

YOLO LOCAL AGENCY FORMATION COMMISSION

Regular Meeting AGENDA

May 23, 2019 - 9:00 a.m.

NOTE CHANGE OF VENUE

WEST SACRAMENTO CIVIC CENTER
1110 WEST CAPITOL AVENUE
WEST SACRAMENTO, CA 95691

COMMISSIONERS

OLIN WOODS, CHAIR (PUBLIC MEMBER)
DON SAYLOR, VICE CHAIR (COUNTY MEMBER)
WILL ARNOLD (CITY MEMBER)
GARY SANDY (COUNTY MEMBER)
TOM STALLARD (CITY MEMBER)

ALTERNATE COMMISSIONERS

JIM PROVENZA (COUNTY MEMBER)
RICHARD DELIBERTY (PUBLIC MEMBER)
BABS SANDEEN (CITY MEMBER)

CHRISTINE CRAWFORD
EXECUTIVE OFFICER

ERIC MAY
COMMISSION COUNSEL

NOTICE:

This agenda has been posted at least five (5) calendar days prior to the meeting in a location freely accessible to members of the public, in accordance with the Brown Act and the Cortese-Knox-Hertzberg Act.

All persons are invited to testify and submit written comments to the Commission. If you challenge a LAFCo action in court, you may be limited to issues raised at the public hearing or submitted as written comments prior to the close of the public hearing. All written materials received by staff 72 hours before the hearing will be distributed to the Commission. If you wish to submit written material at the hearing, please supply 10 copies.

FPPC - Notice to All Parties and Participants in LAFCo Proceedings

All parties and participants on a matter to be heard by the Commission that have made campaign contributions totaling \$250 or more to any Commissioner in the past 12 months must disclose this fact, either orally or in writing, for the official record as required by Government Code Section 84308.

Contributions and expenditures for political purposes related to any proposal or proceedings

before LAFCo are subject to the reporting requirements of the Political Reform Act and the regulations of the Fair Political Practices Commission, and must be disclosed to the Commission prior to the hearing on the matter.

CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call
3. Public Comment: Opportunity for members of the public to address the Yolo County Local Agency Formation Commission (LAFCo) on subjects not otherwise on the agenda relating to LAFCo business. The Commission reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

CONSENT AGENDA

4. Approve the LAFCo Meeting Minutes of April 25, 2019
5. Correspondence

PUBLIC HEARINGS

6. Reorganization of the Lower Elkhorn Reclamation Districts (RDs), Dissolving RD 785 and RD 827 and annexing both territories into RD 537, subject to terms and conditions
7. Consider approval of **Resolution 2019-07** adopting the Municipal Service Review (MSR) for the Sacramento-Yolo Port District (LAFCo No. S-052)
8. Consider adoption of the Final LAFCo Budget for FY 2019/20

REGULAR AGENDA

9. Consider adopting amendments to the Yolo LAFCo Administrative Policies and Procedures

EXECUTIVE OFFICER'S REPORT

10. A report by the Executive Officer on recent events relevant to the Commission and an update of Yolo LAFCo staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.
 - A. CALAFCO Member Dues Update
 - B. Long Range Planning Calendar
 - C. EO Activity Report - April 22 through May 17, 2019

COMMISSIONER REPORTS

11. Action items and reports from members of the Commission, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Commission or the public.

ADJOURNMENT

12. Adjourn to the next Regular LAFCo Meeting on June 27, 2019.

I declare under penalty of perjury that the foregoing agenda was posted by 5:00 p.m. on Friday, May 17, 2019, at the following places:

- On the bulletin board outside the West Sacramento Civic Center, 1110 West Capitol Avenue, West Sacramento, CA and,
- On the bulletin board at the east entrance of the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California; and
- On the LAFCo website at: www.yololafco.org.

ATTEST:
Terri Tuck, Clerk
Yolo LAFCo

NOTICE

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Clerk for further information. Additionally, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should telephone or otherwise contact the Clerk as soon as possible and at least 24 hours prior to the meeting. The Clerk may be reached at (530) 666-8048 or at the following address: Yolo LAFCo, 625 Court Street, Suite 107, Woodland, CA 95695.



Consent 4.

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

Approve the LAFCo Meeting Minutes of April 25, 2019

RECOMMENDED ACTION

Approve the LAFCo Meeting Minutes of April 25, 2019.

Attachments

Draft LAFCo Minutes 04.25.19

Form Review

Form Started By: Terri Tuck
Final Approval Date: 05/09/2019

Started On: 05/09/2019 08:06 AM

YOLO LOCAL AGENCY FORMATION COMMISSION

MEETING MINUTES

April 25, 2019

The Yolo Local Agency Formation Commission met on the 25th day of April 2019, at 9:00 a.m. in the Yolo County Board of Supervisors Chambers, 625 Court Street, Room 206, Woodland CA. Voting members present were Chair and Public Member Olin Woods, County Members Gary Sandy and Alternate (A) Jim Provenza, and City Members Will Arnold and Tom Stallard. Voting member absent was County Member Don Saylor. Others present were Alternate Public Member Richard DeLiberty, Executive Officer Christine Crawford, Clerk Terri Tuck, and Counsel Carrie Scarlata.

CALL TO ORDER

Chair Woods called the Meeting to order at 9:02 a.m.

Item № 1 Pledge

Jim Provenza (A) led the Pledge of Allegiance.

Item № 2 Roll Call

PRESENT: Arnold, Provenza (A), Sandy, Stallard, Woods ABSENT: Saylor

Item № 3 Public Comments

None

CONSENT

Item № 4 Approve the LAFCo Meeting Minutes of March 28, 2019

Item № 5 Review and file Fiscal Year 2018/19 Third Quarter Financial Update

Item № 6 Correspondence

Minute Order 2019-19: All recommended actions on Consent were approved.

Approved by the following vote:

MOTION: Arnold SECOND: Sandy

AYES: Arnold, Provenza (A), Sandy, Stallard, Woods

NOES: None

ABSTAIN: None

ABSENT: None

PUBLIC HEARING

Item № 7 Consider and adopt the proposed LAFCo budget for Fiscal Year 2019/20 and set May 23, 2019, as the public hearing date to approve the final budget

After a report by staff the Chair opened the Public Hearing. No one came forward and the Public Hearing was closed.

Minute Order 2019-20: The recommended action was approved, directing staff to set May 23, 2019, as the public hearing date to approve the final LAFCo budget for FY 2019/20.

Approved by the following vote:

MOTION: Provenza (A) SECOND: Sandy
AYES: Arnold, Provenza (A), Sandy, Stallard, Woods
NOES: None
ABSTAIN: None
ABSENT: None

REGULAR

Item № 8 Consider the City of Davis Annexation of the West Davis Active Adult Community (LAFCo № 932), detaching the territory from the Springlake Fire Protection District, waiving Protest Proceedings and adopting Findings as a Responsible Agency for the Final Environmental Impact Report and Statement of Overriding Considerations pursuant to CEQA (California Environmental Quality Act) Guidelines Section 15096

After a report by staff the Chair opened the floor for comments. Comments were made by Sherri Metzker, Principal Planner for the City of Davis.

Minute Order 2019-21: The recommended actions were approved, adopting **Resolution 2019-04**, waiving Protest Proceedings and adopting Findings as a Responsible Agency for the Final Environmental Impact Report and Statement of Overriding Considerations pursuant to CEQA (California Environmental Quality Act) Guidelines Section 15096; and, adopting **Resolution 2019-05** detaching the territory from the Springlake Fire Protection District and approving the annexation of Assessor’s Parcel Number 036-060-005 into the City of Davis.

Approved by the following vote:

MOTION: Provenza (A) SECOND: Sandy
AYES: Provenza (A), Sandy, Stallard, Woods
RECUSE: Arnold
NOES: None
ABSTAIN: None
ABSENT: None

Item № 9 Consider reappointment of Olin Woods as the Regular Public Member of the Yolo LAFCo, to another term effective through May 2023

Minute Order 2019-22: The recommended action was approved.

Approved by the following vote:

MOTION: Sandy SECOND: Stallard
AYES: Arnold, Provenza (A), Sandy, Stallard, Woods
NOES: None
ABSTAIN: None
ABSENT: None

Item № 10 Elect a Chair and Vice Chair for the Commission to serve one-year terms, beginning May 23, 2019 and ending May 1, 2020

Minute Order 2017-23: Commissioner Woods was elected to another one year term as Chair, ending May 2020.

Approved by the following vote:

MOTION: Arnold SECOND: Provenza (A)
AYES: Arnold, Provenza (A), Sandy, Stallard, Woods
NOES: None
ABSTAIN: None
ABSENT: None

Minute Order 2017-24: Commissioner Saylor was elected to another one year term as Vice Chair, ending May 2020.

Approved by the following vote:

MOTION: Provenza (A) SECOND: Stallard
AYES: Arnold, Provenza (A), Sandy, Stallard, Woods
NOES: None
ABSTAIN: None
ABSENT: None

Item № 11 Executive Officer's Report

The Commission was given written reports of the Executive Officer's activities for the period of March 25, 2019 through April 19, 2019, and was verbally updated on recent events relevant to the Commission.

Staff indicated, as shown in the Long Range Meeting Calendar, that one of the four upcoming reclamation district proposals (#928) regarding the reorganization of Reclamation Districts 537, 785, 827, will be coming to the Commission at the May meeting. Additionally, staff commented that the other three proposals (#s 925, 926, and 930) will most likely be heard in June. Staff reiterated that both hearings will be located in the city of West Sacramento to facilitate public input, and that the Commission be prepared for the meetings to be longer than normal, perhaps up to three hours.

Staff updated the Commission on CALAFCO legislative issues.

Staff stated that there has been some controversy regarding a city of Winters development proposal.

Item № 12 Commissioner Reports

There were no reports.

Item № 13 Adjournment

Minute Order 2019-25: By order of the Chair, the meeting was adjourned at 9:20a.m. to the next Regular LAFCo Meeting on May 23, 2019.

Olin Woods, Chair
Local Agency Formation Commission
County of Yolo, State of California

ATTEST:

Terri Tuck
Clerk to the Commission



Consent 5.

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

Correspondence

RECOMMENDED ACTION

Receive and file the following correspondence:

- A. Assembly Bill 1822 - Support Letter
 - B. Governor's 2019/20 Revised Budget Summary
-

Attachments

ATT A-AB 1822-Support Letter

ATT B-Governor's 19-20 Revised Budget Summary 5-9-19

Form Review

Form Started By: Terri Tuck

Started On: 05/09/2019 08:14 AM

Final Approval Date: 05/09/2019

YOLO
LOCAL
AGENCY
FORMATION
COMMISSION



April 23, 2019

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 5144
Sacramento, CA 95814

RE: Support of AB 1822: Local Government Committee Omnibus Bill (as amended April 8, 2019)

Dear Chair Aguiar-Curry:

The Yolo Local Agency Formation Commission (LAFCo) is pleased to support the Assembly Local Government Committee Bill **AB 1822** (amended April 8, 2019) which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCos. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. **AB 1822** currently makes minor technical corrections to language used in the Act. The Yolo LAFCo is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCos.

Yours sincerely,

Don Saylor
Vice Chair

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

COMMISSION
CHAIR
OLIN WOODS
Public Member

VICE CHAIR
DON SAYLOR
Supervisor – 2nd District

WILL ARNOLD
Councilmember
City of Davis

GARY SANDY
Supervisor – 3rd District

TOM STALLARD
Councilmember
City of Woodland

ALTERNATES
RICHARD DELIBERTY
Public Member

JIM PROVENZA
Supervisor – 4th District

BABS SANDEEN
Councilmember
City of West Sacramento

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HURST+BROOKS+ESPINOSA

May 9, 2019

TO: HBE Clients

FROM: Hurst Brooks Espinosa, LLC

RE: Governor's 2019-20 May Revision

Governor Gavin Newsom released his [May Revision](#) to the Governor's proposed 2019-20 state budget this morning, a few days earlier than required by statute. (At the request of the Legislature, the Administration moved up the release date to allow for more time for deliberation.)

The Governor once again spent a significant amount of time (93 minutes!) presenting his updated budget proposals, cautioning about preparing for an economic downturn. While the forecast does not include a recession, the Governor reminded us that a moderate recession could result in a \$70 billion revenue loss and a budget deficit of \$40 billion over three years and that we are in an unprecedented tenth year of an economic expansion. As a result, Governor Newsom has proposed to sunset certain program expansions at the end of December 31, 2021.

The 2019-20 May Revision outlines a \$213 billion total state budget, with the General Fund budget at \$147 billion. The budget surplus – an estimated \$21.5 billion – is nearly the same as projected in January, but still the largest budget surplus in state history. Additional revenues of \$3.2 billion above the Governor's budget are largely obligated to debt repayment, reserves, and schools. The May Revision includes additional state revenues of \$3.2 billion, driven in large part by healthy personal income tax revenues, with estimates increased from January due to expected Initial Public Offerings (IPOs) by large California-based companies and a strong stock market.

We've prepared the following summary of the May Revision on items of interest to HBE clients, but keep in mind that we have included new proposals and those that have changed from the January budget. If not mentioned below, but included in the January budget, those proposals continue to be considered as a component of the 2019-20 proposed state budget.

The May Revision dedicates \$15 billion (January plus May) to building budgetary resiliency and paying down the state's unfunded liabilities, representing a \$1.4 billion increase over January. Total expenditures include \$4.5 billion to eliminate debts and reverse deferrals, \$5.7 billion to build reserves, and \$4.8 billion to pay down unfunded retirement benefits.

Specifically, the May Revision reflects the repayment of loans to special funds of \$171 million and \$942 million in 2018-19 and 2019-20, respectively, eliminating all outstanding loans from special funds.

The Governor proposes an additional \$1.2 billion deposit into the Rainy Day Fund, bringing the reserve to \$16.5 billion in 2019-20. The Rainy Day Fund is anticipated to reach its constitutional cap of 10 percent of General Fund revenues in 2020-21, which is two years earlier than predicted in January. In addition, for the first time, nearly \$400 million in Proposition 98 funding will be deposited into the Public School System Stabilization Account as required by Proposition 2. The Public School System Stabilization Account was created as a separate rainy day fund for schools; however, the school community had not anticipated that the constitutional threshold would be met to require the set-aside this year and suggested that there was flexibility on the part of the Administration in determining the requirement, a take that was quickly rejected by the Director of Finance. Look for the debate on the schools' rainy day fund to be considerable as the Legislature deliberates the budget.

The Governor continues to provide resources to reduce employer contributions to the California State Teachers' Retirement Fund (CalSTRS), with a proposed additional one-time contribution of \$150 million non-Proposition 98 funds to further reduce the employer contribution rate to 16.7 percent in 2019-20.

The May Revision maintains funding levels for the University of California (UC) and California State University (CSU) systems, as both systems had acknowledged that the Governor's January budget funding amounts were sufficient to avoid a tuition increase. Both systems are proposed to receive funding to address students experiencing homelessness, with an allocation of \$18.5 million for UC and \$21.5 million for CSU for student food and housing insecurity and rapid rehousing of homeless and housing insecure students.

To accelerate the expansion of full day kindergarten, the May Revision includes \$600 million in one-time funding targeted to schools that will convert from part-day to full-day kindergarten programs. The May Revision makes funding available over a three-year period, with the first two years' funding limited to those schools that will convert from part-day to full-day kindergarten and increases the state share of the facility grant from 50 percent to 75 percent. Priority for grant funding would be provided to school districts with high rates of students receiving free and reduced price meals.

As previously announced, the Governor has proposed expanding paid family leave for each parent from six to eight weeks as a down payment on his goal of paid family leave for the first six months of a child's life, effective July 1, 2020. The proposal also allows claimants to take a full eight weeks to assist a family member for military deployment, effective January 1, 2021. The Governor is convening a task force to consider options to phase-in and expand paid family leave to meet the Administration's goal; the task force will also consider policy issues including adjustment to the wage replacement rate, alignment of existing worker protections, and retaliation protections for employees who use the

program, and is anticipated to issue recommendations for consideration in the Governor's 2020-21 proposed budget.

General Government

Cannabis Tax Fund Allocations

The May Revision includes a proposed allocation of funds generated from cannabis excise and cultivation taxes, pursuant to Proposition 64, as follows:

- \$119.3 million (60 percent) to education, prevention, and treatment of youth substance use disorders and school retention
- \$39.8 million (20 percent) to clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation
- \$39.8 million (20 percent) to public safety-related activities

The May Revision also includes \$15 million to provide grants to local governments to assist in the creation and administration of equity programs, and to support equitable access to the regulated market for individuals through financial and technical assistance.

Diaper and Menstrual Products Sales and Use Tax Exemption

As reported previously, the Governor has proposed to exempt menstrual products and children's diapers from sales and use tax beginning January 1, 2020. The exemption reduces General Fund revenues by \$17.5 million in 2019-20 and \$35 million each year thereafter. According to the Administration, total state and local revenue losses are \$38 million in 2019-20 and \$76 million for the following years. The Governor has proposed a sunset on these exemptions of December 31, 2021.

California State Library

May Revision proposals of interest include:

- One-time funding of \$5 million to support grants for local library jurisdictions with the lowest per capita library spending to develop and implement early learning and after-school library programs.
- One-time funding of \$3 million for the California State Library to support grants for local library jurisdictions to purchase bookmobiles and community outreach vehicles that would be used to expand access to books and library materials in under-resourced neighborhoods.

County Voting Systems

The May Revision includes one-time funding of \$87.3 million to replace and upgrade county voting systems, which provides an additional 25 percent of the estimated vote center model costs for counties with over 50 precincts (\$65.7 million), full funding of the estimated polling place costs for counties with 50 or fewer precincts (\$3.6 million), and \$18 million for county election management system replacements.

