

RESOLUTION NO. LAFC 1261

**RESOLUTION OF THE
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS FOR THE APPROVAL OF THE
SPHERE OF INFLUENCE AND CONCURRENT ANNEXATION OF THE
LAGUNA WEST TERRITORY TO THE CITY OF ELK GROVE (05-01)**

WHEREAS, as used in this Resolution, the following terms shall mean:

"Affected Territory" is the area described in Exhibit A (legal description) and shown on Exhibit B (map), which are attached hereto and by this reference incorporated herein;

"Application" is the original application containing the Proposal which was certified as a sufficient application by the Executive Officer;

"City of Elk Grove" or "City" is the general law city of Elk Grove;

"Commission" is the Sacramento County Local Agency Formation Commission;

"County" is the County of Sacramento;

"Executive Officer" is the Executive Officer of the Commission;

"Proposal" is the determination of the Sphere of Influence boundaries and annexation of the affected territory into Elk Grove; and

"Sphere of Influence" is the area shown on Exhibit C attached hereto by this reference and incorporated herein;

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

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

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

WHEREAS, a public hearing on the Application and the Proposal was held by the Commission on September 3, 2003;

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

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

NOW, THEREFORE, the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION does hereby find, determine, resolve and order as follows:

1. The Commission has considered Government Code Sections 56425 and 56668 and all other relevant factors in reaching its conclusions regarding the Proposal.

2. Notice as required by law has been given.

3. The Affected Territory is inhabited and urbanized.

4. The establishment of the Sphere of Influence and the Annexation of the affected territory promote the planned, orderly, efficient development of the Subject Territory. Based upon the entire record, the Executive Officer's report, comments from affected public entities and the public, the Commission finds the following:

a. The Sphere of Influence and Annexation are consistent with the intent of the Cortese-Knox-Hertzberg Local Government Reorganization Act and the policies of this Commission.

b. The Sphere of Influence for each local agency affected by the Proposal has been reviewed by this Commission. This annexation is consistent with those Spheres of Influence.

c. The City is expected to receive revenues sufficient to provide public services and facilities to the annexed territory and maintain existing service to the City.

5. In accordance with Section 56430, the Commission has conducted a review of municipal services provided by the City of Elk Grove *and makes the determinations set forth in Exhibit G attached hereto and incorporated herein*. In accordance with Section 56425, the Commission establishes the Sphere of Influence for the City of Elk Grove as the territory set forth on Exhibit C attached hereto and incorporated herein. In determining the Sphere of Influence for the City of Elk Grove, the Commission has considered and determined the following:

a. The present and planned land uses in the area, including prime agricultural and open space lands. The Commission finds that the annexation does not result in the

conversion of prime agricultural land or open space use to other uses inconsistent with state law and the annexation leads to the planned, orderly and efficient development of the area. The annexed property is predominantly urbanized and although some small portions of the proposed boundaries are currently undeveloped, this property is within the urban service area of the County General Plan and the property has been designated for urban development.

b. The present and probable need for public facilities and services in the area. The Commission finds that the annexation will result in an entity with the capability to provide the most efficient forms of municipal services to the affected population as demonstrated by the need for municipal services in the Laguna West, Lakeside and Stonelake communities.

c. The present capacity of public facilities and adequacy of public services provided by Elk Grove. The Commission finds that the City of Elk Grove has the capacity to immediately provide municipal services as needed to the annexed area as demonstrated by its contracts for services and provision of direct city services.

d. The Commission finds that the annexation does not have significant adverse social and economic impacts upon any particular communities or groups in the annexed area or affected unincorporated area and in fact determines that the Laguna West, Lakeside and Stonelake residential areas are better served by the City of Elk Grove as it is a municipal service provider and there is a demonstrated high level of community support for the annexation.

6. The Commission, through its Executive Officer, conducted an Initial Study of the Proposal and has caused a Negative Declaration on the proposal to be prepared. The Commission adopted Resolution No.1260 on September 3, 2003, certifying the Negative Declaration on the Project. The identified mitigation measure is made a condition of project approval as set forth in this Resolution Making Determinations.

