision of public service is discussed in detail in the MSR.

2. *Government Code Section 56425*

Pursuant to Government Code Section 56425, subdivision (e), in determining the Sphere of Influence of each local agency, the Commission shall consider and prepare a written statement of its determinations with respect of each of the following:

- A. The present and planned uses in the area, including agricultural and open space lands.
- B. The present and probable need for public facilities and services in the area.
- C. The present capacity of public facilities and adequacy of public services that the agency (or agencies) provides or is authorized to provide.
- D. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- E. The present and probable need for public facilities and services provided by the city related to sewers, municipal and industrial water, and structural fire protection of any disadvantaged unincorporated communities within the existing sphere of influence.

Based on the requirements of Government Code Section 56425, the Executive Officer recommends the following determinations regarding each of the five elements as follows. These determinations assume approval of the proposed LGSOIA and would therefore need to be revised if the Commission selects the Reduced Acreage Alternative 2 or another alternative:

A. *Present and planned land uses in the area, including agricultural and open space*

For purposes of analyzing environmental impacts, LAFCo staff, through review of the current General Plan, and in consultation with and the Landowner Group have developed land use assumptions to inform your Commission of the potential environmental effects that may result from growth resulting from future annexations. There are no specific land use entitlements proposed at this time in conjunction with the proposed LGSOIA.

It should be noted that California Government Code Section 65300 provides that a city may comprehensively plan for lands outside of its jurisdiction without the area being within an approved SOI.

Although the proposed LGSOIA would amend the City's Sphere of Influence boundaries, land within the amended SOI would not be within the City's jurisdiction until future requests for annexation of territory are approved by your Commission. If and when future requests for annexation are approved, the newly annexed property would be within the City's jurisdiction and subject to applicable City General Plan policies and regulations. Approval of the LGSOIA project does not commit the City to development of any particular land uses. If the LGSOIA project is approved, future development will be driven by market conditions and future planning decisions by the City of Elk Grove, in terms of timing and type and intensity of development.

The current City boundaries and coterminous SOI encompass 27,173 acres. Having a coterminous SOI and city boundary is atypical because with a coterminous SOI, there is no extraterritorial area for a city to plan future growth. The proposed LGSOIA would expand the existing SOI, not city limits, by approximately 1,156 acres. However, future growth and expansion through the annexation process would be limited to areas outside of the FEMA 100-year floodplain. No portion of the proposed LGSOIA is within a FEMA identified 100-year floodplain.

The proposed LGSOIA Area includes agricultural uses consisting of fallow/row crops/nursery, vineyards, and agricultural residential land uses. Few structures exist within the project site, and these are limited to barns, rural housing, and storage sheds with related structures. The 2030 Sacramento County General Plan designates the LGSOIA Area as Agricultural Cropland.

The proposed LGSOIA is consistent with the City of Elk Grove General Plan Planning Area, which includes land within the incorporated City limits of Elk Grove and unincorporated areas of Sacramento County surrounding the City. The Elk Grove General Plan provides land use planning for the City and the larger Planning Area. The Planning Area represents areas not within the city limits in which the City has an interest in influencing land use decisions by the County of Sacramento, and is envisioned as the area into which the incorporated city boundaries may eventually expand.

There are no current or future City General Plan land use designations in the proposed LGSOIA Area. There is no alternative land available within the City's current Sphere of Influence to accommodate the needed growth because the City's current SOI and City boundaries are coterminous.

B. The present and probable need for public facilities and services in the area

The proposed LGSOIA Area is presently largely undeveloped and unserved. The existing need for public facilities and services is minimal. These public services include electricity, roads, telephone, sheriff's patrol, fire protection, garbage collection, and animal control.

The LGSOIA will not require the immediate need for additional public facilities or services. Subsequent annexations will facilitate the need and provision of additional public services prior to and at the time this area is developed. Future development within Elk Grove's Sphere of Influence boundary, as a result of annexations, will require additional public facilities and services including extension of sewer lines, treatment capacity, extending water lines and increasing water supply capacity, flood control and drainage facilities, road improvements, police and fire protection, schools, libraries and parks. The Final Environmental Impact Report for the proposed Sphere of Influence Amendment identifies the probable impacts that will occur from future development based on the project land use scenario.

The City of Elk Grove will be required to prezone the property prior to submitting an annexation application and approving development. Specific mitigation requirements and impacts will be identified during that process.

C. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide

The City of Elk Grove is a general law city which provides limited municipal services, including land use governance, public works and law enforcement. The City coordinates the land use entitlement review process with County agencies and affected special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

The Municipal Services Review more fully discusses the capacity, means and financing for the full array of services necessary to support future development, in the event of annexation approvals. Approval of the LGSOIA will not change the current service providers. At this time minimal services are provided to this area because of its rural character. At the time of annexation, the City will be required to provide plans for all services, which will include financing and necessary funding to implement the required infrastructure.

The MSR and comments from affected entities evidence that the proposed LGSOIA will not result in significant unmitigable adverse effects upon other service recipients or other agencies serving the affected area

D. The existence of any social or economic communities of interest in the area

The areas included with the proposed Sphere of Influence Amendment boundary have economic and social communities of interest that are similar to the existing characteristics within the City of Elk Grove. In many cases, this territory directly benefits from the services provided by the City of Elk Grove and indirectly from the economic and social community, such as businesses, social clubs, recreational activities, churches and other community organizations.

E. *The Present and Probable Need for Public Facilities and Services Provided by the City Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence*

There are two small communities located proximate to the proposed LGSOIA Area, Bruceville and Point Pleasant. Bruceville and Point Pleasant are south of the proposed LGSOIA Area and would not be affected by the LGSOIA. As such, the LGSOIA is consistent with the LAFCo policy requiring that an SOIA shall not split neighborhoods or divide an existing identifiable community of interest and no impact would occur.

Neither of these communities would be identified as a "Disadvantaged Unincorporated Community" (DUC) – defined as either inhabited territory, or a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

The City of Elk Grove is a general law city which provides limited municipal services, including land use governance, public works and law enforcement. For an update of a sphere of influence of a city or district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the Commission shall make a finding regarding any impacts to any existing DUC. The City does not provide, maintain or operate any of the noted public facilities or services.

F. *Conclusion*

The inclusion of this land in the applicable affected agencies (Elk Grove, SRCSD & SASD) Spheres is consistent with Sacramento LAFCo policies. Inclusion of the 1,156-acre proposed LGSOIA Area, south of Kammerer Road, will facilitate City efforts to enhance and meet local jobs-housing balance objectives. Although the area is located outside of the County General Plan USB, (which does not apply to city land use planning activities,) it is generally consistent with the SACOG Blueprint. The SACOG Blueprint, while not a land use planning document, is a regional policy document for long range transportation planning and funding. The City of Elk Grove currently has a coterminous Sphere of Influence.