Earned Income Tax Credit

The May Revision proposes to expand the Earned Income Tax Credit (and refer to it going forward as the California EITC). The newly expanded credit will be available to approximately 3 million households; the Administration is proposing to triple the amount of credits. The proposal includes: 1) Providing a \$1,000 credit for every family that qualifies for the credit and has at least one child under the age of 6; 2) Increasing the maximum eligible earned income to \$30,000 so that those working up to full-time at the 2022 minimum wage of \$15/hour will be eligible for the credit; 3) Changing the structure of the credit so that it phases out more gradually. The May Revision also includes \$18.7 million for the Franchise Tax Board to develop and administer a program to give California EITC recipients the option to receive a portion of their EITC as monthly advance payments rather than as lump sum at the end of the year when taxes are filed. The May Revision is proposing conforming to several federal tax provisions (mainly impacting business income) to pay for the California EITC program. The revenue estimates for the conformity changes are expected to generate \$200 million in 2018-19, \$1.7 billion in 2019-20 and \$1.4 billion annually on an ongoing basis.

Emergency Preparedness, Response, and Recovery

Disaster Contingency Planning and Preparedness

The May Revision includes a number of additional investments to support disaster contingency planning and preparedness, including:

- \$5.9 million and 76 positions to the Office of Emergency Services (OES) for enhanced disaster preparedness and response capacity for future state disasters.
- \$2 million and four positions to the Department of Housing and Community Development (HCD) to create a permanent Disaster Response and Recovery Unit that will provide housing expertise in coordination with statewide disaster recovery efforts and to hire a consultant to conduct local needs assessments related to the 2018 Camp and Woolsey fires, as well as create local long-term recovery plan frameworks.
- \$1 million and six positions to the State Water Resources Control Board (SWRCB) to improve emergency response capabilities between the State Water Board, regional boards, and other state entities during emergencies.
- \$2.8 million and 21.5 positions to the Department of Resources Recycling and Recovery to continue its significant role in emergency response mission tasking responsibilities, including a dedicated team to facilitate timely, safe, and effective debris removal operations, as well as to assist local governments in the preparation of debris removal plans for future incidents.
- \$979,000 and two positions to the Emergency Medical Services Authority (EMSA) to increase disaster medical services capacity, including coordination of medical assets during emergency response efforts and one-time purchases of medical treatment and communications equipment.

- \$959,000 and six positions to the Department of Public Health to support health care facilities and mass care shelters during emergencies, as well as disaster preparedness, response, and recovery efforts.
- \$996,000 and six positions to the Department of State Hospitals to improve emergency coordination and preparedness and business continuity planning at five state hospitals and the Department headquarters.
- \$2.9 million and 20 positions to the Department of Social Services to support mandated disaster planning, coordination and training activities. The Department is responsible for statewide mass care and shelter responsibilities.

Public Safety Power Shutdown (PSPS)

Get used to a new acronym! The Governor proposes a one-time investment of \$75 million to improve resiliency of the state’s critical infrastructure in response to investor-owned utility-led Public Safety Power Shutdown (PSPS) actions, and to provide assistance to communities as specific urgent needs are identified.

The proposal is intended to provide a flexible source of funding to facilitate immediate response to utility-initiated power shutdowns. Additionally, planning grants to improve local preparedness for PSPS events would be available to county offices of emergency management to convene regional stakeholders to discuss PSPS preparedness, update emergency plans for PSPS events, and hold trainings, discussions, and exercises to reinforce planning assumptions.

Property Tax Backfill for Fire-Affected Counties

The May Revision proposes \$518,000 to reimburse cities, counties, and special districts for the 2018-19 property tax losses resulting from the 2018 wildfires. This appropriation augments the \$31.3 million previously provided by [AB 72](#) earlier this year and will be provided to local agencies in Los Angeles, Mendocino, Napa, Orange, San Diego, Solano, Tuolumne, and Ventura counties that suffered property tax losses due to the 2018 wildfires, but had not been able to calculate losses in time to be included in the Governor’s January budget.

Transportation

The May Revision continues to include the Governor’s proposal to link transportation funding and housing goals. Specifically, under the proposal, local streets and roads funding from SB 1 (Chapter 5, Statutes of 2017) – the Road Repair and Accountability Act of 2017 – would be contingent upon compliance with housing element law and zoning and entitling to meet updated housing goals.

Housing

Grants for Planning and Infill Infrastructure

The Governor’s May Revision continues to provide \$750 million in one-time funding for affordable housing related activities but refocuses the \$500 million previously identified in the January budget to

reward cities and counties with general purpose revenue. Specifically, the proposal redirects the funds to the Infill Infrastructure Grant Program administered by the Department of Housing and Community Development (HCD). This existing program provides funding for infrastructure that supports higher-density affordable and mixed-income housing in infill areas. The May Revision reports that infill areas might also qualify as federal Opportunity Zones and therefore additional tax benefits.

The May Revision also adds school districts and county offices of education as eligible jurisdictions for a portion of the planning grants. School districts and county offices of education that have surplus property will have the ability to apply for these funds through their regions to develop plans for their excess properties to be used as teacher housing.

Short- and Long-Term Statewide Housing Production Strategy

The Governor's January budget proposed the development of higher short-term statewide housing goals for new housing production across all income levels as well as a long-term revamp of the Regional Housing Needs Assessment (RHNA) process. The May Revision instead relies on the forthcoming 6th cycle RHNA numbers for short-term planning and, over the long-term, HCD will continue to develop a new RHNA process by no later than 2022.

Expanded State Housing Tax Credit Program

The May Revision proposes deeper subsidies for specified preservation projects through the current state tax credit program. The Governor's revised tax credit proposal would also eliminate the sunset date on existing authority that allows a developer to sell "certified" credits to investors, without requiring an ownership interest in the properties being built.

Excess State Property Innovation Challenge

To further the Governor's January budget proposal to create a new "innovation challenge" that calls upon affordable housing developers to engineer demonstration projects that use creative and streamlined approaches to affordable and mixed-income housing, the May Revision includes \$2.5 million one-time General Fund for real estate consultants for both HCD and the Department of General Services, and four positions (\$780,000 ongoing General Fund) for HCD to assist with developing request for proposals, conducting site investigations, evaluating housing developments, and monitoring projects.

Homelessness

Regional Planning

In recognition of the continued homelessness epidemic, the May Revision increases one-time general fund support for homelessness programs for a total of \$1 billion in 2019-20. The May Revision increases by \$150 million, for a total of \$650 million, the proposal to site and build navigation centers, emergency shelters, and supportive housing. Specifically, California's most populous 13 cities will receive \$275 million, counties will receive \$275 million, and Continuums of Care (CoCs) will receive

\$100 million, based on the 2019 federal point-in-time count. The May Revision still makes grant funding contingent upon submitting regional plans to their CoCs.

The May Revision also expands the eligible uses for the funds to include innovative projects including hotel/motel conversions, traditional and non-traditional permanent supportive housing, rapid rehousing, or jobs programs.

Legal Aid for Renters and Landlord-Tenant Disputes

The May Revision proposes an additional \$20 million one-time General Fund to provide grants to nonprofit service organizations to assist specifically with landlord-tenant disputes, including legal assistance for counseling, renter education programs, and preventing evictions.

Student Rapid Rehousing

The May Revision proposes \$6.5 million in ongoing General Fund to support rapid rehousing of homeless and housing insecure CSU students and \$3.5 million ongoing General Fund for UC students.

Health Care Coverage

The Governor is proposing changes to his January proposal to address health care affordability. The May Revision expands to 200 percent of the federal poverty level (FPL) – from 250 percent – the subsidies being offered to individuals purchasing health care coverage in Covered California. Recall that the Governor is proposing subsidies for individuals with incomes up to 600 percent FPL. The May Revision also indicates that approximately 75 percent of the subsidy expenditure will be on individuals with incomes between 400 and 600 percent FPL; subsidies would average \$100 per month. Individuals with incomes between 200 and 400 percent FPL would receive subsidies that average \$10 per month. The subsidies are being funded by revenue from the individual mandate penalty, as follows:

Fiscal Year	Proposed Subsidy	Projected Penalty Revenue
2019-20	\$295.3 million	\$317.2 million
2020-21	\$330.4 million	\$335.9 million
2021-22	\$379.9 million	\$352.8 million

The subsidies will sunset in three years – as was proposed in trailer bill language released earlier this spring. We expect the trailer bill language will be adjusted to reflect the May Revision expansion soon. This item is one of several in the May Revision that sunsets in three years and is identified as providing a bridge to the work of the Healthy California for All Commission; the Governor is proposing to replace the Council on Health Care Delivery Systems with this Commission as part of a Spring Finance Letter, an act that requires legislative approval.

Medi-Cal

The May Revision makes several adjustments to the Medi-Cal caseload and revenue estimates. The May Revision assumes that caseload will decrease by 2.4 percent from 2017-18 to 2018-19 and

increase by 0.02 percent from 2018-19 to 2019-20. The May Revision also projects General Fund expenditures of \$23 billion in 2019-20, which is \$3.3 billion more than 2018-19.

The May Revision continues to assume the expiration of the managed care organization (MCO) tax and does not propose a replacement tax. Governor Newsom was pressed on this point during today's press conference. His response: "It's too risky at this stage, considering the fact that we have multiple waivers — hospital waiver, mental health waiver – that are being presented to the [federal] Administration. In that mix is a lot of anxiety, a lot of concern, and so we want to make sure that when we are ready, that we can get it done, and so I thought it would be imprudent to include it until we had more confidence." Dr. Mark Ghaly, the Health and Human Services Agency Secretary, made it clear that the Administration is open to considering a MCO tax at a different point in time, leaving open the door for conversation at a later date.

Full-Scope Medi-Cal Expansion for Undocumented Young Adults

The May Revision adjusts the implementation date to no sooner than January 1, 2020 – which is six months later than what was proposed in January. The May Revision includes \$98 million (\$74.3 million General Fund) for the expansion.

Redirection of County 1991 Realignment Savings Linked to the Medi-Cal Expansion

The May Revision proposes all of the following: 1) Adjusts the 1991 Realignment redirection to reflect a six-month delay in implementation for certain counties. On a conference call with stakeholders this afternoon, a Department of Finance representative indicated that a revised Finance letter will be released in the coming days that will revisit the 75 percent redirection; 2) Recognizes Yolo County as a County Medical Services Program (CMSP) county; and 3) Proposes to withhold 1991 Realignment revenues from the CMSP Board until the Board's total reserves reach two years of annual expenditures. Once that reserve level is reached, 75 percent of the revenue will be redirected.

Pharmacy Transition to Fee-for-Service

The Administration includes an estimate of the state savings related to the transition of the pharmacy benefit from managed care to fee-for-service of \$393 million General Fund by 2022-23. The transition is scheduled for January 1, 2021; the Administration acknowledges that savings will be immediately realized due to the timing of drug rebates and the managed care rate setting process. On a call with stakeholders, the Department of Health Care Services indicated that total savings are \$1.1 billion (all fund sources) and that they will be releasing additional details to stakeholders in the coming days.

Medi-Cal County Administration

The May Revision provides an additional \$15.3 million (total funds) over the January budget for county Medi-Cal eligibility determinations.

Whole Person Care

The May Revision includes an additional \$20 million in one-time funding (Mental Health Services Fund) over five years to expand Whole Person Care to counties that do not currently operate a pilot. This proposed investment is in addition to the \$100 million in the Governor's January budget.

Peer-Run Mental Health Crisis Line

The May Revision includes \$3.6 million (Mental Health Services Fund) annually for three years to provide support for a statewide peer-run mental health crisis line.

Substance Use Disorder

The May Revision includes \$21.5 million in Proposition 64 funds for competitive grants to develop and implement new youth programs in the areas of education, prevention and early intervention of substance use disorders. The funds are continuously appropriated.

Proposition 56

The May Revision includes approximately \$263 million in additional Proposition 56 revenues, due to a one-time fund reconciliation. The May Revision notes that the Proposition 56 funding structure will sunset in three years (December 31, 2021) and identifies this as a bridge to the work of the Healthy California for All Commission. The document notes that these investments remain a priority. New investments include:

Medi-Cal Loan Repayment Program

The Governor's revised budget provides \$120 million Proposition 56 funds for the Medi-Cal loan repayment program – making \$340 million available over the next several years, including \$290 million for physicians and \$50 million for dentists.

Trauma Screenings

The Governor is proposing \$25 million (\$60 million over three years) to train providers to conduct the trauma screenings proposed in the January budget.

Value Based Payments

The May Revision proposes an additional \$70 million (one-time) for Value Based Payments Program for behavioral health integration, bringing the total to \$250 million available over the next several years.

Optician and Optical Lab Services

The May Revision includes \$11.3 million to restore optician and optical lab services for adult beneficiaries in the Medi-Cal program, effective no sooner than January 1, 2020.

Health Workforce

In addition to the \$122 million in the January budget for health workforce, the May Revision includes \$220 million bringing the total to over \$600 million over the next few years:

Medi-Cal Loan Repayment Program

\$120 million Proposition 56 funds for the Medi-Cal loan repayment program – making \$340 million available over the next several years, including \$290 million for physicians and \$50 million for dentists.

Mental Health Workforce Education and Training

\$100 million from the Mental Health Services Fund for the new 2020-25 Workforce Education and Training (WET) Five-Year Plan to address the shortage of qualified mental health professionals in the public mental health system.

Social Services

The May Revision includes several adjustments to programs administered by the Department of Social Services, as detailed below.

In-Home Supportive Services (IHSS)

The May Revision updates two IHSS proposals from the Governor's Budget:

County IHSS Maintenance of Effort Adjustment. The May Revision provides an increase of \$55 million General Fund to related to re-benching the County IHSS Maintenance of Effort to reflect revised 1991 Realignment revenue projections and revised IHSS caseload and cost projections.

IHSS Restoration of the 7-Percent Across-the-Board Reduction to Service Hours. The May Revision includes an increase of \$15.3 million General Fund to reflect the updates costs for restoring the 7-percent across-the-board reduction to IHSS services. Please note that the Administration is not proposing to permanently eliminate the 7-percent across-the-board reduction to IHSS services.

CalWORKs

Single Allocation Budgeting Methodology. The May Revision provides an additional ongoing \$41.4 million General Fund and Temporary Assistance to Needy Families (TANF) funds to reflect a revised budget methodology for the employment services portion of the CalWORKs single allocation.

CalWORKs Outcomes and Accountability Review. The May Revision provides an additional ongoing \$13.2 million General Fund and TANF funds for counties to perform required Continuous Quality Improvement activities consistent with Cal-OAR implementation.

CalWORKs Stage One Child Care. The May Revision provides an increase of \$40.7 million General Fund in 2019-20 (\$54.2 million annually thereafter) to establish a 12-month eligibility period for CalWORKs Stage One Child Care services.

CalWORKs Home Visiting Initiative. The May Revision provides an increase of \$10.7 million General Fund and federal TANF funds to reflect updated projections of CalWORKs cases eligible for home visiting.

CalFresh

The May Revision provides a one-time increase of \$15 million General Fund in 2019-20 for county administration efforts to process new CalFresh applicants as a result of eliminating the Supplemental Security Income Cash-Out policy.

Child Welfare Services

Resource Family Approval Administration and Application Backlog. The May Revision includes a one-time increase of \$14.4 million General Fund in 2019-20 to support county efforts in eliminating the backlog of foster care resource family applications that are pending review and approval.

Foster Parent Recruitment, Retention and Support. The May Revision includes a one-time increase of \$21.6 million General Fund in 2019-20 to recruit, retain and support foster parents, relative caregivers, and resource families.

Foster Care Emergency Assistance. The May Revision includes an increase of \$21.7 million General Fund and federal TANF funds in 2019-20 to provide caregivers with up to four months of emergency assistance payments pending resource family approval. Beginning in 2021 and beyond, the state will fund emergency assistance payments for up to three months. The May Revision includes a TANF reserve of \$31.2 million to fund emergency assistance costs through 2020-21.

Child Care

The May Revision includes additional investments to increase access to subsidized child care, including: 1) \$80.5 million (Cannabis Fund) to subsidize child care for school-age children from income-eligible families; 2) \$40.7 million General Fund in 2019-20 and \$54.2 million ongoing to allow CalWORKs recipients to receive Stage 1 child care for up to 12 months; 3) \$12.8 million federal funds to pilot a program to allow alternative payment agencies to offer emergency child care vouchers to families on the waiting list who are in crisis and in need of temporary assistance; 4) \$2.2 million ongoing federal funds to improve child care quality through Quality Counts California; 5) an additional \$38.3 million ongoing General Fund for CalWORKs Stages 2 and 3 child care, which – combined with other funds – will provide child care to an additional 14,000 children.

Public Health

The May Revision includes \$40 million one-time General Fund to slow infectious disease epidemics. The funding will be available over four years through local public health departments and tribes to assist in providing prevention, testing, and treatment services. Additional public health adjustments include:

California Home Visiting Program

The May Revision includes \$22.9 million in Medicaid funds to support the California Home Visiting Program, in addition to the \$23 million in the Governor's Budget.

Black Infant Health Program

The May Revision includes \$12 million in Medicaid funds to support the Black Infant Health Program, in addition to the \$7.5 million in the Governor's Budget.

Cannabis Surveillance and Education

The May Revision includes \$12 million in Proposition 64 funds for surveillance and education activities. The funds are continuously appropriated.

Emergency Preparedness, Response and Recovery

The May Revision includes \$959,000 (\$569,000 General Fund) to support health care facilities and mass care shelters during emergencies as well as disaster preparedness, response and recovery efforts.

Behavioral Health

Conditional Release Step Down Program

The May Revision includes an increase of \$5.7 million in 2019-20 and \$11.5 million annually thereafter for the Department of State Hospitals to contract for a 78-bed community step-down program to serve Mentally Disordered Offenders and Not Guilty by Reason of Insanity commitments who are preparing for conditional release from state hospitals to the community within 18 to 24 months.

Master Plan on Aging

The May Revision does NOT include any investments in a Master Plan on Aging. HHS Secretary Mark Ghaly acknowledged this fact, but indicated to stakeholders today that he expected the conversation around the Master Plan to occur over the next several months, which could produce some augmentations and additions to aging programs.