7. Subject to the conditions set forth herein, the annexation proposed by the Resolution and Proposal submitted, is hereby approved as follows:

- a. The Affected Territory is annexed to the City of Elk Grove.
- b. The boundaries of the City of Elk Grove shall be amended to include the Subject Territory as set forth in Exhibits A and B attached hereto and incorporated herein.
- c. The City of Elk Grove, in addition to providing those services required by law, shall ensure provision of the following services to the annexed territory: Animal Control and Regulation Services; Building and Building Inspection; Code Enforcement; Police/Law Enforcement Services; Planning; Public Works; Site Development Services; Traffic and Safety Lighting Maintenance; Street, Road, and Landscape Maintenance, (excluding landscape maintenance currently provided by the Elk Grove Community Services District).

- d. CSA No. 1 provides funding for the maintenance and operation of street and highway safety lights within the limits of both the City of Elk Grove and the proposal territory. The City of Elk Grove has executed a maintenance and operations agreement with the County of Sacramento for the lights within current city limits. The County will continue to provide street lighting services to the City of Elk Grove per the terms of its contract with the City of Elk Grove.
- e. County Service Area No. 5 is dissolved and service responsibility, current fund balances, and future revenue collected will be transferred to the City of Elk Grove as the successor agency pursuant to Government Code section 56886 (m) and (t) and the City of Elk Grove as successor local agency shall continue to levy the charges previously authorized for CSA No. 5 utilizing the procedures prescribed by Government Code section 25210.77(a). The assessments for FY 2003-04 have been approved. In the future the City will approve an annual resolution to continue the assessment.
- f. County Service Area No. 7 is dissolved and service responsibility, current fund balances, and future revenue collected will be transferred to the City of Elk Grove as the successor agency pursuant to Government Code 56886 (m) and (t) and the City of Elk Grove as successor local agency shall continue to levy the charges previously authorized for CSA No. 7 utilizing the procedures prescribed in Government Code section 25210.77 (a). In the future the City will approve an annual resolution to continue the assessment.
- g. Any and all development agreements entered into between the County of Sacramento and any development project applicant, and any conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) imposed by the County Board of Supervisors on any and all discretionary projects adopted and approved prior to the effective date of annexation shall remain valid and enforceable between the applicant and the annexed territory in accordance with Government Code Section 65865.3. After the effective date of the annexation, where any of the above referenced development agreements entered into between the County of Sacramento and any development project applicant, and any conditions of approval (including mitigation measures adopted pursuant to the California Environmental Quality Act) refer to the County of Sacramento or any of its agencies or departments, they shall be interpreted to mean to refer to the City of Elk Grove and its agencies or departments, and the City of Elk Grove shall collect any associated fees and the County and its agencies or departments shall transfer to the City of Elk Grove all fund balances associated with any such agreements, conditions and/or mitigation measures.

- i. Prior to any future Sphere of Influence Amendments or annexations, the City of Elk Grove shall provide substantiation that it has complied with such conditions of approval particularly environmental mitigations with respect to habitat conservation, prime agricultural land preservation and open space preservation.
- h. Except as set forth in this resolution, the County of Sacramento shall on the effective date of the annexation transfer to the City all impact fees collected prior to the annexation solely within and intended for use in the annexed territory, for facilities or services not yet rendered for underground utilities, roads, parks, housing and any other allowed use. The City shall be required to collect and expend these impact fees for the original purposes for which the County collected the impact fees. Existing transportation fee impact programs shall be continued at levels necessary to adequately fund approved road construction projects.
- i. The City of Elk Grove is required to continue to collect park fees as established by the City of Elk Grove Municipal Code and transfer said fees to the Elk Grove Community Services District.
- j. The Sacramento County Water Agency (SCWA) shall continue to collect fees for, administer and provide services to the following SCWA Zones:
Zone 11 A, Drainage Development Fee and Improvement Program
Zone 13, Regional Planning Fee and Associated Programs
Zone 40, Water Supply Development Fee and Improvement Program
Zone 41, Retail Water Service Area.
- k. Sacramento County Storm Water Utility Services shall be assumed by the City of Elk Grove in the annexed territory. Upon annexation, the City of Elk Grove shall continue to levy and collect the Storm Water Utility fee that is currently levied by the County. Further, as the boundary of Zone 12 (Storm Drainage Maintenance) of the Sacramento County Water Agency is used to define the boundary of the Sacramento County Storm Water Utility, and the annexed territory currently lies within Zone 12, upon annexation the annexed territory shall be withdrawn from Zone 12 of the Sacramento County Water Agency.
- l. The City of Elk Grove shall enter into discussions with the County of Sacramento to determine if it is mutually beneficial to consider the transfer of authority and jurisdiction for the Laguna Creek Ranch/ Elliot Ranch Community Facilities District No. 1 and the Laguna Stonelake Community Facilities District No. 1, pursuant to State law and the established conditions of debt services. Unless and until a transfer is affected, the County shall continue to administer these districts and the annual levy of assessments on district properties within the annexed territory consistent with the County's bond covenants.