The landowners group has requested the LGSOIA to establish an urban growth boundary to accommodate and enhance economic development and anticipated future growth. Given County USB policies, the City of Elk Grove is the most proximate municipal entity to guide development and coordinate the necessary related of municipal services to the LGSOIA Area if the area should be annexed to a city. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 promotes the view that urban development should occur within municipal boundaries (ideally i.e., that municipal services are more efficiently provided by a single municipal provider, rather than a myriad of single purpose providers).

E. Meet and Confer Process and Agency and Public Comments

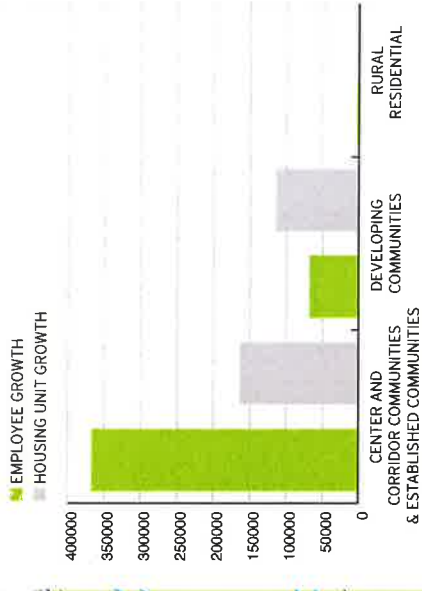
County of Sacramento. This is a landowner initiated SOIA, and as such, it is not subject to the Meet and Confer process that would apply to a city initiated proposal. Government Code Section 56425, subdivision (b). has not been exercised. No formal agreement has been executed. The primary purpose of the meet and confer process is to clearly articulate points of agreement between the County, City and any applicable affected agencies, such as commonly shared conservation and open space principles. The landowners group does not have the municipal authority to enter into any such agreement.

Sacramento Area Council of Governments. The Sacramento Area Council of Governments (“SACOG”) is comprised of six counties and 22 cities in the region. SACOG’s has provided comments throughout the review of the proposed LGSOIA. SACOG's primary responsibility is developing and implementing the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), a document that establishes transportation spending priorities throughout the region. The MTP/SCS must be based on the most likely land use pattern to be built over a 20+ year planning period, conform with federal air quality regulations and achieve state greenhouse gas reduction targets.

The MTP/SCS must effectively address the linked challenges of reducing regional traffic congestion levels and mobile-source air pollutants, including particulate matter, ozone and greenhouse gases. The SACOG Blueprint Study (Blueprint), conducted from 2002-2004, revealed that there is a strong connection between land use patterns, travel behavior, and air quality. Specifically, certain land use strategies lead to increased walking, biking and transit use, shorter automobile trips, and reduced mobile-source air pollution. These land use strategies include higher density housing and employment, locating jobs and housing near each other, and providing strong connectivity in the design of street and bicycle/pedestrian systems. In support of these findings, the SACOG Board adopted the Blueprint principles and conceptual map as a depiction of a way in which the region could grow and achieve these transportation and air quality benefits, as well as many other environmental and quality of life benefits.

The SACOG MTP/SCS identifies the project site as part of the “Lands Not Identified for Development in the MTP/SCS or Blueprint.” However, the MTP/SCS and Blueprint do not ensure growth or restrict growth from occurring in these areas. The project site is adjacent to areas planned for development and borders the City of Elk Grove. As such, amending the Sphere of Influence to include this area would not conflict with the MTP/SCS or Blueprint, (Exhibit G.1-3.)