During the Senate Budget and Fiscal Review Subcommittee No. 3 hearing today, there was a discussion of providing \$5 million to fund the Master Plan on Aging. The Administration representative indicated they are willing to engage in a conversation about resources and will do so shortly.

Immigration

Immigration-Related Pilot Projects

The May Revision includes a proposal to use \$5 million of the \$10 million General Fund proposed in 2019-20 for the provision of legal services to unaccompanied undocumented minors and Temporary Protected Status beneficiaries: 1) establish a pilot to provide mental health evaluations related to legal

defense and 2) develop a family reunification navigator pilot to connect undocumented minors and their families with services in the community.

Local Public Safety and State Corrections

Juvenile Justice

As reported previously, the Administration recently released [trailer bill language](#) to carry out its proposed move of the Division of Juvenile Justice out of the California Department of Corrections and Rehabilitation (CDCR) to a new unit within the Health and Human Services Agency. The May Revision contains additional narrative about the proposed Department of Youth and Community Restoration, which would become operational on July 1, 2020. Additionally, the Governor now proposes \$1.2 million for staff needed to facilitate the transition and to launch a new independent training institute that will train staff on best practices and cultivate the cultural change needed to accompany the department's enhanced focus on rehabilitative and therapeutic approaches. Further, the May Revision proposes to invest \$1.4 million to establish a partnership between DJJ (and its successor) and the California Conservation Corps for an apprenticeship program.

Community Corrections Performance Incentive Grant (SB 678)

The May Revision proposes \$112.8 million in 2019-20 for incentive payments to county probation departments as a result of ongoing implementation of community programs and practices that reduce commitments of felony probationers to state prison. This proposed funding level is slightly lower than what was estimated in January (a decrease of \$548,000).

Resources for Additional Post-Release Community Supervision (PRCS) Workload

Given increases in counties' PRCS populations resulting from implementation of Proposition 57 (2016), the budget proposes \$14.8 million to support associated probation department workload; this figure is \$2.9 million higher than the January budget proposal.

2011 Realignment Revenue Updates

As is customary, the Governor's May Revision updates revenue estimates across all accounts and subaccounts for programs realigned to counties in 2011. The overall 2011 Realignment funding level for 2019-20 is estimated to be \$8.2 billion, reflecting a downward adjustment of approximately \$161 million from the January budget given lower-than-expected state sales tax performance. All subaccounts are expected to receive growth funding in 2018-19 and 2019-20, but at levels lower than was expected in the January budget estimate.

2011 Realignment Estimate¹ - at 2019 May Revision

	2017-18	2017-18 Growth	2018-19	2018-19 Growth	2019-20	2019-20 Growth
Law Enforcement Services	\$2,467.2		\$2,560.8		\$2,649.7	
Trial Court Security Subaccount	550.3	\$9.4	559.7	\$8.9	568.6	\$11.4
Enhancing Law Enforcement Activities Subaccount ²	489.9	192.8	489.9	224.5	489.9	241.4
Community Corrections Subaccount	1,241.1	70.1	1,311.2	66.7	1,377.9	85.7
District Attorney and Public Defender Subaccount	33.2	4.7	37.9	4.4	42.4	5.7
Juvenile Justice Subaccount	152.7	9.4	162.1	8.9	171.0	11.4
Youthful Offender Block Grant Special Account	(144.3)	(8.9)	(153.1)	(8.4)	(161.5)	(10.8)
Juvenile Reentry Grant Special Account	(8.4)	(0.5)	(8.9)	(0.5)	(9.4)	(0.6)
Growth, Law Enforcement Services		286.4		313.4		355.6
Mental Health³	1,120.6	8.7	1,120.6	8.3	1,120.6	10.6
Support Services	3,591.7		3,756.7		3,913.5	
Protective Services Subaccount	2,258.0	78.1	2,336.2	74.3	2,410.5	95.5
Behavioral Health Subaccount	1,333.7	86.8	1,420.5	82.6	1,503.0	106.1
Women and Children's Residential Treatment Services	(5.1)	-	(5.1)	-	(5.1)	-
Growth, Support Services		173.6		165.2		212.2
Account Total and Growth	\$7,639.5		\$7,916.7		\$8,251.6	
Revenue						
1.0625% Sales Tax	6,956.8		7,202.2		7,520.3	
Motor Vehicle License Fee	682.7		714.5		731.3	
Revenue Total	\$7,639.5		\$7,916.7		\$8,251.6	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

¹ Dollars in millions.

² Base Allocation is capped at \$489.9 million. Growth does not add to the base.

³ Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

Corrections

The revised budget expresses an intent to develop over the next year a plan to further transform the state corrections system, which will focus on public safety, increased rehabilitation, expanded opportunities for reentry, and restorative justice. In the meantime, the May Revision proposes these near-term investments in support on the longer-term goals.

Reentry Expansion. The May Revision proposes to invest \$8.8 million to establish two new 60-bed female facilities in Los Angeles and Riverside Counties as well as to expand an existing male facility in Los Angeles by 10 beds.

Integrated Substance Use Disorder Treatment Program. The revised budget makes new investments of \$71.3 million in 2019-20 and \$161.9 million annually beginning in 2020-21 for three related initiatives: (1) the use of medication-assisted treatment to address opioid and alcohol use disorders among prison inmates; (2) a redesign of the current cognitive behavioral treatment continuum; and (3) the development and management of inmate treatment plans and substance use disorder specific pre-release transition planning.

Tattoo Removal Program. The May Revision refines a January budget proposal to develop a tattoo removal program for adult prison inmates. The proposed investment (\$1.1 million in 2019-20 and \$2.1 million annually thereafter) would provide tattoo removal services to approximately 3,000 inmates annually.

Sign Language Interpreter Services. The May Revision includes \$1.5 million annually to provide sign language interpretation for inmates for purposes of ensuring equal access to rehabilitative programs and services.

Inmate Medical Care. The May Revision provides \$114.3 million in ongoing funding the Prison Healthcare Receiver to cover unanticipated current year costs associated with contract medical services, pharmaceuticals, clinical staffing, and leased office space. This augmentation also accounts for an increase of \$27.9 million associated with increased staffing levels for system-wide health care operations, as identified by updated inmate medical classifications. The prison population is aging, becoming sicker, and experiencing an increase in trauma-related incidents.

Victims Services and Violence Prevention

The Governor's May Revision several proposals to enhance existing efforts to assist crime victims and reduce the likelihood of victimization for those who are most at risk. They are as follows:

Violence Intervention and Prevention Program. The May Revision proposes an additional augmentation of \$18 million – for a total of \$27 million – in funding for the California Violence Intervention and Prevention Program. Administered through the Board of State and Community Corrections, this program provides grants to eligible cities and community-based organizations.

Program Consolidation. Over the next year, the Administration intends to develop a plan to consolidate victims programs within the Office of Emergency Services and the Victim Compensation Board; these programs would move to a new state department under the Government Operations Agency. The purpose of the consolidation is to facilitate easier access to information and services for victims and their families. A formal budget proposal for this reorganization is expected in the 2020-21 budget; other victim programs could be identified for inclusion in this proposal in the coming months.

Victim Impact Programs. The May Revision makes clear that the existing CDCR Office of Victims and Survivor Rights and Services will not be subject to the program consolidation described above. Further, the revised budget proposes additional resources for the office's Victim Offender Dialogue Program and for CDCR's Division of Rehabilitative Programs for purposes of expanding victim impact programs.

Judicial Branch

Judgeship Funding

The Governor's revised budget includes \$30 million in 2019-20 (and \$36.5 million annually beginning in 2020-21) to fund 25 previously authorized superior court judgeships. Distribution of the judicial positions will be determined by the Judicial Council's Judicial Needs Assessment, expected to be

updated in late summer 2019. (The 2018 preliminary [update](#) demonstrates that 127 additional judicial officers are needed to meet statewide workload demands.) The counties of Riverside and San Bernardino have – by a significant margin – the most severe judgeship need (see Appendix B at the previous link for more details).

Dependency Counsel Funding

The May Revision includes an ongoing increase of \$34 million in federal funds to support quality representation of parents and children in dependency proceedings, reflecting a recent change in the federal Families First Prevention Services Act. That change now defines activities associated with court-appointed dependency counsel as eligible for Title IV-E reimbursement. In addition to the federal funds to reimburse dependency counsel providers, the May Revision also includes resources (\$1.5 million and 7.5 positions) for the Judicial Council for associated administrative purposes. The Governor’s January budget increased dependency counsel funding by \$20 million, and this augmentation remains part of the budget. While these considerable investments will not bring the overall funding level to \$207 million –the investment needed to reduce caseloads to the maximum level reasonable (141 cases/attorney) as determined by a previous Judicial Council study – they are a significant step in the right direction.

Legal Aid

As mentioned previously, the May Revision augments the Judicial Branch’s Equal Access Fund by a one-time investment of \$20 million to provide grants to more than 100 non-profit organizations that offer legal assistance to low-income Californians. This proposed appropriation specifically targets landlord-tenant disputes, including legal assistance for counseling, renter education programs, and eviction prevention.

Trial Court Budget Reserves

The May Revision amends an action taken in the 2013-14 budget, which currently limits trial courts to a 1 percent budget reserve. In recognition that this restriction has presented legitimate operational challenges for trial courts, the Governor proposes increasing the trial court reserve cap to 3 percent beginning June 30, 2020.

Environmental Protection

Pest Management

The May Revision includes \$5.7 million to assist in the transition to safer pesticide alternatives. The proposed funding would pay for research and technical assistance to develop alternative pesticides and a work group at the Department of Food and Agriculture to identify, evaluate, and recommend alternative pest management tools. This proposal stems from a recent decision by the Department of Pesticide Regulation to ban the use of chlorpyrifos, an insecticide used primarily on nut trees and fruit, vegetable, and grain crops in California. Acute exposure to chlorpyrifos presents serious health risks to

humans, including neurological development impairments, especially in children and sensitive populations.

Department of Toxic Substances Control (DTSC)

The May Revision includes one-time funding of \$37.5 million to address structure budget deficits in the two main special funds that fund the Department of Toxic Substances Control (DTSC). In the meantime, the Administration indicates it will be working on reforms necessary to improve accountability and transparency to impacted communities and regulated entities. Further, the Administration will develop a fee package to generate sufficient revenue to support the Department's mission. A performance audit of the Department is expected to be completed in the fall of 2019.

Safe Drinking Water

The May Revision makes no changes to the Governor's proposal to enact an ongoing sustainable funding to assist disadvantaged communities in paying for the costs of obtaining access to safe and affordable drinking water. However, the Governor reiterated his commitment to working with the Legislature and stakeholders on a comprehensive package that includes a sustainable and reliable source of funding for safe and affordable drinking water for all Californians.

Cap and Trade

The May Revision proposes an additional \$251.5 million to the \$1 billion Cap and Trade Expenditure Plan (for a total of \$1.251 billion), as detailed in the table that follows. Additional investments include affordable housing, sustainability and resiliency priorities (see table at the on page 19 for more details).

Transformative Climate Communities

The May Revision includes a one-time increase of \$92 million to support integrated, community-scale housing, transit-oriented development, and neighborhood projects that reduce emissions in disadvantaged areas.

Low Carbon Transportation

The May Revision includes a one-time increase of \$130 million for programs that will reduce emissions from the transportation sector, with a focus on diesel pollution, including 1) \$65 million to replace and upgrade diesel engines and equipment in the agricultural sector and 2) \$50 million to provide incentives for zero-emission trucks, transit buses, and freight equipment. Additionally, \$15 million is proposed to help individuals replace old, highly polluting vehicles with newer more efficient cars and trucks.

Climate Smart Agriculture

The May Revision includes a one-time increase of \$20 million, including \$10 million for the Healthy Soils program and \$10 million for methane reduction programs.

Preparing Workers for a Carbon-Neutral Economy

The May Revision includes an ongoing increase of \$8 million to increase job training and workforce development, including targeted pre-apprenticeship and apprenticeship programs for the construction industry and a new High Road Training Partnership program.

Transition to a Carbon-Neutral Economy

The May Revision includes a one-time increase of \$1.5 million for a study laying out the key actions the state must take to transition toward a carbon-neutral economy. The study will examine the environmental and economic programs and policies to reduce fossil fuel demand by 2050.

What's Next?

Budget subcommittee hearings will start as early as Monday of next week. It is expected that subcommittee work in both houses will close out by May 24, and the Budget Conference Committee activities will begin sometime after June 1.

For a preview of differences between the two houses on budget priorities, the Democratic leader in the Senate and Assembly each released a statement today following the release of the May Revision:

Senate President Pro Tem Toni Atkins: "I applaud Governor Newsom for the way he has made his original budget proposal even stronger. The May budget revision reflects California's fiscal strength, increases our prudent reserves, and makes important investments for the future. I am particularly pleased to see more funding for K-12 education and increases for the Earned Income Tax Credit to help even more working Californians. Given the critical challenges we face addressing homelessness and preparing and responding to natural disasters, the Governor has appropriately increased funding in those areas as well."

Assembly Speaker Anthony Rendon: "Keeping the state budget flexible and ready for economic uncertainties is crucial. I appreciate how Governor Newsom's budget revision reflects both that and the key priorities of my Assembly colleagues. The budget shows respect for our Assembly priorities, including new investments in early childhood education for infants, toddlers, and preschoolers." He also states that "we will consider the LAO's suggestion to extend the so-called MCO tax to support current health care services."

We will keep you apprised of budget developments in the coming weeks as we approach the constitutional deadline of June 15.

Questions?

Should you have questions on any aspect of the May Revision or budget process in general, please do not hesitate to reach out to any of us. Thank you!

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2019-20 Cap and Trade Expenditure Plan
(Dollars in Millions)

Investment Category	Department	Program	Governor's Budget	May Revision	Total
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection	\$200	-	\$200
		AB 617 - Local Air District Implementation (\$50 million total, including other funds)	\$20	-	\$20
		Technical Assistance to Community Groups	\$10	-	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Project	\$200	-	\$200
		Clean Trucks, Buses, & Off-Road Freight Equipment	\$132	\$50	\$182
		Enhanced Fleet Modernization Program & Transportation Equity Projects	\$50	\$15	\$65
		Agricultural Diesel Engine Replacement & Upgrades	\$25	\$65	\$90
Healthy Forests	CAL FIRE	Healthy & Resilient Forests	\$165	-	\$165
		Prescribed Fire & Fuel Reduction	\$35	-	\$35
Climate Smart Agriculture	Department of Food & Agriculture	Healthy Soils	\$18	\$10	\$28
		Methane Reduction	\$25	\$10	\$35
Short-Lived Climate Pollutants	CalRecycle	Waste Diversion	\$25	-	\$25
Integrated Climate Action: Mitigation & Resilience	Strategic Growth Council	Transformative Climate Communities	\$40	\$92	\$132
	Coastal Commission & BCDC	Coastal Resilience	\$3	-	\$3
	Community Services & Development	Low-Income Weatherization	\$10	-	\$10
	California Conservation Corps	Energy Corps	\$6	-	\$6
Workforce Training	Workforce Development Board	Preparing Workers for a Carbon-Neutral Economy	\$27	\$8	\$35
Climate and Clean Energy Research	Strategic Growth Council	Climate Change Research	\$10	-	\$10
	California Environmental Protection Agency	Transition to a Carbon-Neutral Economy	-	\$1.5	\$1.5
Total			\$1,001	\$252	\$1,253

Public Hearings 6.

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

Reorganization of the Lower Elkhorn Reclamation Districts (RDs), Dissolving RD 785 and RD 827 and annexing both territories into RD 537, subject to terms and conditions

RECOMMENDED ACTION

1. Receive staff presentation and open the Public Hearing for public comments on this item.
2. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing.
3. Adopt **Resolution 2019-06** approving the Reorganization of the Lower Elkhorn Reclamation Districts (RDs), Dissolving RD 785 and RD 827 and annexing both territories into RD 537, subject to terms and conditions.

FISCAL IMPACT

No fiscal impact to LAFCo. The RDs as the proposal applicants are required to reimburse Yolo LAFCo for all processing costs.

REASONS FOR RECOMMENDED ACTION

Reclamation districts are responsible for protecting development in floodplain lands through levee operations, maintenance, design, and construction. Reclamation districts may also perform other duties, and in some cases enterprise activities, including irrigation, drainage, and recharge needs. The origin of reclamation districts began in 1850 when the U.S. Congress passed the Reclamation Act authorizing lands to be purchased and placed into reclamation holdings for preservation and use. A series of new laws in California followed, including allowing counties to sell "swamp land" for \$1 per acre for reclamation purposes (1855) and authorizing the local County Board of Supervisors to apply assessments on property for improvement and maintenance (1861). From 1866 to 1911, the authority for oversight of reclamation districts changed from the Swamp Land Commission to each of the County Board of Supervisors and then to the

State Board of Reclamation. When the Legislature created LAFCos, reclamation districts came under the oversight of LAFCos to establish service boundaries and spheres of influence (SOI).

Over one hundred years passed without substantial change in flood protection planning. The old plan consisted of a levee and bypass system, which successfully reduced the frequency of flooding to primarily agricultural lands. These levees, however, did not have a sophisticated design or seepage controls, resulting in failures from time to time. Over the years, rural homes, urban subdivisions, and high-value permanent crops were developed on these lands. A new flood protection plan for California's Central Valley was long overdue. After Hurricane Katrina in 2005, the U.S. Army Corps of Engineers evaluated much of California's Central Valley flood control system and determined that it was substandard. In 2007, the State Legislature directed the Department of Water Resources and the Central Valley Flood Protection Board to prepare a new flood protection plan.

2012/2017 Central Valley Flood Protection Plan Context

Flood management in the Central Valley is affected by a complex framework of public agencies (over 300 in the Sacramento Basin and over 200 in the San Joaquin Basin). At the local level, governance is complicated by multiple small levee maintaining agencies (LMAs) with limited resources, including staff, revenues, and authorities. Flood management in Yolo County along the Sacramento River System is currently carried out by fifteen (15) separate local agencies including: twelve (12) reclamation districts (RDs); one (1) drainage district; one (1) levee district; and one (1) county service area. In addition, the California Department of Water Resources (DWR) and the United States Army Corps of Engineers (USACE) maintains portions of the System in Yolo County.