- m. The Laguna Area Roadway Fee Program, the Laguna Stonelake Development Impact Fee Program, and the Laguna West/ Lakeside Park Development Fee Program shall be assumed by the City of Elk Grove upon annexation. Upon annexation, the City of Elk Grove shall continue to collect the fees in these programs that are currently levied by the County. For the roadway components, the County shall transfer all monies in the roadway funds to the City within a reasonable time upon annexation. For all of the fee components, the City will be responsible for the future levy and collection of the fees, and disbursement of these funds. Existing fee impact programs shall be continued at levels necessary to adequately fund approved projects.
- n. The County of Sacramento currently provides residential solid waste collection services to the affected territory through a private service contract that expires on June 30, 2004. The County of Sacramento will continue to provide residential solid waste collection service and collect fees within the affected territory, provided, that in the event the County of Sacramento, prior to June 30, 2004, desires to amend its private service contracts, the City of Elk Grove may determine to provide such services independently. After June 30, 2004, the City of Elk Grove shall provide residential solid waste service within the affected territory.

8. The Commission has reviewed the following factors and made the following determinations:

- a. The Proposal is consistent with the population needs and natural geographic boundaries.
- b. The Proposal meets the need to provide municipal services to an urbanized area, and the City of Elk Grove has the capacity to provide adequate governmental services and controls to the area.
- c. The Proposal will have a beneficial effect on the communities of Laguna West, Lakeside, and Stonelake, and will not adversely affect the local governmental structure of the county or adjacent territory.
- d. The Proposal conforms to the adopted Commission policies on providing planned, orderly, efficient patterns of urban development. The Commission is approving a Sphere of Influence and annexation concurrently for the reason that Laguna West, Stonelake, and Lakeside communities are fully urbanized and an integral part of the Elk Grove community. It was recommended at the time of incorporation that these areas be annexed.

- e. There are no agricultural lands, as defined by Section 56016 within the Proposal.
- f. The Proposal contains definite and certain boundaries, and the Proposal does not create islands or corridors of unincorporated territory.
- g. The Proposal is consistent with the City and County general and specific plans. The Maritime parcel located within the annexed territory was recently rezoned by the County to residential and office uses. (Assessor Parcels No. 119-1920-001 through 010 near Interstate 5.) Under the Interim City General Plan the Maritime parcel is designated and zoned for commercial and office uses. Notwithstanding this discrepancy the general plan is consistent as both uses are urban uses. Further, the County entered into a development agreement with the property owner and recorded the agreement at Book 2003-0423 Page 1774 on April 23 2003, which recordation will provide certain vested rights to the Developer to proceed with commercial development under Government Code sections 65864 et seq. As a consequence the zoning discrepancy is not a substantive issue with respect to the Annexation Proposal.
- h. The City of Elk Grove has the ability to provide services in the annexed territory and sufficient revenue for those services.

9. The City shall be authorized and may continue to levy in the annexed area as general taxes of the City those general taxes presently levied by the City of Elk Grove including, but not limited to the utility user tax and the transient occupancy tax, property taxes, sales taxes, real property transfer taxes and franchise fees as authorized under Government Code section 57330.

10. The City of Elk Grove and County of Sacramento have adopted an ad valorem property tax sharing agreement for the proposed annexation consistent with Revenue and Taxation Code Section 99 attached hereto as Exhibit D and incorporated herein.