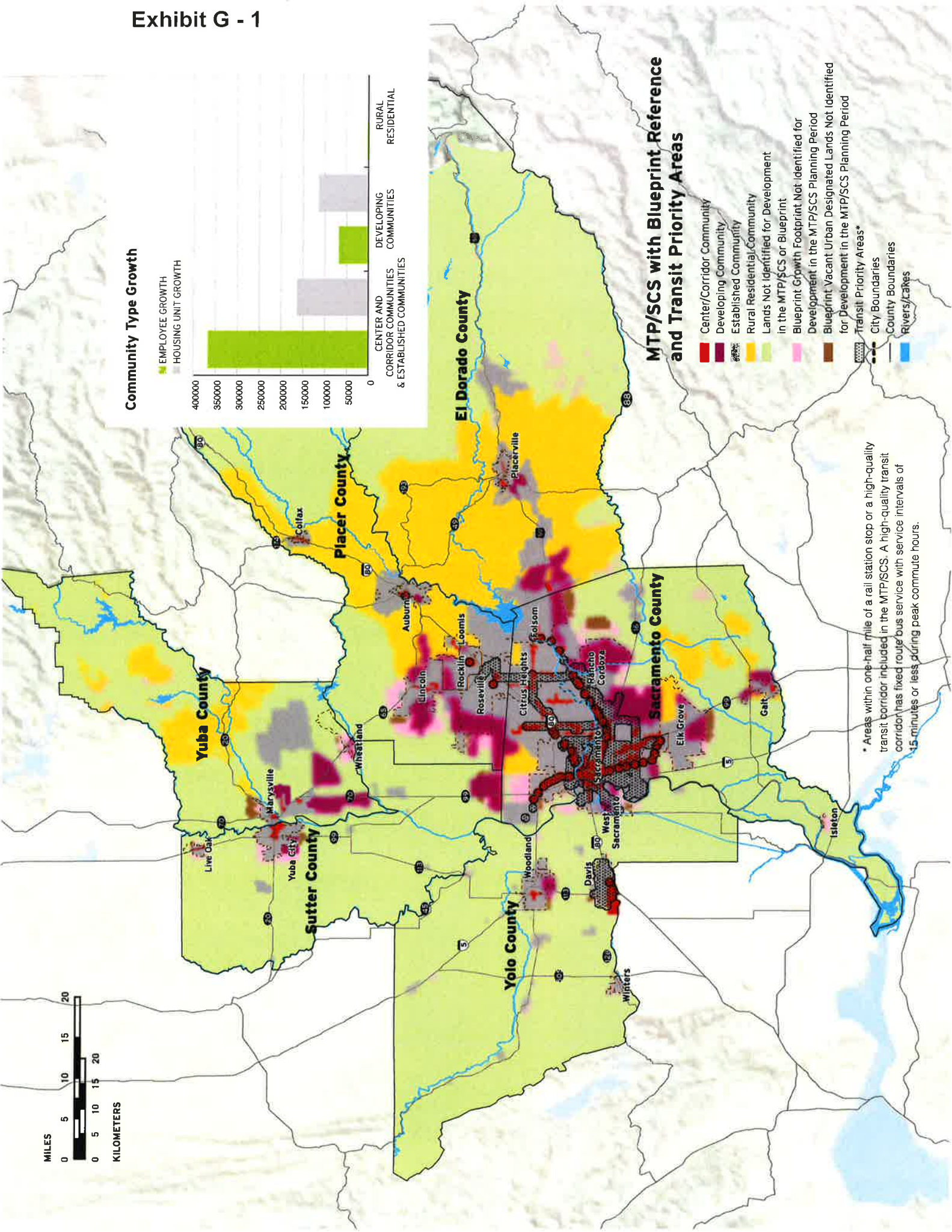
Community Type Growth



MTP/SCS with Blueprint Reference and Transit Priority Areas

- Center/Corridor Community
- Developing Community
- Established Community
- Rural Residential Community
- Lands Not Identified for Development in the MTP/SCS or Blueprint
- Blueprint Growth Footprint Not Identified for Development in the MTP/SCS Planning Period
- Blueprint Vacant Urban Designated Lands Not Identified for Development in the MTP/SCS Planning Period
- Transit Priority Areas*
- City Boundaries
- County Boundaries
- Rivers/Lakes

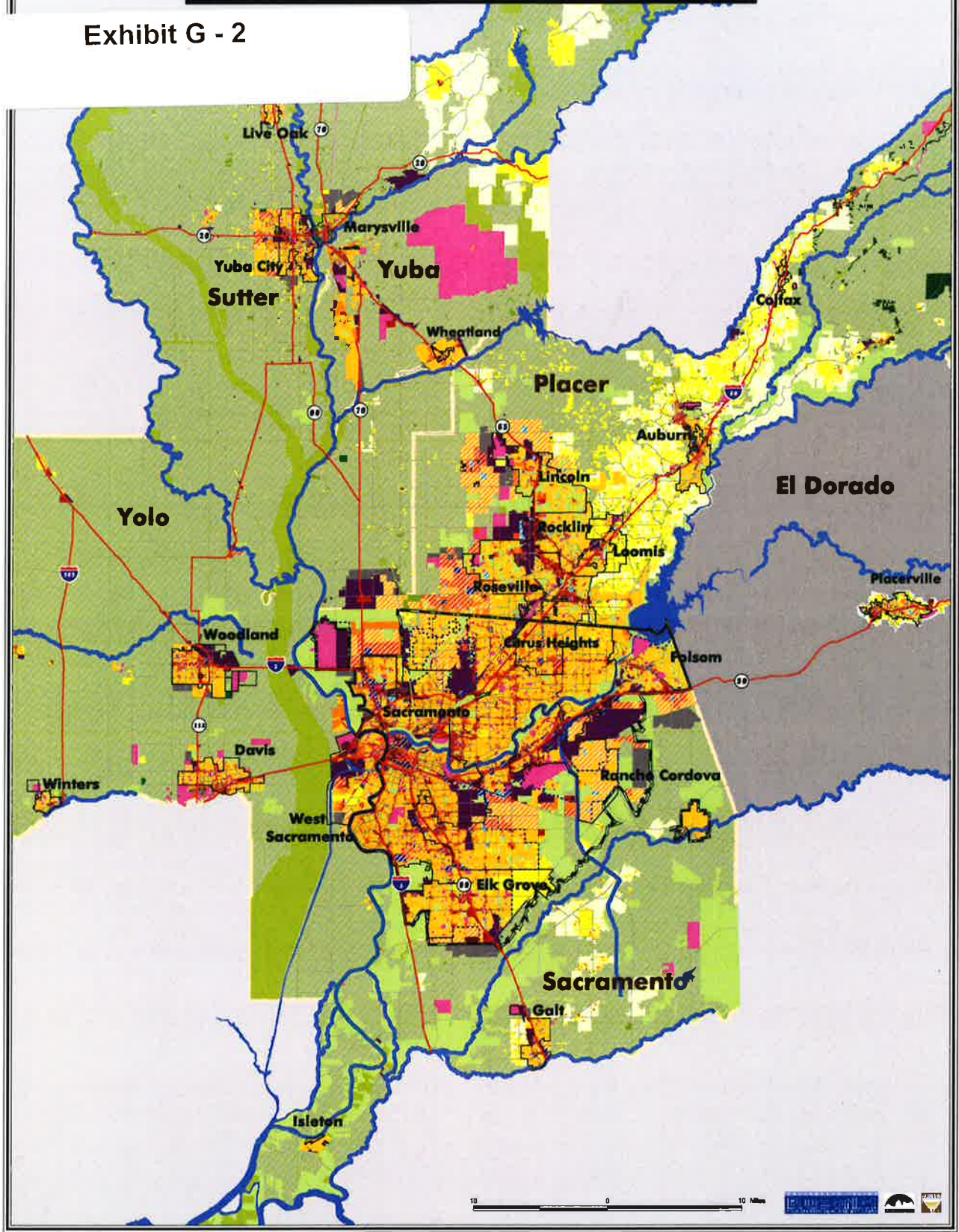
* Areas within one-half mile of a rail station stop or a high-quality transit corridor included in the MTP/SCS. A high-quality transit corridor has fixed route bus service with service intervals of 15 minutes or less during peak commute hours.