As noted in the Central Valley Flood Protection Plan 2017 Update (page 3-46) enhanced regional governance can empower groups of local agencies to more effectively pool and leverage funding and resources, enhance collaboration and coordination, coordinate political advocacy, and create shared ownership of the flood system. Regional planning and project implementation is greatly improved through enhanced regional governance. Regional governance not only improves collaboration among local agencies within a region, but also facilitates more effective partnering with State and federal governments, greatly helping to define and achieve a shared regional vision. Strong regional governance and shared understanding of roles and responsibilities will support a shift toward system-scale, long-term, outcome-driven resource management that balances a broad array of public values and priorities. Dialogues should be fostered within a structured, transparent process that includes schedules, actionable recommendations, and stakeholder engagement.

In an effort to improve statewide flood management, the State Department of

Water Resources (DWR) funded a locally led Regional Flood Management Plan process in six Central Valley regions. The intent of the effort includes establishing a common vision among regional partners, articulating local and regional flood management needs and priorities, describing regional financing strategies, and establishing improved regional governance for implementation. Through interaction with these regional groups, State DWR has advanced the idea of LMA consolidation. This concept, which arose in the aftermath of the Hurricane Katrina disaster, is founded on the belief that it would be more efficient for existing LMAs to voluntarily collaborate, enabling them to “speak with one voice” (e.g. on matters affecting multiple LMAs whose levees protect the same hydrologic basin), perform consistent O&M, and increase emergency response capabilities (source: Yolo County Flood Governance Study 2017, page 60).

2014 Yolo County Flood Governance Study Recommendations

The Yolo County Flood Governance Study, which was prepared for the Lower Sacramento/Delta North Region and funded by the Department of Water Resources, recommended a combination of the “regional communication and collaboration network” (Alternative 2) and a “hydrologic basin” approach (Alternative 3) would be desirable and useful. The study recommended that each of the five “basins” develop their own version of coordinated governance: 1) Knights Landing; 2) Elkhorn; 3) Woodland; 4) West Sacramento; and 5) Clarksburg. These designations are consistent with current engineering logic, and formally coordinate areas that are either already working together, and/or depend on each other’s compliant flood infrastructure management. The Study found that while reclamation districts are best suited to conduct routine O&M and on-site emergency response, some flood management activities would be better accomplished at the regional level. According to the Study, Yolo County residents would be better served if each basin provided a consistent level of maintenance and flood response and either functioned as one entity or in a coordinated manner to accomplish this objective.

For the Elkhorn Basin, the 2014 Governance Study found the Elkhorn basin undergoing significant change due to proposed improvements to the Yolo Bypass. Significant portions of the land within the Elkhorn Basin districts are affected by a Bypass expansion project. This action will significantly decrease assessment revenue, making it nearly impossible to conduct required O&M. At the time of the 2014 Governance Study, the Elkhorn Basin districts were actively working with the County and the Lower Sac/Delta North Region to express their concerns on how their Districts would be adversely affected by the proposed bypass expansion. The districts expressed a willingness to consider consolidation, although they had concerns regarding liability, uncertainty over the new assessments, and how the new RD would be managed.

Since the 2014 Governance Study, the Department of Water Resources (DWR) has approved the Lower Elkhorn Basin Levee Setback (LEBLS) Project along the

east side of the Yolo Bypass between I-5 and the Sacramento Bypass. The LEBLS project is the first multi-benefit flood management project to be implemented by the California Department of Water Resources (DWR) that is an outgrowth of the Central Valley Flood Protection Plan (CVFPP). LEBLS' primary feature is a new, 7-mile long setback levee that is intended to increase the flood carrying capacity of both the Yolo Bypass and Sacramento Bypass, thereby enabling future improvements to the flood system such as widening the Fremont and Sacramento Weirs and setback levees in the Yolo Bypass. These projects are being proposed to be accomplished in a manner that will not only lower flood stages in the Sacramento River, but also benefit the rural areas and small communities adjacent to the Yolo Bypass.

2016 Elkhorn Basin Draft Governance Study

The LEBLS project spurred discussion among the Elkhorn Basin RDs regarding governance in the basin. At the request of the RDs, MBK Engineers prepared the Elkhorn Basin Draft Governance Study for Reclamation Districts 537, 785, 827, and 1600 in November, 2016. This study represents a collaborative effort to engage the Districts in identifying and weighing alternative governance options that could enhance local flood management entities and encourage a unified local voice as well as assess whether alternative governing methods might lead to more effective operations, maintenance, and implementation of flood management.

The Elkhorn Basin Draft Governance Study considered four (4) alternatives: 1) Maintaining the current condition; 2) Creating a Joint Powers Authority (JPA) of all four reclamation districts; 3) Combining all four reclamation districts; and 4) Combining only 827, 785, and 537. The Reclamation Districts moved forward with the combination of the three districts in Lower Elkhorn (RD 827, 785, and 537) under RD 537. This combined district would provide opportunities for economies of scale by consolidating maintenance and management activities, it improves the ability to ensure a standard level of maintenance for the levees protecting this hydrologic basin, and ensures the landowners with similar concerns will speak with one voice. The urbanized portion of RD 537 that lies south of the Sacramento Bypass would be detached under a separate proposal. This proposal also does not include RD 1600. There is an effort underway to possibly relocate the Sierra Northern rail line, which currently runs parallel to Interstate 5 through the Yolo Bypass. This relocation could potentially allow for the removal of the Fremont Trestle and the construction of a cross levee which could separate the Elkhorn basin into two hydrologic basins. Therefore, it may make sense for RD 1600 to remain as a standalone district.

LAFCo 2018 MSR Governance Recommendations

In its 2018 MSR, LAFCo recommended the agencies responsible for levee O&M in each hydrologic basin develop governance solutions that will provide for a uniform level of operation and maintenance so that the protected area is not a risk due to

inconsistent maintenance or flood fight response capabilities. The governance solution for each basin could take a variety of forms including: agency merger/consolidation, contracts for shared services, MOUs, or JPAs. The goal for each basin is to achieve equal service standards, consistent maintenance standards (which may require consistent fee/assessment structures), and improved coordination during flood events.

Below is LAFCo's recommendation for the Elkhorn Basin RDs which is now being acted upon with this proposal:

Once the Lower Elkhorn Basin Levee Setback is approved by DWR and a commitment for ongoing funding received from SAFCA (Sacramento Area Flood Control Agency), Reclamation Districts, 827, 785, and 537 should consider adopting Resolutions of Application for consolidation and submit a proposal application to LAFCo as detailed in the Draft Project Management Plan for the Bryte Landfill Relocation and SAFCA Associated Actions in Support of the Lower Elkhorn Setback. This consolidation may not include RD 1600. There is an effort underway to possibly relocate the Sierra Northern rail line, which currently runs parallel to Interstate 5 through the Yolo Bypass. This relocation could potentially allow for the removal of the Fremont Trestle and the construction of a cross levee which could separate the Elkhorn basin into two hydrologic basins. Therefore, it may make sense for RD 1600 to remain as a standalone district.

Government Code Section 56375 provides LAFCo with the power to review and approve proposals for "changes in organization" and "reorganizations" (i.e. more than one change in organization) consistent with policies adopted by the commission. Government Code Section 56021 defines "changes of organization" to include annexation and dissolution of special districts, among other actions.

BACKGROUND

Proposal Description

The proposal application was received by LAFCo on December 10, 2018 including signed resolutions from all three RDs making this proposal request. The proposal is seeking approval to dissolve RD 785 and RD 827 and annex both territories into RD 537. The RDs opted to submit the proposal as a dissolution/annexation instead of a consolidation (that would combine the districts into one new RD with a new number assigned) because, according to RD representatives, RD 537 is the oldest of the three districts and has the best levee maintenance record. Staff was initially concerned about unintended consequences to the West Sacramento Area Flood Control Agency (WSAFCA) Joint Powers Authority (JPA) because RD 537 is one of its members and this proposal will ultimately remove RD 537's territory from the West Sacramento Basin. However, legally RD 537 can remain a JPA member even though it has no territory in the West Sacramento Basin, this

issue is outside LAFCo's authority and not part of this proposal, and the JPA agreement contains provisions for member withdrawal. Therefore, this issue will be dealt with by WSAFCA separate from the LAFCo process.

Factors to be Considered

In accordance with Government Code Section 56668, the factors to be considered in the review of a proposal shall include, but is not limited to, all of the following:

- Population, land use, natural boundaries, proximity to other populated areas, and likelihood of significant growth in the area during the next 10 years;
- The need for organized community services, the adequacy of governmental services and controls in the area, the probable effect of annexation and alternative courses of action;
- The effect of the proposed action (and alternative actions) on the adjacent areas, social and economic interests and local governmental structure of the county;
- The conformity of the proposal and its effects with adopted commission policies on providing planned, orderly and efficient patterns or urban development;
- **The effect of the proposal on maintaining the physical and economic integrity of agricultural lands;**
- The definiteness of the boundaries with parcel lines and the creation of any "islands" or corridors of unincorporated territory;
- A regional transportation plan;
- The proposal's consistency with city or county general and specific plans;
- The sphere of influence of any applicable local agency;
- **The ability of the receiving entity to provide services and the sufficiency of revenues for those services;**
- Availability of water supplies;
- The extent to which the proposal will affect a city in achieving its regional housing needs as determined by its council of governments;
- **Any information or comments from landowners, voters or residents fo the affected territory;**
- Any information relating to existing land use designations;
- The extent to which the proposal will promote environmental justice, meaning the fair treatment of people of all races, cultures and incomes with the respect to the provision of public services; and
- Any local hazard plan or safety element of a general plan that identify land as a very high fire hazard zone.

Yolo LAFCo's local standards of evaluation for proposals (Section 2.0) elaborates on these state mandated factors with the following additional standards:

- Favoring municipal services by cities in urbanized areas rather than the County or special districts;
- Consider not only present service needs of the area under consideration, but

shall also consider future services which may be required to take care of future growth or expansion;

- Requiring a service plan that describes the extension, financing and timing of services;
- SACOG's regional housing needs for the agency, recent update (and certification) of the agency's housing element, whether the agency's inclusionary housing ordinance complies with SACOG's Affordable Housing Compact, the degree to which the proposal meets the agency's "low income" and "very low income" housing targets, and the extent to which the proposal advances or inhibits the agency's housing element; and
- Consistency with the Agricultural Conservation Policy.

Analysis

The proposal would implement LAFCo's 2018 MSR recommendations for the Elkhorn Basin as noted in the previous section. It maintains the physical and economic integrity of the agricultural lands in the Lower Elkhorn Basin by combining the RDs that are interdependent, sharing segments of the ring levees in the same basin, thereby protecting the lands from flooding for agricultural use.

Regarding sufficiency of revenues, RD 827 receives a property tax increment that will be transferred to RD 537 under this proposal. Yolo County approved a property tax exchange agreement on behalf of the special districts on April 23, 2019. The Lower Elkhorn Basin Levee Setback (LEBLS) Project itself will be funded by DWR but the local RDs will be responsible for ongoing operations and maintenance (or as DWR terms OMRRR: Operations, Maintenance, Repair, Replacement and Rehabilitation). The LEBLS Project is expected to begin construction in fiscal year 20/21 and take two years to complete. With the setback and reduced land available for production, there will be less land to assess to fund OMRRR and therefore, the proposal will be subject to a Proposition 218 election for the landowners to approve a new assessment structure to ensure sufficient revenues for the receiving entity (RD 537) to maintain services. This election is anticipated to be completed in fall 2019. A combined district will reduce administrative costs by reducing the number of districts which have to maintain records and the number of administrative boards as well as increased efficiency in conducting maintenance. It also offers the opportunity to identify a paid general manager to oversee the maintenance activities for this levee system to ensure that needed activities are accomplished in a similar manner for entire basin. MBK Engineers submitted a draft OMRRR budget dated April 15, 2019 detailing the estimated costs and revenue for the new RD 537 which shows the proposed assessment will be sufficient.

Staff received a telephone call from a landowner and previous board member from RD 785 that indicated in addition to the proposal being subject to a new assessment, it should also be subject to a new board governance structure that includes the annexed territory and subject to the City portion of RD 537 being

detached. RD 537 currently has three board members, one of which owns land in the City portion of the District to be detached (via a separate proposal). When this occurs, this board member will become ineligible to serve and will need to step down. RD 537 has indicated it intends to amend its bylaws to increase the board from three to five members in order to provide for increased representation from the annexed territory. Representation is set forth in Reclamation District law and therefore, staff recommends this issue does not require a condition of approval. Regarding detachment of the City portion of RD 537, it is the intent that this area be detached, however this is anticipated to occur via one of the RD Reorganization proposals in the West Sacramento basin that are forthcoming.

Protest Proceedings

The proposal is subject to protest proceedings if approved by LAFCo. If approved at the hearing, LAFCo will give mailed notice of the protest hearing to all landowners in the territory to be dissolved/annexed. If protest is filed by less than 25% of the number of landowners owning less than 25% of the assessed value of land, the Commission shall order the dissolution/annexation. If between 25% - 50% of the landowner/value file protests, the Commission shall order the dissolution/annexation subject to an election. Over 50% protest automatically terminates the proposal.

CEQA

CEQA Public Resources Code Section 15320 (Class 20) provides for a Categorical Exemption for Changes in Organization of local agencies that do not change the geographical area in which previously existing powers are exercised. One of the specific examples cited includes "consolidation of two or more districts having identical powers". Therefore, staff recommends this proposal is exempt from CEQA.

Attachments

[ATT A-Reso 2019-06 Lower Elkhorn RDs Reorganization](#)

[ATT B-Elkhorn Basin Map from MSR](#)

[ATT C-Letter from MBK Engineers re Sufficiency of Revenues 2019-04-15](#)

[ATT D-BOS PropertyTaxExchange Resolution](#)

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 05/16/2019

Reviewed By

Christine Crawford

Date

05/16/2019 03:04 PM
Started On: 05/07/2019 03:03 PM

YOLO LOCAL AGENCY FORMATION COMMISSION

RESOLUTION № 2019-06

**Approving the Reorganization of the Lower Elkhorn Reclamation Districts (RDs),
Dissolving RD 785 and RD 827, and Concurrently Annexing Both Territories into RD 537
(LAFCO № 928)**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by local agency formation commissions (LAFCo or Commission) established in each county, as defined and specified in Government Code Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and

WHEREAS, Government Code Section 56375 provides LAFCo with the power to review and approve proposals for "changes in organization" or "reorganization" (i.e. more than one change or organization) consistent with policies adopted by the Commission; and

WHEREAS, Government Code Section 56021 defines "change of organization" to include district dissolution and annexation to a district, among other actions; and

WHEREAS, Government Code Section 56650 authorizes proceedings for a change of organization to be initiated by a Resolution of Application as adopted by a local agency; and

WHEREAS, on December 10, 2018, Reclamation District (RD) 537, RD 785 and RD 827 (the Lower Elkhorn Reclamation Districts) jointly submitted the subject proposal application (LAFCo № 928) to Yolo LAFCo accompanied by a Resolution of Application from each of the three RDs; and

WHEREAS, the proposal was routed to all subject, affected, and interested agencies and no concerns or objections were received; and

WHEREAS, the proposal is subject to a negotiated exchange per Revenue and Taxation Code Section 99(b)(1) and the Yolo County Board of Supervisors adopted a resolution determining an exchange in property tax revenue between RD 827 and RD 537 on April 23, 2019; and

WHEREAS, a Certificate of Filing was issued on April 25, 2019; and

WHEREAS, a public notice was published in the West Sacramento News-Ledger and mailed to all landowners and registered voters of the subject territory including a 300' radius; and

WHEREAS, the proposal was analyzed in accordance with all applicable sections of the Cortese-Knox-Hertzberg Act, LAFCo Standards of Evaluation and Agricultural Policy, and all other matters presented as prescribed by law; and

WHEREAS, the Executive Officer reviewed the proposal and prepared and filed a report with recommendations with this Commission at least five (5) days prior to the date of the May 23, 2019, meeting during which the proposal was set to be considered; and

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

WHEREAS, at its May 23, 2019, meeting, the Commission reviewed and considered the CEQA exemption and the Executive Officer's Report including all the information, recommendations, findings and conditions contained therein.

NOW, THEREFORE, BE IT RESOLVED that the Yolo Local Agency Formation Commission approves the Reorganization of the Lower Elkhorn Reclamation Districts (RDs), dissolving RD 785 and RD 827 and concurrently annexing both districts' territories into RD 537 (LAFCo № 928) as illustrated in Exhibit A subject to the following findings and terms and conditions, and directs the Executive Officer to set the conducting authority protest hearing.

Findings

1. **Finding:** The project is categorically exempt from CEQA per Public Resources Code Section 15320 (Class 20) which provides for a categorical exemption for changes in organization of local agencies.

Evidence: Public Resources Code Section 15320 (Class 20) provides for a categorical exemption for changes in organization of local agencies that do not change the geographical area in which previously existing powers are exercised. The proposed dissolution/annexation area is one of the specific examples cited including "consolidation of two or more districts having identical powers". The proposal effectively combines three districts into one, and will not change the geographical territory which received reclamation district services.

2. **Finding:** The proposal was considered and analyzed in accordance with the required factors listed in Government Code Section 56668 and Yolo LAFCo Standards of Evaluation for proposals (Yolo LAFCo Project Policies Section 2.0).