11. The Commission finds that there is a timely availability of water supply adequate for the City's current needs and projected needs. This finding is based upon the fact that existing development within the proposed annexation boundaries has an existing and adequate water supply. Existing customers are currently being served. The Sacramento County Water Agency has also entered into an agreement with other water purveyors in the region, commonly known as the "Water Forum Agreement", which sets advisory cooperative limitations on the amount of ground and surface water which can be used in the area. Such limitations are designed to assure that the water resources in the area are operated consistent with their safe yield limits as set forth under the Water Forum Agreement.

12. To ensure timely availability of water in the future, the Commission notifies the City of Elk Grove that future annexations and Sphere of Influence amendments will need to address the issue of availability of water and encourages the City of Elk Grove to impose the

following conditions which are similar to County conditions and other City conditions regarding water availability:

- a. The needs of existing water users shall be met prior to the provision of water for new development requiring annexation, including, if necessary, the provision of replacement water in the event that existing water sources are unavailable to such existing users due to contamination or any other reason.
- b. Pursuant to provisions of state law, no development can take place within the proposed boundaries of the City unless a reliable water supply has been secured and financing mechanisms for said reliable water supply are in place. The City of Elk Grove should adopt policies consistent with the following County and other City policies regarding future growth:
 - In new development areas, entitlements for urban development shall not be granted until a Water Supply Master Plan, all agreements, and financing plans for supplemental water supplies are in place. The land use planning process may proceed, and specific plans and (pre)/rezoning may be approved during this process.
 - Development entitlements shall not be granted in areas where inadequate groundwater resources exists and water purveyors have reached their capacity to deliver treated water unless all necessary agreements and financing mechanisms to obtain additional water supply are secured prior to application for annexation.
 - Subdivisions and Parcel Maps shall be required to demonstrate adequate quantity and quality of groundwater prior to approval of residential lots in areas where groundwater supply and quality are known to be subject to over drafting.
 - Should the City Council determine that there is a significant adverse effect on groundwater, including effects on water quality and aquifer recharge; no building permits for urban commercial and residential uses shall be issued.
 - Development project approvals shall include a finding that all feasible and cost effective options for conservation and water reuse are incorporated into project design. Wastewater reuse options shall be reviewed and agreed upon by the area water purveyor when the reclaimed water is to be used within the water purveyor's boundaries.

13. LAFCo has considered the extent to which the Proposal will assist the City of Elk Grove in achieving its fair share of regional housing needs allocation. (Government Code section §56668(l).)

- a. The record before the Commission outlines the City's efforts in meeting its regional fair share housing needs to date. This data is still in the process of being completed as the City of Elk Grove recently incorporated in 2000. The City is currently using a Draft General Plan as its general plan for the City. The affected territory falls within The Draft General Plan planning area. Elk Grove is in the process of developing its Final general plan and housing element. The City will be able to utilize the annexed area to provide affordable housing opportunities given the predominance of residential zoning in the annexed area.
- b. The Commission further determines that the County's ability to meet its regional fair share housing needs will not be impaired as a result of the annexation given the fact that the unincorporated area of the County contains significant portions of residentially zoned property and the County's General Plan adequately addresses fair share housing needs for the unincorporated area.
- c. The Legislature recognizes that providing housing for persons and families of all incomes is an important factor in promoting orderly development. (Government Code section 56001.) Part of that goal is to attempt to determine the effect of annexation on the regional fair share housing allocation to both the City of Elk Grove and the County of Sacramento. However state law restricts the ability of the County and the City to transfer housing need allocations upon annexation without oversight by the Sacramento Area Council of Governments (SACOG) and the State Department of Housing and Community Development (HCD) through the housing element process (Government Code section 65584).
- d. SACOG and HCD have been consulted and agree that a housing transfer is not appropriate at this time.

Therefore the Commission finds and determines that the City of Elk Grove and the County of Sacramento shall each assume its proportionate share of the regional fair share housing need. The City of Elk Grove and the County of Sacramento shall either agree or jointly petition HCD and SACOG to adjust their respective regional fair share housing needs that are a result of the annexation by the next housing element update cycle ending in 2008.