PREFERRED BLUEPRINT SCENARIO FOR 2050



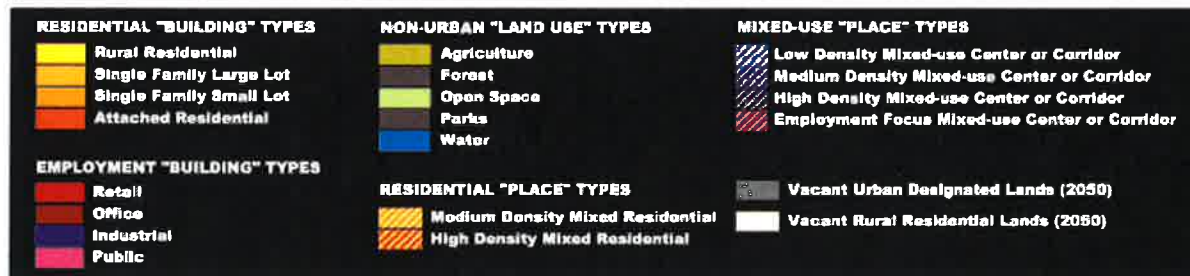
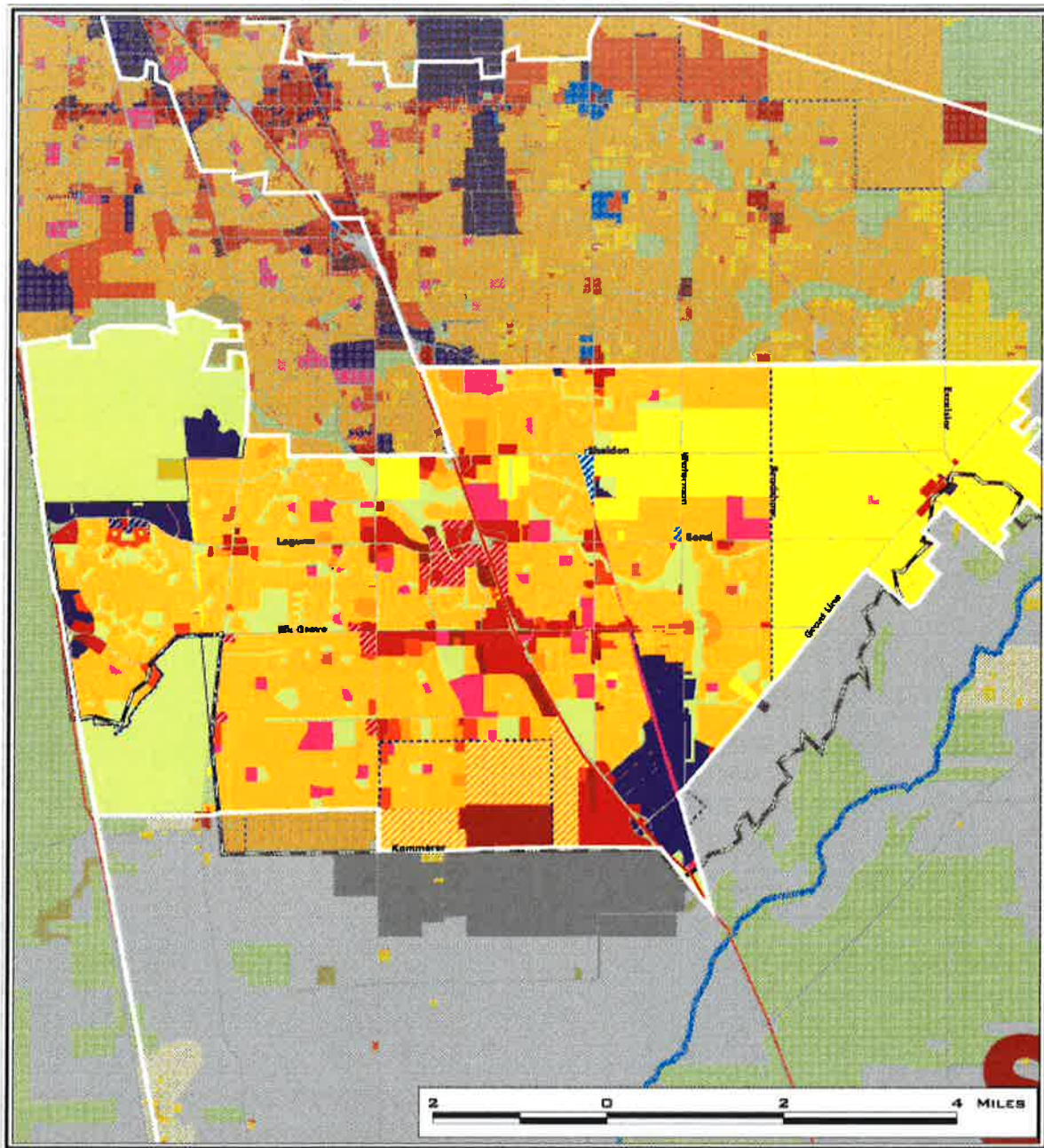
Exhibit G - 2



RESIDENTIAL "BUILDING" TYPES	NON-URBAN "LAND USE" TYPES	MIXED-USE "PLACE" TYPES
<ul style="list-style-type: none"> Rural Residential Single Family Large Lot Single Family Small Lot Attached Residential 	<ul style="list-style-type: none"> Agriculture Forest Open Space Parks Water 	<ul style="list-style-type: none"> Low Density Mixed-use Center or Corridor Medium Density Mixed-use Center or Corridor High Density Mixed-use Center or Corridor Employment Focus Mixed-use Center or Corridor
EMPLOYMENT "BUILDING" TYPES	RESIDENTIAL "PLACE" TYPES	<ul style="list-style-type: none"> Vacant Urban Designated Lands (2050) Vacant Rural Residential Lands (2050) Urban Service Boundary Urban Policy Boundary
<ul style="list-style-type: none"> Retail Office Industrial Public 	<ul style="list-style-type: none"> Medium Density Mixed Residential High Density Mixed Residential 	<ul style="list-style-type: none"> Vacant Urban Designated Lands (2050) Vacant Rural Residential Lands (2050) Urban Service Boundary Urban Policy Boundary

Exhibit G - 3

ELK GROVE



The proposed LGSOIA may be considered supportive of the Blueprint, particularly if Elk Grove plans the area for future employment growth. As noted above, one of the land use strategies that achieves congestion and air pollution reduction is jobs/housing balance. For the region to realize these reductions, communities that currently have a low ratio of jobs to housing, such as Elk Grove, need to plan for and attract enough job growth over time to minimize the need for long-distance commuting out of the city.

Sacramento Metropolitan Air Quality Management District. In their letter dated March 30, 2017, the District does not object to the proposal. SMAQMD is supportive of the Air Quality mitigation measures, as revised to reflect SMAQMD comments.

Sacramento Municipal Utility District. The proposed LGSOIA will increase the load on SMUD's electrical system, which could require a new substation site in the vicinity.

Prior to rezoning or any annexation proposal for the proposed LGSOIA territory SMUD will need to be contacted to plan transmission and distribution systems to serve this area. Typically, this issue will be addressed at the time of development and construction.

Cosumnes Community Service District. The District indicated that the LGSOIA would not affect existing recreation, parks or fire services. Prior to development the City and District will need to address financing additional operation, maintenance and capital costs related to new development within the LGSOIA Area.

The CCSD is the primary fire protection and emergency medical response service within the proposed LGSOIA area. Sacramento Metro Fire District (SMFD) and the CCSD share common jurisdictional boundaries and participate in a regional mutual aid agreement. If the proposed LGSOIA is approved, the area may develop over time. As the recognized primary service provider for fire protection and emergency medical and rescue services, the CCSD and the City will be encouraged to work together closely to identify fire station locations, equipment and personnel needs to support any increased demands on the CCSD. The development review process should minimize service impacts to joint responder agencies, such as SMFD, and the City of Sacramento.