Evidence: The proposal would implement LAFCo's 2018 Municipal Services Review (MSR) recommendations for the Elkhorn Basin. It maintains the physical and economic integrity of the agricultural lands in the Lower Elkhorn Basin by combining the RDs that are interdependent in the same basin, protecting the lands from flooding for agricultural use. Regarding sufficiency of revenues, RD 827 receives a property tax increment that will be transferred to RD 537 under this proposal. Yolo County approved a property tax exchange agreement on behalf of the special districts on April 23, 2019. The Lower Elkhorn Basin Levee Setback (LEBLS) Project itself will be funded by the Department of Water Resources (DWR), but the local RDs would be responsible for ongoing operations and maintenance (or as DWR terms OMRRR: Operations, Maintenance, Repair, Replacement and Rehabilitation). The proposal will be subject to a Proposition 218 election for the landowners to approve a new assessment structure to ensure sufficient revenues for the receiving entity (RD 537). This election is anticipated to be completed in fall 2019. A combined district will reduce administrative costs by reducing the number of districts which have to maintain records and the number of administrative boards as well as increased efficiency in conducting maintenance. It also offers the opportunity to identify a paid general manager to oversee the maintenance activities for this levee system to ensure that needed activities are accomplished in a similar manner for entire basin. MBK Engineers submitted a draft OMRRR budget dated April 15, 2019, detailing the estimated costs and revenue for the new RD 537 and the budget shows the revenues will be sufficient. Therefore, staff concludes that the annexation proposal complies with required state factors and local standards of evaluation.

Terms and Conditions

:

1. The applicant and the real party of interest, if different, agree to defend, indemnify, hold harmless and release the Yolo County Local Agency Formation Commission, its agents, officers, attorney and employees from any claim, action or proceeding brought against any of them, the purpose of which to attack, set aside, void, or annul the approval of this application or adoption of the environmental review which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorney fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive negligence of the part of the Yolo County Local Agency Formation Commission its agents, officers, attorney or employees.
2. The reorganization will be subject to all appropriate LAFCo, State Board of Equalization, and County Clerk-Recorder fees prior to recording the Certificate of Completion for the Reorganization of the Lower Elkhorn Reclamation Districts (LAFCO № 928).
3. The reorganization shall not become effective until following the successful passage of a Proposition 218 election to establish a new assessment structure for the combined reclamation district territory.
4. A new boundary description for the new Reclamation District 537 boundaries reorganized under this proposal shall be prepared and submitted to LAFCo for recordation and filing with the State Board of Equalization.
5. Once all of the terms and conditions have been satisfied/completed, the Executive Officer shall prepare a Certificate of Completion to be recorded with the county recorder that confirms the final successful completion of the reorganization. The effective date of the reorganization shall be the July 1 following the filing of the Statement of Boundary Change with the State Board of Equalization (BOE) (i.e. after the Statement of Boundary Change is filed with the BOE, which is due by December 1 each year, the reorganization shall become effective July 1 of the following year).

PASSED AND ADOPTED by the Yolo Local Agency Formation Commission, State of California, this 23thth day of May 2019, by the following vote:

Ayes:
Noes:
Abstentions:
Absent:

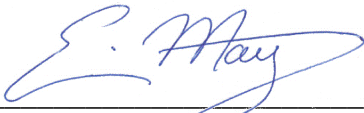
Olin Woods, Chair
Yolo Local Agency Formation Commission

Attest:

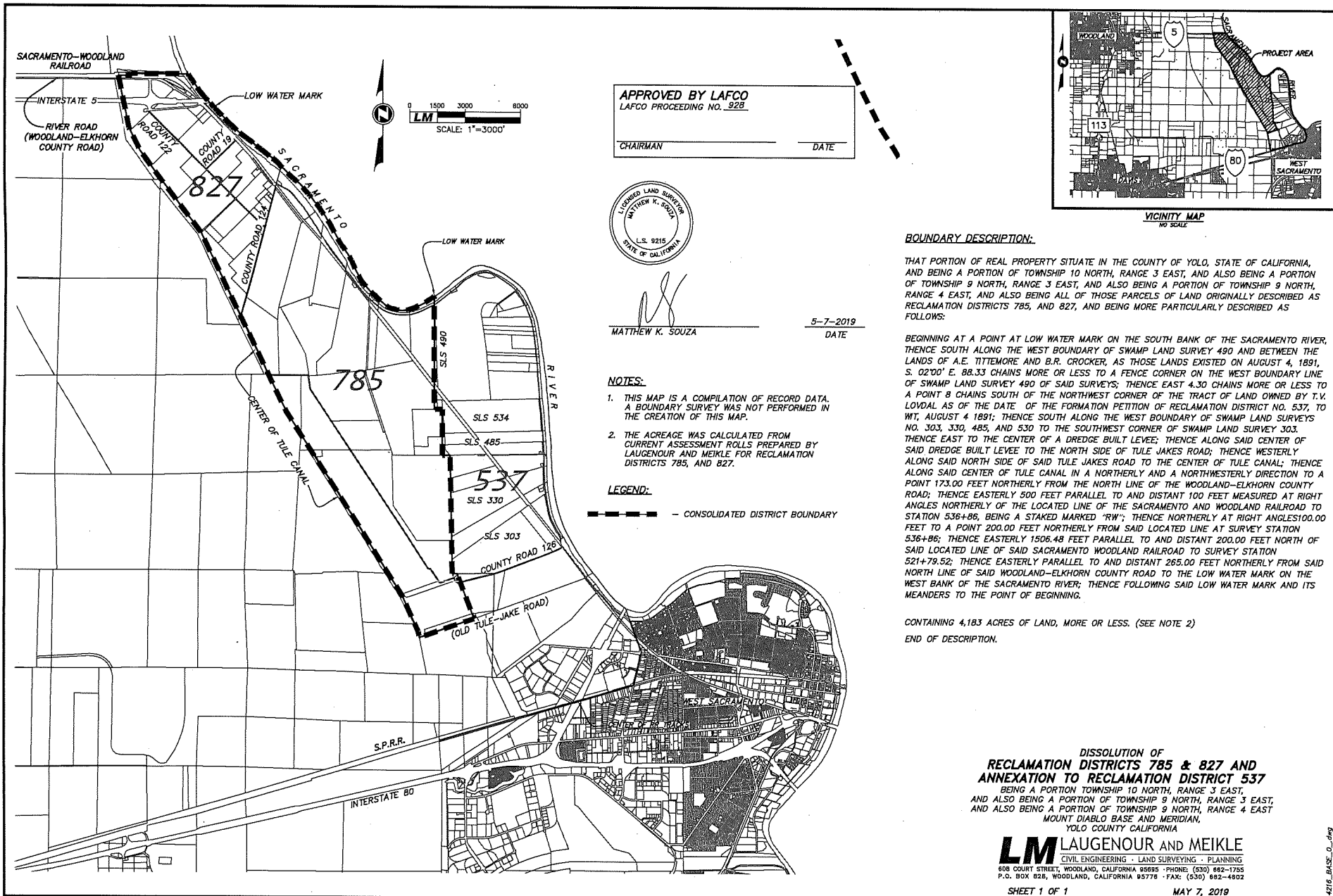


Christine Crawford, Executive Officer
Yolo Local Agency Formation Commission

Approved as to form:



Eric May, Commission Counsel



APPROVED BY LAFCO
LAFCO PROCEEDING NO. 92B

CHAIRMAN _____ DATE _____



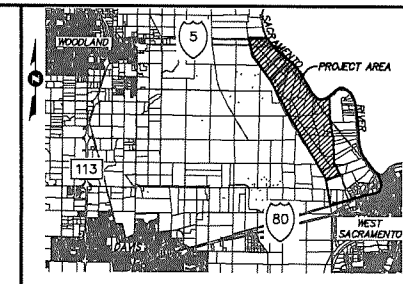
Matthew K. Souza
MATTHEW K. SOUZA
DATE 5-7-2019

NOTES:

1. THIS MAP IS A COMPILATION OF RECORD DATA. A BOUNDARY SURVEY WAS NOT PERFORMED IN THE CREATION OF THIS MAP.
2. THE ACREAGE WAS CALCULATED FROM CURRENT ASSESSMENT ROLLS PREPARED BY LAUGENOUR AND MEIKLE FOR RECLAMATION DISTRICTS 785, AND 827.

LEGEND:

----- CONSOLIDATED DISTRICT BOUNDARY



VICINITY MAP
NO SCALE

BOUNDARY DESCRIPTION:

THAT PORTION OF REAL PROPERTY SITUATE IN THE COUNTY OF YOLO, STATE OF CALIFORNIA, AND BEING A PORTION OF TOWNSHIP 10 NORTH, RANGE 3 EAST, AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 3 EAST, AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 4 EAST, AND ALSO BEING ALL OF THOSE PARCELS OF LAND ORIGINALLY DESCRIBED AS RECLAMATION DISTRICTS 785, AND 827, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

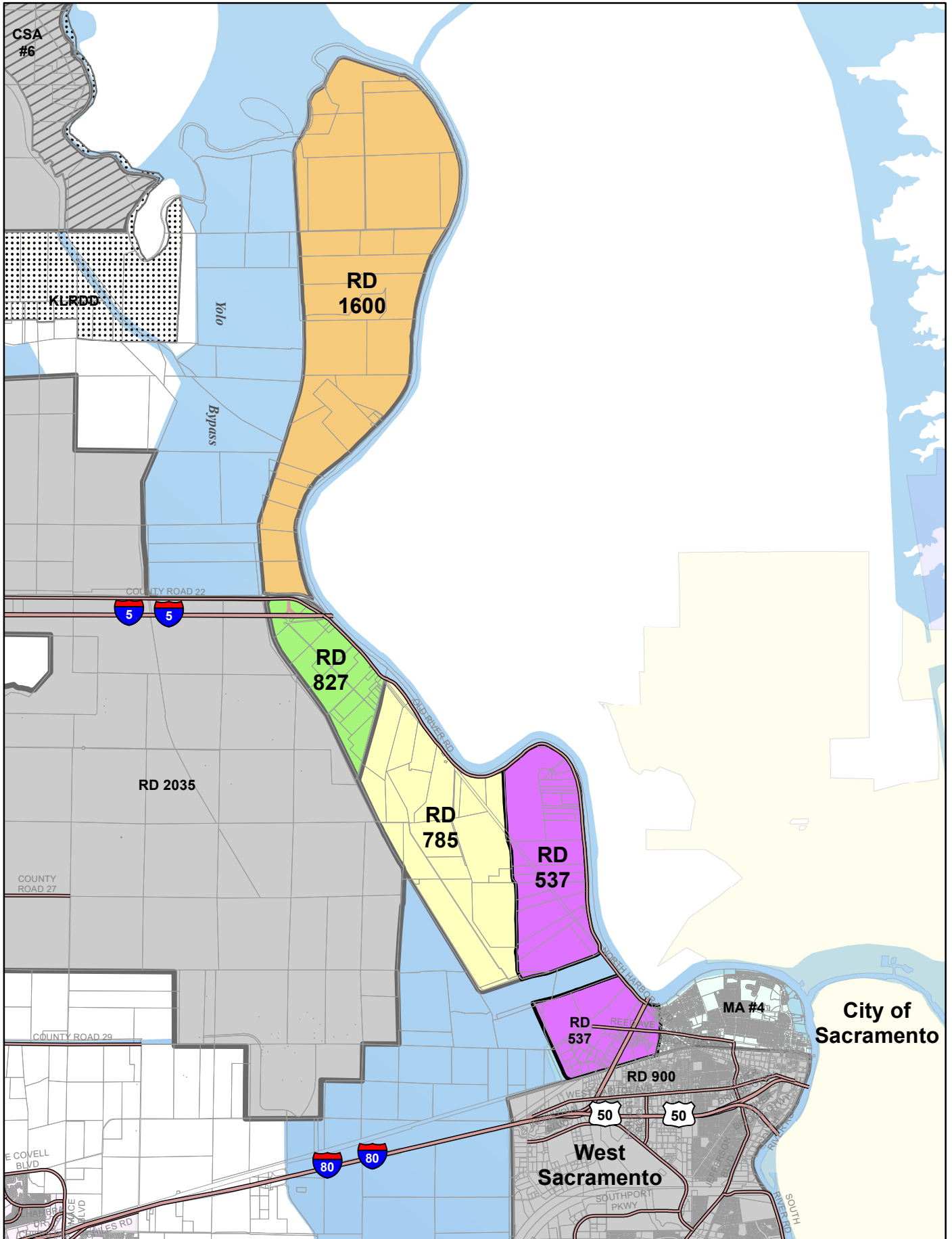
BEGINNING AT A POINT AT LOW WATER MARK ON THE SOUTH BANK OF THE SACRAMENTO RIVER, THENCE SOUTH ALONG THE WEST BOUNDARY OF SWAMP LAND SURVEY 490 AND BETWEEN THE LANDS OF A.E. TITTEMORE AND B.R. CROCKER, AS THOSE LANDS EXISTED ON AUGUST 4, 1891, S. 02°00' E. 88.33 CHAINS MORE OR LESS TO A FENCE CORNER ON THE WEST BOUNDARY LINE OF SWAMP LAND SURVEY 490 OF SAID SURVEYS; THENCE EAST 4.30 CHAINS MORE OR LESS TO A POINT 8 CHAINS SOUTH OF THE NORTHWEST CORNER OF THE TRACT OF LAND OWNED BY T.V. LOVDAL AS OF THE DATE OF THE FORMATION PETITION OF RECLAMATION DISTRICT NO. 537, TO WIT, AUGUST 4 1891; THENCE SOUTH ALONG THE WEST BOUNDARY OF SWAMP LAND SURVEYS NO. 303, 330, 485, AND 530 TO THE SOUTHWEST CORNER OF SWAMP LAND SURVEY 303. THENCE EAST TO THE CENTER OF A DREDGE BUILT LEVEE; THENCE ALONG SAID CENTER OF SAID DREDGE BUILT LEVEE TO THE NORTH SIDE OF TULE JAKES ROAD; THENCE WESTERLY ALONG SAID NORTH SIDE OF SAID TULE JAKES ROAD TO THE CENTER OF TULE CANAL; THENCE ALONG SAID CENTER OF TULE CANAL IN A NORTHERLY AND A NORTHWESTERLY DIRECTION TO A POINT 173.00 FEET NORTHERLY FROM THE NORTH LINE OF THE WOODLAND-ELKHORN COUNTY ROAD; THENCE EASTERLY 500 FEET PARALLEL TO AND DISTANT 100 FEET MEASURED AT RIGHT ANGLES NORTHERLY OF THE LOCATED LINE OF THE SACRAMENTO AND WOODLAND RAILROAD TO STATION 536+86, BEING A STAKED MARKED "RW"; THENCE NORTHERLY AT RIGHT ANGLES 100.00 FEET TO A POINT 200.00 FEET NORTHERLY FROM SAID LOCATED LINE AT SURVEY STATION 536+86; THENCE EASTERLY 1506.48 FEET PARALLEL TO AND DISTANT 200.00 FEET NORTH OF SAID LOCATED LINE OF SAID SACRAMENTO WOODLAND RAILROAD TO SURVEY STATION 521+79.52; THENCE EASTERLY PARALLEL TO AND DISTANT 265.00 FEET NORTHERLY FROM SAID NORTH LINE OF SAID WOODLAND-ELKHORN COUNTY ROAD TO THE LOW WATER MARK ON THE WEST BANK OF THE SACRAMENTO RIVER; THENCE FOLLOWING SAID LOW WATER MARK AND ITS MEANDERS TO THE POINT OF BEGINNING.

CONTAINING 4,183 ACRES OF LAND, MORE OR LESS. (SEE NOTE 2)
END OF DESCRIPTION.

DISSOLUTION OF
**RECLAMATION DISTRICTS 785 & 827 AND
ANNEXATION TO RECLAMATION DISTRICT 537**
BEING A PORTION TOWNSHIP 10 NORTH, RANGE 3 EAST,
AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 3 EAST,
AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 4 EAST
MOUNT DIABLO BASE AND MERIDIAN,
YOLO COUNTY CALIFORNIA

LM LAUGENOUR AND MEIKLE
CIVIL ENGINEERING · LAND SURVEYING · PLANNING
808 COURT STREET, WOODLAND, CALIFORNIA 95695 · PHONE: (530) 882-1755
P.O. BOX 828, WOODLAND, CALIFORNIA 95778 · FAX: (530) 882-4502

Elkhorn Basin





Water Resources ♦ Flood Control ♦ Water Rights

Item 6-ATT C

GILBERT COSIO, JR., P.E.
MARC VAN CAMP, P.E.
WALTER BOUREZ, III, P.E.
RIC REINHARDT, P.E.
DON TRIEU, P.E.
DARREN CORDOVA, P.E.
NATHAN HERSHEY, P.E., P.L.S.
LEE G. BERGFELD, P.E.
BEN TUSTISON, P.E.
THOMAS ENGLER, P.E., CFM
MICHAEL MONCRIEF, P.E.

ANGUS NORMAN MURRAY
1913-1985

CONSULTANTS:
JOSEPH I. BURNS, P.E.
DONALD E. KIENLEN, P.E.

April 15, 2019

Christine M. Crawford, AICP
Executive Officer
Yolo Local Agency Formation Commission
625 Court Street, Suite 107
Woodland CA 95695

Subject: Reorganized Reclamation District No. 537 Ability and Sufficient Revenues to Support Services

Dear Ms. Crawford:

This letter is to provide you and the Yolo Local Agency Formation Commission with information regarding ability and the financial solvency of the proposed reorganized Reclamation District (RD) 537. Reorganization of RDs Nos. 537, 785, and 827, will be contingent upon passage of a 218 election. The new property owner assessment will support operation and maintenance of the levee and internal drainage systems. The 218 election requires an Engineer's Report to determine the costs of the covered activities and benefits that each landowner would receive from the maintenance of the levee and internal drainage system. As part of that Engineer's Report, the RDs tasked MBK with developing a cost estimate to operate and maintain the levee and interior drainage system to meet current standards. This annual cost estimate was based on the budget outline developed by the California Department of Water Resources for levee Operation and Maintenance (O&M) and then modified to reflect the RDs experience with costs for maintenance activities. MBK is the District Engineer for several similar RD's and provided input on O&M costs based on past experience. Attached is the draft O&M budget that is proposed for RD 537.