14. In adopting the Sphere of Influence, the Commission encourages the City of Elk Grove prior to future Sphere of Influence amendments or annexations, to develop and implement polices and programs to create permanent open space buffers or permanent community

separators between the City of Elk Grove, environmentally sensitive areas and designated farmland of statewide importance, the City of Sacramento and the City of Galt. To date significant open space has already been dedicated on property adjacent to the project area including land under the Stone Lakes National Wildlife Refuge, the Delta Protection Commission, and the Sacramento Regional County Sanitation District. Such a municipal separator or buffer would promote the orderly development of land, permanent preservation of open space and agricultural lands and maintain the distinct identity of all municipal communities. Further, as a condition of adopting the Proposal, the Commission finds that the City of Elk Grove collects fees for the preservation and maintenance of agricultural land pursuant to a mitigation measure imposed under the East Franklin Specific Plan. Elk Grove is required to implement this mitigation measure. Prior to submitting future Sphere of Influence amendments or annexations, the City of Elk Grove shall document its implementation of this mitigation measure.

15. In adopting the Sphere of Influence the Commission determines that the Capital Region Compact developed by Valley Vision is a model for municipalities developing civic standards. The Commission encourages but does not require the City of Elk Grove prior to future Sphere of Influence amendments and annexations to endorse the Capital Region Compact developed by Valley Vision and endorsed by six counties and fifteen cities in the region. (The Capital Region Compact is attached hereto as Exhibit E and incorporated herein)

16. As a condition of adopting the Proposal, the Commission finds that the City of Elk Grove collects fees for the preservation and maintenance of the Swainson' Hawk and other listed protected species pursuant to an Ordinance similar to the County of Sacramento imposed as a development fee condition. Elk Grove is required to implement this mitigation measure. Based upon comments of affected agencies, the Commission determines that it is in the best interest of the community for the City of Elk Grove to participate in a regional solution for habitat conservation in the south county. In addition, prior to submitting future Sphere of Influence amendments or annexations, or processing existing applications, the City of Elk Grove shall document to the satisfaction of the Commission its compliance with the Swainson' Hawk mitigation measure and shall demonstrate that the City of Elk Grove is actively participating in the development of the South County Habitat Conservation Plan.

17. Pursuant to Government Code Section 57329, all roads and highways or portions of road(s) and highway(s), which had been accepted into the County-road system pursuant to Section 941 of the Streets & Highways Code, shall become City streets on the effective date of the annexation.

18. Subject to the limitations of Government Code Section 57202, the effective date of annexation is to be December 15, 2003 provided however, that pursuant to the request of the Sacramento County Director of Finance, Auditor Controller/ Tax Collector, effective January 1, 2004 the City of Elk Grove shall be entitled to receive its share of the ad valorem property tax revenue from the annexed territory received January 1, 2004 and thereafter.

19. The Commission shall be the Conducting Authority for all matters related to the Proposal.

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

- a. Initiate the Conducting Authority protest proceedings before the Sacramento Local Agency Formation Commission pursuant to Government Code Section 57000 et seq.
- b. Prepare a Certificate of Completion and make the filings as required under state law;
- c. Mail a certified copy of this Resolution to the City Clerk of the City of Elk Grove and to those affected governmental agencies whose boundaries are affected by the Resolution;
- d. File a certified copy of this Resolution with the Clerk of the Board of Supervisors of the County; and
- e. Request the County Surveyor to prepare the official legal description of the Affected Territory to be filed with the Clerk of the Commission.

On a motion by Commissioner _____, seconded by Commissioner _____, the foregoing Resolution was passed and adopted by the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, State of California, this _____ day of _____, 2003, by the following vote to-wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

Elliot Mulberg, Chair
SACRAMENTO LOCAL AGENCY FORMATION
COMMISSION

ATTEST:

Marilyn Ann Flemmer
Commission Clerk

EXHIBIT A

LEGAL DESCRIPTION OF AFFECTED TERRITORY TO BE ANNEXED

To Be Included

EXHIBIT B

MAP OF AFFECTED TERRITORY

To Be Included

EXHIBIT C

SPHERE OF INFLUENCE BOUNDARIES

EXHIBIT D

PROPERTY TAX EXHIBIT AGREEMENT

EXHIBIT E

REGIONAL COMPACT

EXHIBIT F

HCP MAP