Water Service Providers. Water service is more fully discussed in the project Municipal Services Review and the related CEQA documents.

The proposed LGSOIA is not currently within the service area of any municipal water provider. The Sacramento County Water Agency (SCWA) (municipal and industrial - M&I) would be the most logical service provider, as the existing service boundary abuts the project area on the north.

As the proposed LGSOIA area land uses are largely agricultural, the primary water service demands in the area are for irrigation water. Domestic demand is currently met with private onsite wells.

Sacramento County Water Agency. SCWA is the logical M&I water service provider for future urban land uses in the proposed LGSOIA Area. SCWA would need to plan and extend infrastructure and services to fully serve the entire LGSOIA Area. The SCWA is not subject to LAFCo purview. The Board of Supervisors would oversee any changes to the SCWA service area.

Sacramento Area Sewer District and Sacramento Regional County Sanitation District. No portion of the proposed LGSOIA Area lies within the service boundaries of the Sacramento Area Sewer District (local collection and conveyance) and the Sacramento Regional County Sanitation District (regional treatment). As the proposed LGSOIA Area is primarily agricultural, the predominant wastewater service consists of private onsite septic systems.

Urbanization in the proposed LGSOIA Area would require adequate municipal wastewater service. As no municipal wastewater services are currently provided to the proposed LGSOIA Area, future extension of wastewater service will require annexation into a wastewater service provider's boundaries. Some service providers may require amendments to the respective service areas to provide service. Such action would be agency specific to any related SOIA with MSR and future annexation.

California Dept. of Conservation - Williamson Act Contracts. There are no active or non-renewal Williamson Act contracts applicable to the proposed LGSOIA area. The purpose of the Williamson Act is to secure a long-term landowner commitment to maintain farmland in agricultural uses in exchange for assessment of the land based upon use rather than market value.

Sacramento Transportation Authority. There will be no impact to the Sacramento Transportation Authority.

County of Sacramento Department of Public Works. The Department has provided several comments on service delivery issues. Since the proposed LGSOIA will have no impact on any existing service providers, these comments and issues will need to be addressed as part of any future annexation application and process.

Public Comments. The Commission has also received written and verbal comments from the public, both in favor and opposed to the proposed LGSOIA.

III. STAFF RECOMMENDATIONS

Staff recommends that the Commission approve the proposed LGSOIA. Said approval will be subject to the terms and conditions discussed below, in addition to the mitigation measures described in this Report, the EIR, and the Mitigation Monitoring and Reporting Program.

A. Recommendation to Approve the Proposed LGSOIA

Staff's recommendation for approval of the proposed LGSOIA is based on the following considerations after careful review of the EIR, MSR, application, and all the evidence contained in the administrative record for this application.

CEQA Guidelines Section 15126, subdivision (e)(2), requires an EIR to identify an environmentally superior alternative. The No Project Alternative is the environmentally superior alternative, as the project site would remain in its existing condition, thereby avoiding any potentially adverse environmental impacts. If the No Project Alternative is environmentally superior, the EIR must also identify another environmentally superior alternative among the remaining alternatives.

The Sacramento Local Agency Formation Commission Alternative 2 Reduced Acreage would be environmentally superior because it would reduce the acreage of the LGSOIA, and thus the related severity of the proposed project's significant unavoidable impacts associated with aesthetics, loss of prime agricultural land, other agricultural resources, air quality, biological resources, habitat, geology, soils, and seismicity, hazards and hazardous materials, land use and planning, transportation and utilities. This alternative could generally meet the project objectives, albeit at a lesser scale.

Specifically, the proposed LGSOIA is environmentally superior for the following reasons:

- a) *Species Protection & Habitat Conservation* – The proposed LGSOIA provides for habitat conservation in addition to satisfying Elk Grove's need to expand. The imposed conditions and the FINAL EIR mitigation measures are effective measures to reduce impacts. Although a statement of overriding consideration is still required given environmental impacts, the proposed LGSOIA provides an effective means to address landowners group interests, and the City's need for growth and environmental considerations. The Mitigation Monitoring and Reporting Program (as a condition to approval of the LGSOIA) will ensure implementation and effectiveness of the mitigation measures. The City will also need to demonstrate consistency with the South Sacramento County Habitat Conservation Plan ("SSCHP"), if adopted, or develop its own conservation plan consistent with the requirements of State and

Federal regulatory agencies to mitigate for habitat and loss of agricultural land within and without the LGSOIA Area. The proposed LGSOIA also avoids the majority of identified Swainson's hawk nesting sites. Thus, the staff recommendation will allow Elk Grove to grow, but also limit the effect to species and habitats within the approved LGSOIA Area.

- b) *Ag Lands & Open Space* – The proposed LGSOIA protects agricultural lands and open space while allowing orderly growth. Because the City is hemmed in on three sides with existing developed or dedicated land, non-agricultural lands are not available for annexation. Urbanization abuts the City on the north and east, with the Stone Lakes National Wildlife Refuge to the west. Thus, the City may only grow to the south, on lands currently used for agriculture and open space. However, the proposed LGSOIA will limit loss of agricultural and open space lands within the region and require Elk Grove to set aside permanent conservation easements at a ratio of one acre converted to urban land uses to one acre of agriculture preserved.
- c) *Air Quality* – Any future annexation and related development activity will comply with applicable standards and criteria which promotes regional air quality goals. This will enable the City to comply with its greenhouse gas requirements as set forth in Elk Grove's General Plan and recently adopted Climate Action Plan. Air quality mitigation measures will also reduce the impacts of future development to air quality.
- d) *Water Supply*– The proposed LGSOIA will comply with all SCWA water conservation measures, resulting in a reduction of demand for water service. This will contribute to the long-term management of an adequate and sustainable water supply.
- e) *Jobs-Housing Balance* – The proposed LGSOIA supports a jobs-housing balance because it will allow the City to plan for additional employment opportunities which will provide for economic growth, additional commerce needed within the City, and shorter commutes for Elk Grove residents. SACOG's 2004 Blueprint and the current Metropolitan Transportation Plan / Sustainable Communities Strategy ("MTP/SCS") outline strategies for reducing regional traffic congestion and related air pollution. These strategies include promoting the use of public transit, walking, biking and carpooling, providing employment centers near housing, promoting mixed use development and compact development. By approving the proposed LGSOIA of 1,156 acres, LAFCo will permit the City to develop employment centers within its boundaries and incentivize development of a sustainable community with reduced traffic and automobile pollution. LAFCo will thus be encouraging "smart growth" by the City of Elk Grove. Furthermore, the City will be required to demonstrate in the future that any annexation provides and contributes to a greater jobs-housing balance citywide. Further, the Executive Officer recommends an infill condition be imposed to ensure that the

City demonstrate that infill development is prioritized where feasible and growth in the SOI is managed in an orderly process.