Two related projects are currently in the works that effect the budget for the newly reorganized RD 537:

- 1) Construction of Lower Elkhorn Basin Levee Setback Project (LEBLS), a 7.1-mile setback levee along the Yolo Bypass

2) Design and construction of the LEBLS Interior Drainage/Pump Station Design

The LEBLS, anticipated to begin construction in 2020, will provide a new levee along 7.1 miles of the Yolo Bypass. Since the Yolo Bypass is a system feature that provides regional benefits, the Sacramento Area Flood Control Agency (SAFCA) has agreed to pay for maintenance of the new levee. The basis for this assistance are the benefits the project provides to Sacramento, West Sacramento, and rural portions of Sacramento and Yolo counties located along the Sacramento River. Between RD 537 and SAFCA, approximately \$29,000 will be spent per levee mile on maintenance. This number will be finalized this summer when the new Lower Elkhorn pump station designs are finalized.

Prior to construction of the Lower Elkhorn Project, the Bryte Landfill will be relocated to a Corrective Action Management Unit (CAMU) in the leveed area. The relocation project is on track for construction in 2019. A Reclamation District corporation yard will be constructed in 2021 on the top of the relocated Bryte Landfill CAMU. SAFCA will provide financial assistance to build the Reclamation District's corporation yard.

Please let me know if the information provided in this letter is sufficient for you to determine whether the reconstituted RD 537 will have adequate revenue to meet their levee and drainage system OMRR&R obligations. If you have any questions or need additional information, please contact Tina Anderson or me at 916-456-4400.

Sincerely,
MBK ENGINEERS



Ric Reinhardt, P.E.

TA/oh/nl
R:/4153.2/YOLO LAFCO 2019-04-15

Enclosure

cc: Tom Ramos, Reclamation District No. 537
Ross Peabody, Reclamation District No 785
Dan Ramos, Reclamation District No 827
Jim Day, Day Carter Murphy, LLP

**Lower Elkhorn Basin
Post Construction
Draft Levee O&M Estimate (10-03-2018)**

Sac R LM = 7.4
LEBLs LM = 6.3
Total Levee Miles = 13.7
Total Acres Post Construction = 4,645 (based on LWA #)

Direct Expenses Employee Salaries and Benefits		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
Administration Salary - Annual (1- Part-time Field Superintendent - \$40,000)		\$ 40,000.00	21,600.00	\$ 18,400.00
Overtime and Emergency Work - Annual [RESERVE]		\$ 2,000.00	1,100.00	\$ 900.00
Trustee Compensation - Annual		\$ 1,200.00	600.00	\$ 600.00
Payroll Taxes - All Inclusive - Annual		\$ 5,800.00	3,100.00	\$ 2,700.00
Workers Compensation Insurance - Annual		\$ 1,400.00	800.00	\$ 600.00
Unemployment Insurance - Annual		\$ 800.00	400.00	\$ 400.00
	Subtotal Salaries and Benefits	\$ 51,200.00	\$ 27,600.00	\$ 23,600.00

Administration		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
Accounting/Bookkeeping		\$ 5,000.00	\$ 2,700.00	\$ 2,300.00
Independent Audit Consulting		\$ 3,000.00	\$ 1,600.00	\$ 1,400.00
Engineering Consulting		\$ 25,000.00	\$ 13,500.00	\$ 11,500.00
Legal Fees		\$ 5,000.00	\$ 2,700.00	\$ 2,300.00
County and City Fees, Permits, Licenses, Assoc. Dues		\$ 1,500.00	\$ 800.00	\$ 700.00
Insurance - Liability, Flood Insurance, Errors and Omissions		\$ 12,000.00	\$ 12,000.00	\$ -
Insurance - Deductibles		\$ 2,500.00	\$ 2,500.00	\$ -
Uninsured Losses		\$ 2,000.00	\$ 2,000.00	\$ -
Computer Software and Hardware		\$ 1,000.00	\$ 1,000.00	\$ -
Safety Equipment and Safety Training		\$ 1,500.00	\$ 1,500.00	\$ -
Flood Fight Training		\$ 250.00	\$ 250.00	\$ -
Legal Ads/Notices		\$ 100.00	\$ 100.00	\$ -
Contingency Fund - 10 Year Return Period (PV = \$2,500.00 per mile)		\$ 3,500.00	\$ 1,900.00	\$ 1,600.00
	Subtotal Administration	\$ 62,400.00	\$ 42,600.00	\$ 19,800.00

Shop and Operations		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
Shop Supplies		\$ 2,000.00	\$ 2,000.00	\$ -
Equipment Rental		\$ 3,500.00	\$ 3,500.00	\$ -
Utilities - (Electric/Internet/Phone/Water/Well) - Annual		\$ 3,600.00	\$ 3,600.00	\$ -
Refuse Collection - Annual		\$ 800.00	\$ 800.00	\$ -
Facility Repairs - Annual		\$ 1,500.00	\$ 1,500.00	\$ -
	Subtotal Operations	\$ 11,400.00	\$ 11,400.00	\$ -

Equipment		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
	UTV - 10 year life cycle (based on 1 vehicle @ \$13,000 per vehicle)	\$ 1,300.00	\$ 700.00	\$ 600.00
	UTV fuel and maintenance (based on 1 vehicle @ 1,000 per vehicle per year)	\$ 1,000.00	\$ 500.00	\$ 500.00
	Utility Pickups - Car Allowance	\$ 6,000.00	\$ 3,200.00	\$ 2,800.00
	Subtotal Equipment	\$ 8,300.00	\$ 4,400.00	\$ 3,900.00

Ditch Maintenance		TOTAL O&M COSTS	Lower Elkhorn RDs	SAFCA
	Ditch Maintenance	\$ 5,000.00	\$ 5,000.00	\$ -
	Subtotal Ditch Maintenance	\$ 5,000.00	\$ 5,000.00	

Penetrations - (Total of 1 gravity) - OMRR&R		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
	Supplies and Materials - Annual (PV = \$3,500.00) - 5 year life cycle (Total of 1 penetrations)	\$ 3,500.00	\$ 3,500.00	\$ -
	Video Inspection and/or Pressure Testing of Pipelines - 5 year life cycle (PV Day Rate = \$3,500 each) (Total of 1 penetrations)	\$ 700.00	\$ 700.00	\$ -
	Pipe Cleaning, Debris Removal 5 year life cycle (PV = \$5,000.00) (Total of 1 penetrations)	\$ 1,000.00	\$ 1,000.00	\$ -
	Subtotal Pipe Crossings	\$ 5,200.00	\$ 5,200.00	\$ -

Specific Levee OMRR&R - Lower Elkhorn Bypass Levee Setback 6.3 Miles - ROW width 385.0 feet (Includes 200 Ft. Seepage Berm) - Acres 294		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
	Annual Levee Contract Maintenance (i.e. sheep, dragging, burning, goats, mowing) - Annual = \$2,400.00/mi	\$ 15,100.00		\$ 15,100.00
	Levee Supplies and Materials - Annual	\$ 4,000.00	\$ -	\$ 4,000.00
	Chemical - Herbicide, Sterilant, and Preemergent (Assume spray 15% of area) - Annual = \$200.00/ac	\$ 8,800.00	\$ -	\$ 8,800.00
	Rodent and Squirrel Control (Assume 15% area) - Annual = \$100.00/ac	\$ 3,000.00	\$ -	\$ 3,000.00
	Patrol Road O&M - 33,264 feet with 12' crown of Aggregate Base Top of Levee - 4 year life cycle (assumes \$30/ton plus 10K mob/demob)	\$ 72,000.00	\$ -	\$ 72,000.00
	Patrol Road O&M - 33,264 feet of Aggregate Base Landside of Levee - 15 year life cycle (assumes \$30/ton plus 10K mob/demob)	\$ 19,200.00	\$ -	\$ 19,200.00
	Fences and Gates - 15 Year Life Cycle (PV = \$6,000.00/mi)	\$ 2,500.00	\$ -	\$ 2,500.00
	Cost associated with increased recreation (vandalism to gates and locks, vehicle damage to levee, garbage)	\$ 5,000.00	\$ -	\$ 5,000.00
	Piezometer - Replacement - Total of 6 Piezometers - 50 year life cycle (PV = \$15,000 Each)	\$ 1,800.00	\$ -	\$ 1,800.00
	Piezometer - Annual O&M - Total of 6 Piezometers - 5 year life cycle (PV = \$650.00 Each)	\$ 800.00	\$ -	\$ 800.00

Piezometer - Bi-Annual Reading and Reporting - Total of 6 Piezometers - 1 year life cycle (PV = \$550.00 Each)	\$ 3,300.00	\$ -	\$ 3,300.00
Subtotal Lower Elkhorn Basin Levee Setback	\$ 135,500.00	\$ -	\$ 135,500.00

Specific Levee OMRR&R -Sacramento River West Levee 7.4 Miles - Unpaved ROW width 165.0 Feet - Acres 148		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
Annual Levee Contract Maintenance (i.e. sheep, dragging, burning, goats, mowing) - Annual = \$2,400/mi.	\$ 17,800.00	\$ 17,800.00	\$ -	
Additional Contract Labor - Annual = \$15.00/ac	\$ 2,200.00	\$ 2,200.00	\$ -	
Levee Supplies and Materials - Annual = \$60.00/ac	\$ 8,900.00	\$ 8,900.00	\$ -	
Equipment Rental - Annual = \$50.00/ac	\$ 7,400.00	\$ 7,400.00	\$ -	
Chemical - Herbicide, Sterilant, and Preemergent (Assume spray 15% of area) - Annual = \$200.00/ac	\$ 4,400.00	\$ 4,400.00	\$ -	
Rodent and Squirrel Control (Assume 15% area) - Annual = \$100.00/ac	\$ 2,200.00	\$ 2,200.00	\$ -	
Patrol Road O&M - Assumes County maintains County Road on top of the levee for Units 1 for RD 537 and RD 785 - Assumes no maintenance cost along RR Track in Unit 1 of RD 827. Assumes 7,070 feet of aggregate base in RD 827. 5 year life cycle. Assumes Class II AB 3/4" at \$30/ton plus \$10K mob/demob.	\$ 16,000.00	\$ 16,000.00	\$ -	
Fences and Gates - 15 year life cycle (PV = \$2,000.00/mi)	\$ 1,000.00	\$ 1,000.00	\$ -	
Subtotal Sacramento River West levee	\$ 59,900.00	\$ 59,900.00	\$ -	

New Consolidated Pump Station for Lower Elkhorn Basin O&M - Assume 3 Pumps		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
Annual Pump Maintenance Contract and Repairs - 5 year life cycle (PV = \$7,500)	\$ 1,500.00	\$ 1,500.00	\$ -	
Additional Contract Labor - 5 year life cycle (PV = \$2,200)	\$ 400.00	\$ 400.00	\$ -	
Supplies and Materials - 1 year life cycle (PV = \$800)	\$ 800.00	\$ 800.00	\$ -	
CCTV Monitoring and Security - 1 year life cycle (PV = \$1,500)	\$ 1,500.00	\$ 1,500.00	\$ -	
Video Inspection and/or Pressure Testing of Pipelines - 5 year life cycle (PV = \$2,500 for 4 penetrations)	\$ 500.00	\$ 500.00	\$ -	
Pipe Cleaning, Debris Removal 5 year life cycle (PV = \$5,000 for 4 pipe crossings)	\$ 1,000.00	\$ 1,000.00	\$ -	
Pump Rebuild, Ceramic Coating, Bowels - 3-Pumps - 15 year life cycle (PV = \$50,000 Each)	\$ 10,000.00	\$ 10,000.00	\$ -	
Motor Rebuild - 3 motors - 15 year life cycle (PV = \$8,500 each)	\$ 1,700.00	\$ 1,700.00	\$ -	
Motor Control and Telemetry Upgrades - 15 year life cycle (PV = \$45,000)	\$ 3,000.00	\$ 3,000.00	\$ -	
Subtotal Consolidated Pump Station	\$ 20,400.00	\$ 20,400.00	\$ -	

New Consolidated Pump Station for Lower Elkhorn Basin Utility Costs		TOTAL O&M COSTS	Lower Elkhorn RDs 7.4 miles	SAFCA 6.3 Miles
Utilities - (Electric/Propane) (Estimated) - 1 year life cycle (PV= \$15,000)	\$ 15,000.00	\$ 15,000.00	\$ -	
Subtotal Consolidated Pump Station	\$ 15,000.00	\$ 15,000.00	\$ -	

Post Construction Totals

Item	TOTAL O&M COSTS	RD Annual O&M Cost	SAFCA Annual O&M Cost
Direct Expenses Employee Salaries and Benefits	\$ 51,200.00	\$ 27,600.00	\$ 23,600.00
Administration	\$ 62,400.00	\$ 42,600.00	\$ 19,800.00
Shop and Operations	\$ 11,400.00	\$ 11,400.00	\$ -
Equipment	\$ 8,300.00	\$ 4,400.00	\$ 3,900.00
Ditch Maintenance	\$ 5,000.00	\$ 5,000.00	\$ -
Penetrations - (1 Gravity Pipe)	\$ 5,200.00	\$ 5,200.00	\$ -
Subtotal Overhead	\$ 143,500.00	\$ 96,200.00	\$ 47,300.00
Specific Levee OMRR&R			
Lower Elkhorn Bypass East Levee Setback - 6.3 Miles	\$ 135,500.00	\$ -	\$ 135,500.00
Specific Levee OMRR&R Sacramento River West Levee - 7.4 Miles	\$ 59,900.00	\$ 59,900.00	
Subtotal Specific Levee OMRR&R	\$ 195,400.00	\$ 59,900.00	\$ 135,500.00
Consolidated New Pump Station O&M	\$ 20,400.00	\$ 20,400.00	\$ -
Consolidated New Pump Station Utility Costs	\$ 15,000.00	\$ 15,000.00	\$ -
Subtotal Pump Stations	\$ 35,400.00	\$ 35,400.00	\$ -
Subtotal	\$ 374,300.00	\$ 191,500.00	\$ 182,800.00
Reserve for Repair and Rehab (assumes 5% of annual costs)	\$ 18,740.00	\$ 9,600.00	\$ 9,140.00
Grand Total	\$ 393,040.00	\$ 201,100.00	\$ 191,940.00

SAFCA Annual Contribution			\$ 191,940.00
RD Annual Contribution		\$ 201,100.00	
Per Mile Contribution		\$ 27,175.68	\$ 30,466.67
Average Assessment/Acre		\$ 43.29	

BOARD OF SUPERVISORS
Yolo County, California

To: CAO ✓

CONSENT CALENDAR

Excerpt of Minute Order No. 19-63 Item No. 11, of the Board of Supervisors' meeting of April 23, 2019.

MOTION: Sandy. SECOND: Chamberlain. AYES: Sandy, Provenza, Chamberlain, Villegas, Saylor.

11.

Adopt resolution determining an exchange in property tax revenue between Reclamation District 827 and Reclamation 537 related to annexation of Reclamation Districts 785 and 827 by Reclamation District 537 and the subsequent dissolution of Reclamation Districts 785 and 827. (No general fund impact) (Blacklock/Tengolics)

Approved **Resolution No. 19-52** on Consent.



County of Yolo

www.yolocounty.org

To: The Chair and Members of the Board of Supervisors

Consent-General Government # 11.

Board of Supervisors

County Administrator

Meeting Date: 04/23/2019

Brief Title: Elkhorn RD Consolidation

From: Patrick Blacklock, County Administrator, County Administrator's Office

Staff Contact: Alexander Tengolics, Manager of Governmental Relations, County Administrator's Office, x8068

Subject

Adopt resolution determining an exchange in property tax revenue between Reclamation District 827 and Reclamation 537 related to annexation of Reclamation Districts 785 and 827 by Reclamation District 537 and the subsequent dissolution of Reclamation Districts 785 and 827. (No general fund impact) (Blacklock/Tengolics)

Recommended Action

Adopt resolution determining an exchange in property tax revenue between Reclamation District 827 and Reclamation 537 related to annexation of Reclamation Districts 785 and 827 by Reclamation District 537.

Strategic Plan Goal(s)

Operational Excellence
Safe Communities
Flourishing Agriculture

Reason for Recommended Action/Background

Reclamation Districts 537, 785, and 827 have filed an application with the Yolo County Local Agency Formation Commission (LAFCo) requesting Reclamation District 537 to annex Reclamation Districts 785 and 827, and the subsequent dissolution of Reclamation Districts 785 and 827 (Att. A). This proposed annexation is anticipated to streamline management and reduce operational costs for the expanded Reclamation District 537.

As this jurisdictional change would affect the service area or service responsibility of one or more special districts, Revenue and Tax Code Section 99 requires the County to negotiate any exchange of property tax revenue on behalf of the District and adopt a resolution determining what amount, if any, is to be exchanged (Att. C). The Yolo County

Auditor has determined that there is property tax revenue generated within the territory that is the subject of this jurisdictional change. Specifically, Reclamation District 827 currently receives an apportionment of approximately 7.9% of the ad-valorem property tax (\$25,689.78 as of the most recent assessment); this apportionment would be transferred to Reclamation District 537 as part of the annexation/dissolution (Att. B). The County has noticed the Districts of the proposed property tax revenue exchange.

Collaborations (including Board advisory groups and external partner agencies)

Department of Financial Services, County Counsel, LAFCo

Fiscal Information

No Fiscal Impact

Fiscal Impact of this Expenditure

Total cost of recommended action

Amount budgeted for expenditure

Additional expenditure authority needed \$0

On-going commitment (annual cost)

Source of Funds for this Expenditure

General Fund

Attachments

Att. A. LAFCo Application

Att. B. Auditor Letter

Att. C. Resolution

Form Review

Inbox	Reviewed By	Date
Patrick Blacklock	Patrick Blacklock	04/08/2019 03:11 PM
Phil Pogledich	Phil Pogledich	04/16/2019 04:44 PM
Elisa Sabatini	Elisa Sabatini	04/17/2019 12:49 PM
Form Started By: Alexander Tengolics		Started On: 04/08/2019 08:43 AM
Final Approval Date: 04/17/2019		



Water Resources • Flood Control • Water Rights

RECEIVED

DEC 10 2018

YOLO LAFCO

GILBERT COSIO, JR., P.E.
MARC VAN CAMP, P.E.
WALTER BOUREZ, III, P.E.
RIC REINHARDT, P.E.
GARY KIENLEN, P.E.
DON TRIEU, P.E.
DARREN CORDOVA, P.E.
NATHAN HERSHEY, P.E., P.L.S.
LEE G. BERGFELD, P.E.
BEN TUSTISON, P.E.