- f) *Orderly Growth* –By approving the proposed LGSOIA, LAFCo would be encouraging orderly growth and avoiding urban sprawl. This is an important policy goal of LAFCo. LAFCo policies state that it will only approve a change of organization or reorganization which will result in the conversion of prime agricultural land or open space to other uses if the Commission finds that the proposal will lead to the planned, orderly, and efficient development of the area. (LAFCo Policies § IV.E). The proposed LGSOIA will allow LAFCo to promote this important goal of orderly and logical growth by:
- i. Imposing conditions that encourage infill development where feasible before expansion into the SOI
 - ii. Imposing conditions that require mitigation for loss of agricultural land
 - iii. Imposing conditions that require mitigation for loss of habitat
 - iv. Imposing conditions to ensure that the proposed LGSOIA growth follows a pattern to accomplish a jobs-housing employment center land use balance rather than suburban residential sprawl.
 - v. Imposing a condition that the City demonstrate, either through work with SACOG or the development of local policies, jobs-housing implementation measures to support any annexation request.

The proposed LGSOIA provides Elk Grove with territory abutting the southerly city limits, in proximity to transportation improvements and thus provides sufficient lands to grow in an area appropriate for urbanization, while promoting orderly growth. By approving the 1,156 acre LGSOIA extension, LAFCo would discourage urban sprawl and promote the more efficient use of existing lands.

- g) *Infill* – The County of Sacramento’s General Plan and LAFCo policies both emphasize build-out of infill sites prior to development of new territory. Infill development refers to new development within an established urban area where basic municipal infrastructure and services exists. This type of development includes development of vacant parcels, redevelopment of abandoned or derelict structures, and intensification of uses on underutilized lands. By approving the proposed LGSOIA, LAFCo will ensure that Elk Grove is able to grow, but LAFCo will promote infill development by encouraging the City to develop policies, standards, and practices for infill development, which promotes the efficient use of existing city land inventory. Infill development is the re-use of land or existing developed sites within an urban/suburban area. Infill development promotes better use of sites through reuse and repositioning of obsolete or underutilized buildings. Infill uses vital land left vacant during early development and contributes to community revitalization. Infill is representative of smart growth. Infill development is valuable not only for the

environmental benefits of using land more efficiently and directing growth into existing urbanized areas, but also the benefit that quality projects bring to neighborhoods and communities. Good infill conserves open space, helps to energize communities and contributes to jobs, housing and area sustainability.

Opportunities for infill exist throughout the current City limits, and there are vacant and underutilized properties within established communities that are available for reuse or revitalization. Prior to proposing annexation of any territory in the LGSOIA, the city focus should be on revitalization efforts in older commercial corridors to encourage infill development, transportation improvements and blight reduction. This should include maximizing development opportunities in these areas that will support walking, biking and transit; provide residents with new nearby housing, employment and shopping opportunities; improve air quality and reduce GHG emissions; and encourage economic growth. Infill should continue to be encouraged in appropriate locations outside of the major transportation corridors; while maintaining a policy balance between seeking infill and ensuring that development is compatible with existing neighborhoods. In any annexation application, the City shall demonstrate its implementation of policies that encourage the most efficient use of the city land inventory, including the infill of vacant parcels and intensification of development on underutilized lands where appropriate to maintain or improve the quality, character and identity of existing neighborhoods and communities, as well as to relieve growth pressure on the urban fringe. The application shall demonstrate that the annexation is consistent with LAFCo orderly growth policies.

- h) *Efficient Services* – The proposed LGSOIA ensures that residents of Elk Grove receive efficient and adequate governmental facilities and services, such as wastewater, solid waste, law enforcement, fire, emergency, code enforcement, parks and recreation, gas/electric, and library. The 1,156 acres of the Proposed LGSOIA provides adequate economy of scale for facility and infrastructure master planning for water, wastewater, fire and park services.
- i) *Traffic and Transportation* – As noted in the jobs-housing paragraph above, linking adoption of an effective Infill program will limit the impact of development on traffic, transportation and related issues such as noise and pollution.
- j) *Conformity with LAFCo Policies* – LAFCo policies state that LAFCo is charged with encouraging development that occurs in a manner that provides efficient and quality services and preserves open space land resources. (LAFCo Policies § I.B). LAFCo’s policies also state that LAFCo will favorably consider proposals that result in the provision of urban services in densely developed and populated areas, and favorably consider proposals that will provide urban services in areas with high growth potential rather than in areas with limited potential for future growth. (LAFCo Policies § III.3-4). Accordingly, the approval of the

proposed LGSOIA will permit Elk Grove to grow and develop, but ensure that such development conforms to LAFCo's policies and overall goals.

- k) *Terms and Conditions* – Staff recommends approval of the proposed LGSOIA subject to certain terms and conditions that Elk Grove must follow, as outlined in detail below. The terms and conditions will include requirements that the City implement mitigation measures, as well as master plan and phase its annexations. By placing these terms and conditions on approval of the SOI, the Commission will allow Elk Grove to grow, but ensure that it grows in a manner that is orderly and accounts for environmental considerations.
- l) *Need for Additional Proposed LGSOIA Area* – Evidence provided indicates the vacant land inventory within the City is unable to accommodate all anticipated growth, the City will ultimately need additional lands. Staff believes that the proposed LGSOIA provides sufficient land at this point in time for the City to accommodate its projected growth and the City of Elk Grove could return to LAFCo in the future to request another SOI amendment if a larger SOIA is appropriate at that time.

B. Terms and Conditions

The Executive Officer recommends including the following terms and conditions in the Resolutions for the LGSOIA Amendment (referred to in these conditions simply as the "SOIA"). These terms and conditions apply to the recommended Landowners Group Sphere of Influence Amendment. As a result, should the Commission approve an alternative other than the LGSOIA, staff will prepare Resolutions with terms and conditions appropriate to enforce the Commission's decision.

1. **Mitigation Measures.** All mitigation measures adopted pursuant to CEQA by the Commission under Resolution No. 2018-02-0207-07-15 and 2018-03-0207-07-15 are incorporated herein by reference as conditions of approval. Subsequent to submittal of any application to annex property within the SOIA Area and prior to annexation, the Commission shall review the Mitigation Monitoring and Reporting Plan approved as part of the SOIA for compliance and shall undertake additional environmental review if required under CEQA. Furthermore, any application to annex property within the SOIA Area shall include the City's multi-species habitat mitigation strategy. The strategy shall address the mitigation of development impacts upon habitat and biological/environmental resources in a manner that meets federal and state regulatory requirements. The City may fulfill the requirements of this condition by demonstrating participation in the South Sacramento Habitat Conservation Plan ("SSHCP") or preparation of its own habitat strategy.

2. **Logical and Orderly Growth.** The City is encouraged to promote annexations within the SOIA Area that are well planned, capable of being efficiently served, have an orderly development pattern, and avoid the premature conversion of open space and agricultural lands within the SOIA Area. Consistent with its General Plan policy, the City of Elk Grove is encouraged to develop an orderly annexation program and should discourage the filing of any annexation seeking to annex property prematurely or in piece-meal manner. Before annexing any territory, the City must demonstrate that the annexation:

- A. Conforms to an orderly expansion of City boundaries within planned urban growth areas and provides for a contiguous development pattern. The City shall re-confirm that the proposed annexation is surrounded by or adjacent to lands planned for urban uses. The City must demonstrate that its proposed annexation is part of a plan for orderly growth within logical boundaries, as identified in Commission policies
- B. Includes a comprehensive land use plan for the affected territory, including pre-zoning and a Plan for Services (GC SEC. 56653,) including for infrastructure financing and phasing.
- C. Constitutes a fiscally sound addition to the existing City, with efficient service delivery boundaries, and ensures the provision of adequate municipal services.
- D. Is consistent with state law and Commission policies, standards and criteria.
- E. Is consistent with the City's General Plan and any applicable Community Plan land use policies. Prior to submittal of an application for annexation, the City shall revise and update its General Plan to include the SOIA Area in accordance with state law.
- F. Demonstrates criteria for sustainable economic growth while maintaining environmental integrity and providing for social equity. This could include creating more housing and jobs near public transit, providing a variety of places where people can live, and utilization of existing assets.
- G. Includes development that is limited to areas outside the 100-year floodplain, and development that takes place in compliance with the goals and policies of the City's General Plan. Prior to annexation, the City will provide information to the Commission in compliance with Federal Emergency Management Agency ("FEMA") and California Department of Water Resources ("DWR") flood-plain development measures adopted.

- H. Is accompanied by an environmental evaluation of the potential impacts of development.

3. **Need for Annexation.** In any application to annex the SOIA Area, the City must demonstrate that the annexation proposal is needed to provide an adequate supply of land to meet projected residential, industrial, and commercial growth. The City shall demonstrate adequate available infrastructure in the vicinity of the proposed annexation area to promote sustainable economic development and prevent leapfrog development.

4. **Land Use Designations.** The City shall adopt appropriate land use designations (as determined by the City) for property within the SOIA Area being annexed noting open space and habitat preservation and mitigation measures at a minimum as set forth in the Mitigation Monitoring and Reporting Plan and this Resolution. A phased annexation plan would be permitted.

5. **Municipal Services.** With any application to annex property within the SOIA Area, the City of Elk Grove shall submit to the Commission, for its review and approval, an updated Plan for Services (PFS) (GC Sec. 56653) which includes a program of implementation and financing measures necessary to support the provision of major components of infrastructure and services, and other essential facilities, needed to support the proposed distribution, location, extent and intensity of land uses proposed within the SOIA Area. The City shall demonstrate that it has the means, ability, and capacity to provide municipal services to the annexed area and that other service providers have the means, capacity, and ability to provide services not provided by the City of Elk Grove, with no adverse impact to current service levels or ratepayers. The MSR shall identify a water source(s) and the ability to acquire said water source(s) sufficient to serve the area contained in the annexation application sufficient for the Commission to determine compliance with Condition 12(g) of this Resolution.

6. **Plan for Services.** Prior to annexation, the City must prezone and must submit the following Plan for Services (GC Sec. 56653) with its annexation application, which will include financing and necessary funding to implement the required infrastructure:

- A. **Drainage Master Plan.** The Drainage Plan shall address flood hazards and the use of flood protection measures and identify planned drainage improvements to serve the future land uses. The objective of the Drainage Plan shall conform to a no net increase in floodwater surface elevations downstream of the SOIA Area and be consistent with the City's Storm Drainage Master Plan (as determined by the City);

- B. Bikeway and Trails Plan. A Bikeway and Trails Plan for the annexation area that delineates bikeway and trail facilities within the area consistent with the goals and policies of the City's General Plan (as determined by the City);
- C. Plan for Transit Services. The Plan shall be consistent with the policies of the City's General Plan. The Plan shall identify potential transit routes, process for identifying and development of turnouts and pedestrian shelters, and possible alignments for fixed transit (e.g., BRT, LRT) service (if included),
- D. Traffic/transportation plan. In consultation with Caltrans, Sacramento County, and the Sacramento Area Council of Governments (SACOG,) the city shall identify the traffic/transportation measures that shall be implemented by the proposed development for consistency with city general plan policies. The city shall further set forth a funding strategy to construct the traffic/transportation measures necessary to implement these improvements, along with a construction phasing plan. As soon as reasonably possible, the improvements identified in this paragraph that are of regional significance shall be programmed in the Metropolitan Transportation Plan (MTP) and the Metropolitan Transportation Improvement Program (MTIP). The city shall request the programming of the improvements in the MTP as soon as the improvements are identified through the city's planning or the annexation process, and shall request the programming of the improvements in the MTIP consistent with the financing plan established for implementation of the improvements. Prior to annexation, the City of Elk Grove will demonstrate consistency with the SACOG Regional Blueprint, and consistency with the Metropolitan Transportation Plan / Sustainable Community Strategy, and provide LAFCo with evidence of the results of this consultation. (GC Sec. 56668 (g))
- E. Park and Open Space Plan within the territory proposed to be annexed, as determined by the City;
- F. Water Supply Plan. The City shall demonstrate that it has a sufficient water supply to serve existing customers, and a master plan for future customers within the existing service area, and all proposed uses within the annexation application area, in compliance with the terms and conditions of the Water Forum Agreement. The information provided shall be sufficient for the Commission to determine water availability to the area pursuant to Government Code section 56668, subdivision (k), or its successor. When the City, pursuant to Government Code section 56375, prezones the SOIA Area consistent with the City of Elk Grove General Plan, as amended, the City must identify the process the affected water

service provider will undertake to acquire and secure a water supply sufficient for the Commission to determine timely water availability as required by law and in compliance with the terms and conditions of the Water Forum Agreement. The City of Elk Grove shall comply with requirements for water service with the Sacramento County Water Agency (“SCWA”) and shall annex into the appropriate service area as required by the SCWA