ANGUS NORMAN MURRAY
1913-1985

CONSULTANTS:
JOSEPH L. BURNS, P.E.
DONALD E. KIENLEN, P.E.

December 10, 2018

Christine M. Crawford, AICP
Executive Officer
Yolo Local Agency Formation Commission
625 Court Street, Suite 107
Woodland CA 95695

Subject: Proposal Application Reclamation District No. 537, 785, and 827

Dear Ms. Crawford:

On behalf of Reclamation District (RD) Nos. 537, 785, and 827, please find the attached Proposal Application. RDs 785 and 827 are proposing to dissolve and be annexed as part of RD 537.

If you have any questions or need additional information, please contact me or Tina Anderson at 916-456-4400.

Sincerely,
MBK ENGINEERS

Ric Reinhardt, P.E.

NL/ta
4153.1/YOLO LAFCO PROPOSAL 2018-12-10

Enclosure

cc: Tom Ramos, Reclamation District No. 537
Ross Peabody, Reclamation District No 785
Dan Ramos, Reclamation District No 827
Jim Day, Day Carter Murphy, LLP



PROPOSAL APPLICATION

Includes: Changes of Organization/Reorganization (Incorporation, Formation, Annexation, Detachment, Dissolution, or Consolidation), Out of Agency Service Reviews, Sphere of Influence Amendment, and Expansion of District Powers

This application is designed to be used for all proposals received by the Commission. If a question is not applicable to your proposal, please note accordingly.

A) An application is hereby made for changes involving the following cities and special districts:

Action: (ex. annexation, detachment)		Agency:
Annexation 785 and 827	to/from	Reclamation District No. 537
Dissolution	to/from	Reclamation District No. 785
Dissolution	to/from	Reclamation District No. 827

B) Proposal Detail (submit separate attachment if necessary):

See attached.

C) This proposal includes:

- | | YES | NO |
|-------------------------------------|-------------------------------------|-------------------------------------|
| 1) 12 or more registered voters: | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2) 100% consent of property owners: | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

D) Assessor's Parcel Numbers (Attach a list if necessary):

See attached				

- E) Is this proposal consistent with the adopted Sphere of Influence of all affected agencies? If no, this application must include a Sphere of Influence Amendment. Yes
- F) If the proposal includes a Change of Organization/Reorganization, the following items must be submitted with this application:
- 1) A **resolution of application** adopted by the affected city or special district See attached resolutions
OR
 A **petition** of landowners or registered voters.

The Notice of Intent to Circulate a Petition and the Petition forms are located on the Forms page of LAFCo's website.

- 2) One copy of a metes-and-bounds description of the perimeter of the subject territory for review and approval by LAFCo's Surveyor. See attached.
- 3) A reproducible plat map (1 "hardcopy" and 1 digital copy) showing the subject territory AND the existing boundaries of the affected city or district. See attached.
- 4) Environmental Documents:
 - a) If a Negative Declaration or Environmental Impact Report (EIR) has been prepared by another agency for a project associated with this proposal, submit one copy to LAFCo with this proposal.
 - b) If no environmental document has been prepared, please complete the Environmental Questionnaire. See attached.
- 5) City Proposals:
 If the proposal includes annexation to a city, submit one copy of the city's resolution or ordinance rezoning the subject territory. LAFCo cannot consider the proposal until rezoning has been completed. Not applicable.
 - a) For all city annexations that include areas that are inhabited (territory where 12 or more registered voters reside) or developed, include the number of existing housing units within the proposed city's annexation area as of the date in the resolution.

Annexing City:	
Detaching City/County:	
Total Housing Units:	

- 6) Property Tax Revenues:
 If the proposal involves an annexation to a city and/or changes in district boundaries, negotiations for any exchange of property tax revenues *must be completed by the County and any affected city prior to LAFCo action*. For those proposals, LAFCo will notify the affected agencies after receiving your application and will provide preliminary information to begin the negotiations process. See attached.
- 7) Indemnification:
 LAFCo requires that applicants indemnify LAFCo from litigation costs as a condition of submitting an application. Click the highlighted hyperlink for the Indemnification Form. Contact LAFCo staff if you have any questions. See attached.

8) Deposit:

Fees will be charged for all Commission proceedings and actions at the Commission's actual costs (including overhead). Click the highlighted hyperlink for the LAFCo's Fee Schedule.

All deposit fees listed are required to be paid by the applicant upon submittal of a proposal. A proposal with multiple actions requires a deposit for each action. If a proceeding is not listed, it will be subject to an initial fee as estimated by the Executive Officer. Any additional expenses incurred by the Commission, in excess of the deposited amount, will be billed to and paid by the applicant before completion of the LAFCo proceedings, including, but not limited to, consultant costs, feasibility studies, final recordation, and filings. Billing will be based on hourly rates. If a proposal is abandoned or terminated for any reason, the deposit amount not expended prior to that termination point will be refunded to the applicant. Enclosed.

Fees due to the State of California, including State Board of Equalization and the Department of Fish and Wildlife CEQA filing fees, will be paid by the applicant at the appropriate time and prior to final recordation of the Certificate of Completion.

JUSTIFICATION

- A) In as much detail as possible, please explain why this proposal is necessary and/or beneficial at this time. (For example, a proposed development or existing residences might require services not currently provided or available.)

In an effort to streamline management and operations cost, the Lower Elkhorn Districts have decided to operate as one entity. Reclamation Districts 785 and 827 will dissolve and Reclamation District 537 will annex the areas. The three reclamation districts jointly decided that RD 537 would serve as the remaining entity, as it is the oldest district in the basin, they have the most active maintenance program, and they have a part-time manager in place. See attached for details.

- B) Is this application proposed to carry out a development project? If so, describe the project.

The applicant does not propose to carry out a development project.

- C) Indicate below all discretionary approvals or permits from a city, the County, or another agency that will be needed to complete the project. If already approved, please indicate the date of approval and attached the adopted conditions of approval.

	Project File Number	Date of Approval
City or County Plan Amendment	N/A	N/A
Prezoning (City)	N/A	N/A
Rezoning (City)	N/A	N/A
Tentative Subdivision Map	N/A	N/A
Minor Land Division	N/A	N/A
Other	N/A	N/A

SITE DESCRIPTION

- A) Describe the general location and physical features of the territory included in this proposal. Refer to major roads, watercourses, and topographical features.

All three district's: RDs 537, 785, and 827, are located in the Lower Elkhorn Basin with the Sacramento River to the east and the Yolo Bypass to the west. Reclamation District 537 is split by the Sacramento Weir. Old River Road runs on/along the eastern levee.

- B) How many acres (or square miles) of territory are included in the proposal? 7,543
- C) How many people live in the subject territory? approximately 150
- D) How many registered voters live in the subject territory? Not applicable.

LAND USE INFORMATION

- A) General Plan and Zoning:
 1) If in the unincorporated area, what is the current General Plan designation? Not needed

2) What is the current County zoning? N/A

3) Is the territory within a city general plan area? YES NO

If so, what is the current general plan designation? N/A

Has a city zoned or rezoned the territory? YES NO

If so, how is the territory zoned or rezoned? N/A

B) Proposed Land Use:

1) Will the territory be developed with approval(s)? YES NO

2) If no development is planned at this time, is development of the area anticipated? If so, when?
No development is planned.

PLAN FOR PROVIDING SERVICES

A) List the agencies providing existing and proposed services to the territory. If not applicable or no change, please indicate accordingly.

SERVICE TYPE	Existing	Proposed
Sewer Service	N/A	N/A
Water Service	N/A	N/A
Fire Protection	N/A	N/A
Storm Drainage	N/A	N/A
Police	N/A	N/A
Street Lighting	N/A	N/A
Maintenance	N/A	N/A
Trash Pick-up	N/A	N/A
Parks and Recreation	N/A	N/A
Library	N/A	N/A
Street Cleaning	N/A	N/A
Other	N/A	Same

B) Water/Wastewater Service:

If water/wastewater services will be provided to the territory, please answer the following:

1) What is the distance for connection to the agency's system? N/A

2) Does the agency have capacity for the anticipated service?

YES NO

3) Will the agency be prepared to furnish service immediately?

YES NO

C) Service Plan: Describe any services to be extended to the affected territory, including the level and range of services and any improvements (on and off site) that will be necessary to connect and serve the anticipated development. Indicate an indication of when those services can feasibly be extended and the method of financing. (For example, assessment district, property owner, or developer fees etc.) *Please provide will serve letter or other agency approvals.*

Services would not be extended as a result of this project.

SPECIAL REVENUES

A) Does the city or special district have plans to establish any new assessment districts, service charges, or other means to pay for new or extended services to this area?

It is proposed that the area currently covered by Reclamation Districts 537, 785, and 827, be covered by one Reclamation District – Reclamation District 537. A new assessment rate will need to be established. The three reclamation districts have collectively engaged Larsen Wurzel & Associates to assist with the formation of a benefit assessment that is consistent with Proposition 218 and the 1982 Benefit Assessment Act. The districts will hold their 218 election in September/October 2019.

B) Will the area assume liability for any existing bonded debt upon annexation? YES NO

If so, please indicate taxpayer cost:

Reclamation Districts 537, 785, and 827 do not have any bonded debt.

C) Will the territory be subject to any new or additional taxes, benefit charges, or fees? YES NO

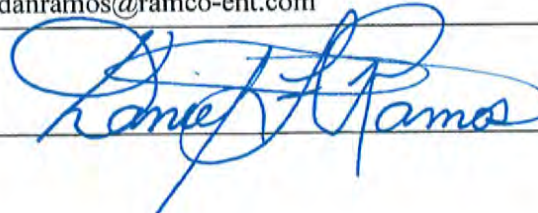
If so, please explain:

It is proposed that the area currently covered by Reclamation Districts 537, 785, and 827, be covered by one reclamation district - Reclamation District 537. A new assessment rate will need to be established. The three reclamation districts have engaged Larsen Wurzel & Associates to assist with the formation of a benefit assessment consistent with Proposition 218 and the 1982 Benefit Assessment Act. The districts will hold their 218 election in September/October 2019.

PROPONENT INFORMATION

LAFCo will consider the person signing this application as the proponent of the proposed action(s).


Notices and other communications regarding this application will be directed to the proponent at:

Name:	Dan Ramos, Reclamation District No. 827		
Address:	1450 Harbor Blvd., Suite B		
City:	West Sacramento, CA	Zip:	95691
Phones:	Work: (916) 372-6170	Fax: (916) 254-5372	
	Cell: (916) 919-1824	Home:	
email:	danramos@ramco-ent.com		
Signature:			

PROPONENT INFORMATION

LAFCo will consider the person signing this application as the proponent of the proposed action(s).


Notices and other communications regarding this application will be directed to the proponent at:

Name:	Kristen Pigman, President, Reclamation District No. 537		
Address:	P.O. Box 822		
City:	West Sacramento, CA 95691	Zip:	
Phones:	Work: (916) 371-1483	Fax:	
	Cell:	Home:	
email:	kris@thepigmancompanies.com		
Signature:			
Name:	Ross Peabody, President, Reclamation District No. 785		
Address:	429 First Street		
City:	Woodland, CA 95695	Zip:	
Phones:	Work: (530) 662-2859	Fax:	
	Cell:	Home:	
email:	rpeabody@peabodyeng.com		
Signature:			

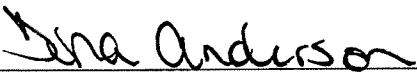
PROPONENT INFORMATION

LAFCo will consider the person signing this application as the proponent of the proposed action(s).

Notices and other communications regarding this application will be directed to the proponent at:

Name:	Kristen Pigman, President, Reclamation District No. 537		
Address:	P.O. Box 822		
City:	West Sacramento, CA 95691	Zip:	
Phones:	Work: (916) 371-1483	Fax:	
	Cell:	Home:	
email:	kris@thepigmancompanies.com		
Signature:			
Name:	Ross Peabody, President, Reclamation District No. 785		
Address:	429 First Street		
City:	Woodland, CA 95695	Zip:	
Phones:	Work: (530) 662-2859	Fax:	
	Cell:	Home:	
email:	rpeabody@peabodyeng.com		
Signature:			

List any other person or agent who should be contacted concerning questions on this proposal (attach additional if needed):

Name:	Tina Anderson		
Address:	455 University Avenue, Suite 100		
City:	Sacramento, CA	Zip:	95825
Phones:	Work: (916) 456-4400	Fax:	(916) 456-0253
	Cell: (916) 943-5222	Home:	
email:	anderson@imbkengineers.com		
Signature:			



DISCLOSURE OF POLITICAL EXPENDITURES

Effective January 1, 2008, expenditures for political purposes, which are related to a change of organization or reorganization proposal that will be or has been submitted to LAFCo, are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- Any person or combination of persons who, for political purposes, directly or indirectly contributes \$1,000 or more, or expend \$1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes \$1,000 or more, or expends \$1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of State and the appropriate city or county clerk. Copies of the report must also be filed with the Executive Officer of Yolo LAFCO.

A roster of current Yolo LAFCo commissioners is available from the LAFCo office

EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 et seq. apply to you. For further assistance contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at <http://www.fppc.ca.gov>.

1. Have you directly or indirectly made a contribution or expenditure of \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCo?

Yes
No

Date of contribution: Amount: \$ N/A

Name/Ref. No. of LAFCo proposal: N/A

Date proposal submitted to LAFCo: N/A

2. Have you, in combination with other person(s), directly or indirectly contributed or expended \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCo?

Yes
No

Date of contribution: Amount: \$ N/A

Name/Ref. No. of LAFCo proposal: N/A

Date proposal submitted to LAFCo: N/A

3. If you have filed a report in accordance with FPPC requirements, has a copy of the report been filed with Yolo LAFCo?

Yes
No

DISTRICT CONTACTS

Daniel F. Ramos, President
Reclamation District No. 827
1450 Harbor Blvd., Suite B
West Sacramento, CA 95691
Office: (916) 372-6170
Email: danramos@ramco-ent.com

Kristen Pigman, President
Reclamation District No. 537
P.O. Box 822
West Sacramento, CA 95691
Office: (916) 371-1483
Email: kris@thepigmancompanies.com

Ross Peabody, President
Reclamation District No. 785
429 First Street
Woodland, CA 95695
Office: (530) 662-2859
Email: rpeabody@peabodyeng.com

PROPOSAL APPLICATION SUPPLEMENTAL

A) Application (Action)

To streamline management and operations cost, the Lower Elkhorn Districts (Reclamation Districts 537, 785, and 827) are proposing to operate as one entity. Reclamation Districts 785 and 827 will dissolve, and Reclamation District 537 will annex the areas (see application). The three Reclamation Districts (RDs) jointly decided that RD 537 would serve as the remaining entity, as it is the oldest RD in the basin, RD 537 has the most active maintenance program, and the district has a part-time manager already in place.

B) Proposal Detail

In 2019, the three Lower Elkhorn Reclamation Districts: RD 537, RD 785, and RD 827, plan to restructure their operations into one RD (for ease of discussion, in this document the three RDs together will be referred to as the "new district"). Both Reclamation Districts 785 and 827 will dissolve, and RD 537 will annex the areas previously under the control of RD 785 and RD 827.

Formation of RD 537, with inclusion of RD 785 and 827, will be contingent upon a Prop 218 election passing in 2019. A new assessment rate is required to support the operation and maintenance of the levee system. The 218 election will take place in September/October 2019.

DISTRICT DESCRIPTION

RD 537 borders RD 785 on the southwestern end of the lower Elkhorn Basin. In 1916, the Sacramento bypass divided RD 537; the northern portion of RD 537 is composed of rural land, while the southern portion is mainly urban. Portions of the Sacramento Bypass north levee (1.1 miles), the Sacramento Bypass South Levee (1.1 miles), and the Sacramento Weir, within RD 537, are maintained by the State of California (State), as required by law (California Water Code 8361). RD 537 provides drainage for agricultural lands and levee maintenance services for 6 miles of exterior levees (1.2 miles of the Yolo Bypass east levee and 4.8 miles of the Sacramento River west levee). Additionally, there is a 2.9-mile-long interior cross levee that separates RD 537 and RD 785. RD 537 provides levee maintenance for this cross levee. RD 537 also operates and maintains a pump station consisting of 3 pumps for drainage purposes (2 pumps at 100 HP, and 1 pump at 75 HP). For the most part, RD 537 sub-contracts its levee maintenance, and has two part-time staff members – one of which is the General Manager of RD 900. RD 537 encompasses 3,360 assessed acres. Of the 3,360 acres, 1,020 acres of the lower RD 537 may be annexed by RD 900 (proposal to be submitted by RD 900 shortly).

RD 785 is located between RD 827 to the north, and RD 537 to the south. RD 785 is bounded by RD 827 and the Sacramento River to the north, the Yolo Bypass to the west, RD 537 to the east, and the Sacramento Bypass to the south. The 0.7 miles of the Sacramento Bypass north levee, at the south end of RD 785, are maintained by the State, as required by California Water Code 8361. RD 785 provides both drainage and levee maintenance services and maintains 3.3 miles of the Yolo Bypass east levee and 2.2 miles of the Sacramento River west levee. RD 785 also operates and maintains a pump station, consisting of 3 pumps at 75 HP each, for drainage purposes. RD 785 is run by the Board of Trustees and contracts out all maintenance work. As mentioned above, RD 537 maintains the 2.9-mile-long interior cross levee, which separates it from RD 785. RD 785 encompasses 3,119 assessed acres.