- G. Wastewater Plan. The City shall identify the timely availability of sufficient wastewater transmission and treatment capacity to serve existing customers, future customers with the existing service area, and all proposed uses within the annexation application area, based on rezoning and land uses designated by the City. The City of Elk Grove shall coordinate with SCRSD and SASD for sanitary sewer service. The City will be required to annex into these two special districts as part of any proposed annexation. This may entail district specific SOI amendments.
 - H. Housing Element. At the time of submittal of any application to annex territory within the SOIA Area, the City of Elk Grove will confirm that any development planned for the area to be annexed is consistent with the City of Elk Grove’s General Plan Housing Element;
 - I. Air Quality Plan, which addresses required reductions in ozone precursor emissions (nitrogen oxide and reactive organic gases);
 - J. Greenhouse Gas Emission Reduction Plan. The Plan must demonstrate compliance with Policy CAQ-30, S-5, and S-12 of the City’s General Plan, or the current version of that Policy, regarding Greenhouse Gas Emission Reduction and will identify specific actions that will be undertaken by the Project to meet the emission reduction targets set by the City;
 - K. Financing Plans. The plans shall be prepared in consultation with the affected agencies or service providers, consistent with criteria applicable at the time of annexation;
 - L. The Plan for Services will also address the Right to Farm Ordinance, Code Enforcement, Animal Control, and Electricity and Natural Gas services.
7. **Jobs-Housing Balance.** The City should consider and incorporate employment-generating land uses within the SOIA Area as a part of the ultimate land use plan. At the time of

the filing of any application for annexation, the Commission will consider the level of contribution of the proposal towards the City's jobs/housing fit.

8. **Infill Development.** Upon submittal of an annexation application, the City must demonstrate that it has adopted policies, standards, and practices that promote infill development of existing urban lands (outside the Rural Sheldon Area) before annexing and developing new territory. These adopted infill policies should encourage the development of vacant parcels, reuse or redevelopment of abandoned or derelict structures, rezoning of excess commercial and/or industrial lands to residential uses where appropriate (as determined by the City), utilization of existing public infrastructure and services in an efficient manner, and intensification of uses on underutilized lands to accommodate as much residential, commercial and employment capacity as feasible (as determined by the City) within the existing City limits.

9. **Property Tax Agreement.** Pursuant to Revenue and Tax Code section 99, the City and Sacramento County must enter into a property tax exchange agreement before an annexation application can be considered for approval by LAFCo.

10. **Meet and Confer with Special Districts.** Prior to Commission approval of any application to annex property within the SOIA Area, the City of Elk Grove or other applicants shall meet and confer with the Cosumnes Community Services District (“Cosumnes CSD”), and any other applicable special districts, regarding impacts to the districts and their operations. This process shall identify potential impacts from the proposed annexation upon the districts, including but not limited to fiscal and operational impacts, assessments, bonded indebtedness, loss of property tax revenues and other impacts proposed relating to any proposed changes of organization or services. In addition, the Commission will fully analyze and consider these impacts prior to approval of any annexation to determine appropriate mitigation measures or conditions of annexation. The City of Elk Grove shall, if desired by the City and CCSD, also meet with Cosumnes CSD on an ongoing periodic basis, subject to a schedule mutually agreed to between the City and Cosumnes CSD. The objective of these periodic meetings is to provide for discussion and coordination of issues of mutual concern.

CONCLUSION

As evidenced throughout this report, staff's recommendation of an 1,156-acre expansion of the City of Elk Grove's Sphere of Influence pursuant to the landowners group LGSOIA would permit the City to grow in compliance with applicable requirements and in furtherance of LAFCo's goals of promoting orderly growth. Based on a review of environmental considerations, provision of municipal services, and the need of the City to expand, the Commission has ample evidence to approve the LGSOIA.

The proposed LGSOIA will also be subject to the terms and conditions included in this Report and mitigation measures set forth in the Report and in the Mitigation Monitoring and Reporting Program. The purpose of these conditions and mitigation measures is to respond to issues and concerns raised during the public hearing process and mitigate impacts that may have been identified in the Environmental Impact Report. Furthermore, because a number of issues will need to be resolved prior to annexation, these terms and conditions will ensure that the City addresses these concerns prior to annexation. The terms and conditions require that the City consult a number of agencies that will weigh in on these issues and determine various requirements that will need to be met at the time of annexation. Further, the conditions require the City to demonstrate compliance with LAFCo requirements regarding infill, jobs-housing fit, orderly growth, agricultural preservation and habitat preservation.

The proposed LGSOIA Area represents a logical and orderly path of development. Currently, development is occurring along the incorporated boundary immediately north of the LGSOIA territory. Therefore, there are a number of benefits to comprehensively plan the LGSOIA Area due to existing projects and infrastructure development that are already occurring or being planned near the LGSOIA Area.

Additionally, although a significant amount of growth and development has occurred in the Sacramento region over the last 50 years, growth rates, the economy, and real estate activity have cooled off considerably in the last several years, and have only recently modestly recovered. Although it is difficult to predict market changes, it is prudent to plan for growth during a more “quiet” cycle to allow for consideration of issues without undue market pressures.

Staff recommends that the Commission approve an expanded SOI as constituted by the proposed LGSOIA, Exhibit A, to the City’s SOI.

Therefore, staff recommends that the Commission adopt the attached Resolutions:

- 1. Adopt LAFC Resolution No. 2018-01-0207-07-15:** Certifying the Final Environmental Impact Report for the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendment for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (LAFC 07-15) (CEQA EIR SCH#2016032015)
- 2. Adopt LAFC Resolution No. 2018-02-0207-07-15:** Adopting Findings of Fact and a Statement of Overriding Considerations for the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendment for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (LAFC 07-15) (CEQA EIR SCH#2016032015)

3. Adopt LAFC Resolution No. 2018-03-0207-07-15: Adopting a Mitigation Monitoring and Reporting Program for the Landowner Initiated Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendment for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (LAFC 07-15) (CEQA EIR SCH#2016032015)

4. Adopt LAFC Resolution No. 2018-2018-04-0207-07-15: Making Written Determinations and Approving: (1) the City of Elk Grove Municipal Service Review; and (2) the Landowner Initiated 1,156 acre Kammerer/Hwy 99 (Feletto Reynolds Ranch and Wackman Ranch) Proposed Sphere of Influence Amendment for the City of Elk Grove, Sacramento Area Sewer District (SASD) & Sacramento Regional County Sanitation District (SRCSD) - (LAFC 07-15) (CEQA EIR SCH#2016032015)

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Donald J. Lockhart, AICP
Executive Officer

Documents previously distributed to the Commission and public:

Note: these documents are available at www.saclaefco.org.

- Draft Municipal Service Review
- Draft Environmental Impact Report
- Recirculated Draft Environmental Impact Report
- Final Environmental Impact Report
- Mitigation Monitoring and Reporting Program
- CEQA Findings of Fact and Statements of Overriding Considerations