RD 827 is located between RD 1600 to the north, and RD 785 to the south. RD 827 is separated from RD 785 by a 1.4-mile-long interior cross levee. Neither district maintains this cross levee. RD 827 maintains 2.8 miles of the Yolo Bypass east levee and 1.3 miles of the Sacramento River west levee. RD 827 also operates and maintains two pump stations, each with 1 pump at 50 horsepower (HP), for drainage purposes. RD 827 is run by the Board of Trustees and contracts out all maintenance work. RD 827 encompasses 1,064 assessed acres.

The area within the new district boundary will total 7,543 acres. Only the area located within the levees will be assessed. The new district will maintain the Sacramento River and the Yolo Bypass levees. There will be 7.4 miles of levee along the Sacramento River and 6.1 along the Yolo Bypass. The State will continue to maintain the Sacramento Bypass. Interior levees will be abandoned. Material from the abandoned levees may be used by the California Department of Water Resources (DWR) to build the Lower Elkhorn Bypass Levee System (LEBLS).

DWR is the lead in implementing the LEBLS Project (see attached map). This project consists of setting back 7.1 miles of yolo bypass levee to expand the floodway. The project designs are in progress. In summer 2018, DWR released a draft EIR/EIS for public comment and construction is scheduled to start in 2020. Since the Yolo Bypass is a system feature, providing regional benefits, the Sacramento Area Flood Control Agency (SAFCA) is proposing to pay for maintenance of the new levee. The basis for this assistance is that the project provides benefits by reducing flood stage on the Sacramento River, thus providing regional benefits to Sacramento and the surrounding communities.

Prior to construction of the LEBLS, the Bryte Landfill will be relocated to a Corrective Action Management Unit (CAMU) in the levee protected area. Relocation is scheduled to take place in 2019. In 2021, a corporation yard will be built to serve as a maintenance yard and office for the new district, on top of the relocated Bryte Landfill CAMU. The SAFCA will provide financial assistance to build the corporation yard.

As part of the LEBLS project the new district will also have the pump stations consolidated into one new pump station. There will be only one pump station location at the southwest end of the new district, adjacent to the cooperation yard, consisting of multiple pumps and a gravity drain, which will service the entire lower Elkhorn Bypass. The existing internal drainage pump stations for RDs 537, 785, and 827 will be decommissioned.

The new district is proposing to have a part-time manager/superintendent and will contract out the majority of their maintenance activities.

FUTURE PLANS

In August 2018, the City of West Sacramento filed an application with Yolo LAFCo to establish RD 537 and RD 900 as a subsidiary district to the City. In October 2018, RD 900 adopted a resolution with the intention to file an alternative proposal to annex the southern portion of RD 537 – the portion within West Sacramento. RD 537 is supportive of this proposal.

Implementation of the LEBLS project and SAFCA's agreement to fund operation and maintenance of the new levee has been a key element in facilitating restructuring of the Lower Elkhorn Basin. The schedule for implementation of the Fremont Weir widening and Upper Elkhorn Project is 7 to 15 years out. SAFCA has proposed to fund maintenance of the new Upper Elkhorn Yolo Bypass levee when completed. Consolidation of the upper and lower Elkhorn basins will likely be proposed, upon completion of the Fremont Weir widening, and the Upper Elkhorn setback levee project.

C-E) See Application

F) Change of Organization/Reorganization

- 1) Resolutions of Application - see attached
- 2) Metes and Bounds description – see attached
- 3) 8 ½ X 11 map (digital and hard copy)
- 4) Environmental Documents – N/A

This process is exempt under CEQA Article 19, Categorical Exemptions, Section 15320:

Changes in Organization of Local Agencies

Class 20 consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised. Examples include but are not limited to:

(a) Establishment of a subsidiary district;

(b) Consolidation of two or more districts having identical powers;

(c) Merger with a city of a district lying entirely within the boundaries of the city.

5) City Proposal

N/A

6) Property Tax

RD 827 receives property tax revenues. Neither RD 537 nor RD 785 receive property tax revenues. It is the district's understanding that LAFCo will notify the affected agencies after receiving this application, and will provide preliminary information in order to begin the negotiation process to address how the property tax revenue will be dealt with.

7) Indemnification

See attached Indemnification forms.

8) Deposit

See attached check (\$2,000 LAFCo deposit plus \$100 Categorical Exemption Fee)

JUSTIFICATION

A) Why is the proposal necessary?

RDs 537, 785, and 827 have done their best to maintain the existing levee facilities with the limited resources and staff available. Maintenance consists of the standard actions of levee inspections: vegetation control, embankment maintenance (slump and slip repair), patrol road maintenance, animal control and damage repairs, levee slope erosion control, interior drainage channel clearing and maintenance, and pump station operation and maintenance (pump repair or replacement). Flood patrols and flood emergency actions are also accomplished during periods of high bypass and river levels. Some of these actions are currently being accomplished through agreements with other reclamation districts, contracts with various entities, or through volunteer efforts of the reclamation district landowners. None of the Lower Elkhorn Basin reclamation districts have permanent shops, full time General Managers, equipment, or maintenance staff. RD 537 has a part-time manager.

In October 2014, the Sac-Yolo North Levee System, which includes Reclamation Districts 537, 785, 827, and 1600, received an *Unacceptable* levee system rating. Based upon the inspection and the USACE Interim Policy for Determining Eligibility Status of Flood Risk Management Projects for the Rehabilitation Program (RP), pursuant to Public Law 84-99, dated March 21, 2014, the levee system became inactive in the RP program. The RDs are currently drafting a Letter of Intent (LOI) to reinstate their eligibility status. It is anticipated that the LOI will go to USACE in 2019. To regain and keep an active status, the RDs need to increase standard levee maintenance practices. By combining forces, the new district can improve management of financial resources and increase

flood protection. The new district will also have a stronger local voice to strengthen partnerships with government bodies.

B) See Application

C) See Application

SITE DESCRIPTION

See Application

LAND USE INFORMATION

See Application

PLAN FOR PROVIDING SERVICE

A) Service Type

See Application

B) Water/Wastewater Service

See Application

C) Service Plan

Services Provided:

- Agricultural Drainage
- Flood Protection

Agricultural Drainage

The RDs provide agricultural drainage to 7,543 acres of land in the Lower Elkhorn basin. Each RD currently has its own pump station to remove interior drainage. These pump stations are small and dated. The individual pump stations will be used until LEBLS is constructed. Construction of the LEBLS will result in all interior drainage, south of I-5, draining to a single new updated pump station.

Flood Protection

RDs maintain the Lower Elkhorn Basin Sacramento River levee and the Yolo Bypass levee. The new district will continue to maintain this area. The RDs plan to get reinstated into PL 84-99, which will require the new district to increase its maintenance practices.

The new district will hire a part time manager/field superintendent. The field superintendent would be capable of many of the day-to-day activities and would also be familiar with contracting efforts

required to obtain all other help needed to maintain the levee. Some equipment will be purchased, with remaining equipment needs addressed through rentals or included as part of the costs in any contract work. The new district will utilize administration staff for accounting, and outside consulting services for legal, engineering, and auditing.

Once LEBLS is constructed on the Yolo Bypass, SAFCA has expressed a willingness to provide financial assistance for the maintenance of the Yolo Bypass portion. Construction of LEBLS is planned for 2020. Levee maintenance will be required on 7.5 miles of the Sacramento River Levee and 6.1 miles on the Yolo Bypass Levee. The northern levee of the Sacramento Bypass will remain the State's responsibility, but the length of the project will change from 1.8 miles to 1.7 miles.

Prior to construction of the LEBLS, the Bryte Landfill will be relocated to a CAMU in the levee protected area. Relocation is scheduled to take place in 2019. The new district's corporation yard will be located on top of the relocated Bryte landfill CAMU. The corporation yard will be constructed in 2021. The SAFCA will provide financial assistance to build the corporation yard.

The RDs have obtained the services of Larsen Wurzel & Associates, Inc. to prepare an Engineer's Report. The Engineer's Report is expected to be finished in late 2018. The Engineer's Report will be used to set the landowner assessment. All landowners will be assessed until LEBLS is constructed. Once LEBLS is constructed, the area no longer protected by the levee will remain in the new district boundaries, but the assessment will be reduced to zero. As previously stated, once constructed, SAFCA will provide financial assistance to maintain the setback levee on the Yolo Bypass.

SPECIAL REVENUES

A-C) See Application

PROPONENT INFORMATION

See Application

ATTACHMENT 1
Resolutions

RECLAMATION DISTRICT NO. 537
RESOLUTION NO. 2018-10-02

RESOLUTION OF APPLICATION FOR REORGANIZATION

WHEREAS, the 2014 Yolo County Flood Governance Study ("Governance Study") funded by the California Department of Water Resources ("DWR") recommended a hydrologic basin approach to levee maintenance; and

WHEREAS, the 2018 Yolo Agency Formation Commission Municipal Service Review and Sphere of Influence Study for the Reclamation Districts and local Maintaining Agencies (the "MSR") recommended that agencies responsible for levee operation and maintenance in each hydrologic basin develop governance solutions that will provide for a uniform level of operation and maintenance; and

WHEREAS, Reclamation District Nos. 537, 827, and 785 operate and maintain the Sacramento River Flood Control Project levees protecting the lower portion of the Elkhorn Basin north of the Sacramento Bypass, east of the Yolo Bypass, west of the Sacramento River, and south of the southern boundary between Reclamation District Nos. 785 and 1600; and

WHEREAS, Reclamation District Nos. 537, 827, and 785 desire to dissolve Reclamation District Nos. 827 and 785 and annex the territories thereof into Reclamation District No. 537; and

WHEREAS, the Board of Trustees of Reclamation District No. 537 desires to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code for the reorganization described in the prior recital for the following reasons:

1. The elements of the Lower Elkhorn Basin Levee Setback Project include setting back of the east levee of the Yolo Bypass south of Interstate 5 along a new alignment approximately 1,800 feet to the east and adjacent to County Road 124 and setting back of the north levee of the Sacramento Bypass along a new alignment approximately 1,500 feet north of the existing alignment. The Lower Elkhorn Basin Levee Setback Project provides regional benefits rather than exclusively local benefits to the reclamation districts such that the cost of operation and maintenance of the new setback levees should appropriately be the responsibility of multiple entities and not solely the reclamation districts. Agreement has been reached in principle with the Sacramento Area Flood Control Agency ("SAFCA") under which SAFCA has agreed to pay a substantial portion of the cost of operation and maintenance of such setback levee once that portion of the Lower Elkhorn Basin within the boundaries of Reclamation District Nos. 537, 827, and 785 has been included within a single reclamation district as proposed in the reorganization described above.
2. The proposed reorganization provides opportunities for economies of scale and reduces administrative costs by reducing the number of districts which have to maintain records and the number of governing boards.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Board of Trustees of Reclamation District No. 537 hereby requests the Yolo Local Agency Formation Commission to initiate proceedings for reorganization of Reclamation District Nos. 537, 827, and 725 as above described.
2. The territory subject to the proposed reorganization is inhabited. A description of the external boundary of Reclamation District No. 537 after dissolution of Reclamation District Nos. 827 and 785 and annexation of their territory into Reclamation District No. 537 is attached hereto as Exhibit A.
3. A Plan for Providing Services for Reclamation District No. 537 after dissolution of Reclamation District Nos. 827 and 785 and annexation of their territories into Reclamation District No. 537 is included in the Proposal Application.

Passed and adopted by the Board of Trustees of Reclamation District No. 537 at a regular meeting thereof held on Oct 5, 2018, 2018, by the following vote:

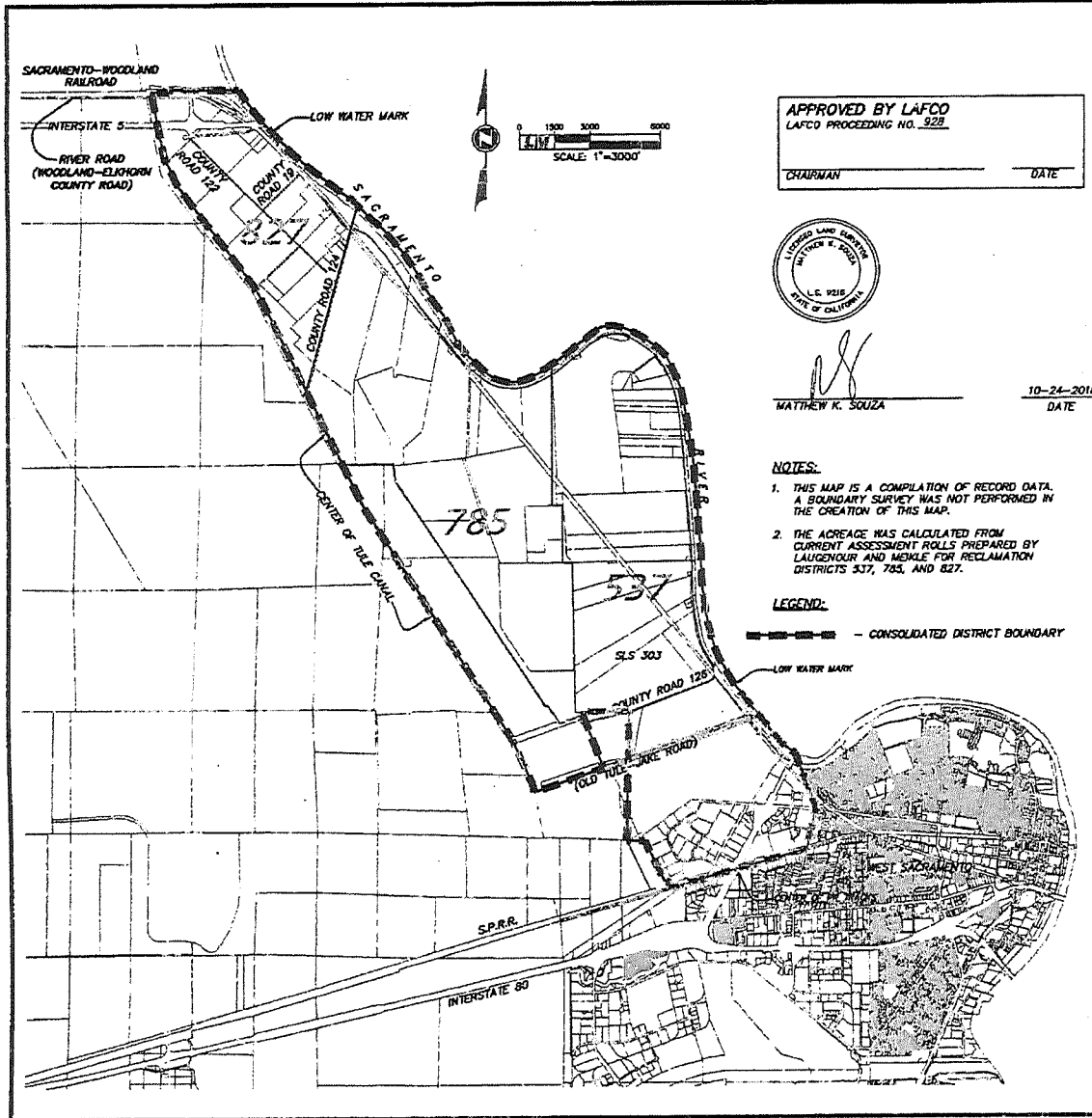
Ayes: 3

Noes: 0

Abstentions: 0

Absent: 0


Chair, Reclamation District's No. 537 Board of Trustees



APPROVED BY LAFCO
LAFCO PROCEEDING NO. 928

CHAIRMAN _____ DATE _____

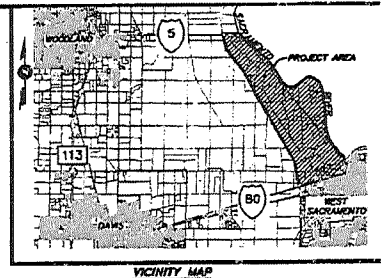


Matthew K. Souza
MATTHEW K. SOUZA
DATE 10-24-2018

- NOTES:**
1. THIS MAP IS A COMPILATION OF RECORD DATA. A BOUNDARY SURVEY WAS NOT PERFORMED IN THE CREATION OF THIS MAP.
 2. THE ACREAGE WAS CALCULATED FROM CURRENT ASSESSMENT ROLLS PREPARED BY LAUGENOUR AND MEIKLE FOR RECLAMATION DISTRICTS 537, 785, AND 827.

LEGEND:

--- CONSOLIDATED DISTRICT BOUNDARY



BOUNDARY DESCRIPTION:

THAT PORTION OF REAL PROPERTY SITUATE IN THE COUNTY OF YOLO, STATE OF CALIFORNIA, AND BEING A PORTION OF TOWNSHIP 10 NORTH, RANGE 3 EAST, AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 3 EAST, AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 4 EAST, AND ALSO BEING ALL OF THOSE PARCELS OF LAND ORIGINALLY DESCRIBED AS RECLAMATION DISTRICTS 537, 785, AND 827 BEING MERGED TOGETHER AS ONE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT LOW WATER MARK ON THE SOUTH BANK OF THE SACRAMENTO RIVER, WHERE SAID LOW WATER MARK INTERSECTS WITH THE DIVISION LINE COMMON TO THE LANDS OF T.B. LOVDAL AND THE LANDS OF THE BRYTE ESTATE, AS THOSE LANDS EXISTED AT THE DATE OF THE FORMATION PETITION OF RECLAMATION DISTRICT NO. 537, TO WIT, ON AUGUST 4, 1891, AND RUNNING THENCE FROM SAID POINT OF BEGINNING ALONG THE DIVISION LINE BETWEEN SAID LOVDAL AND BRYTE LANDS, SOUTHEASTERLY AND SOUTHWESTERLY TO THE CENTER LINE OF THE SOUTHERN PACIFIC COMPANY'S RAILROAD TRACK; THENCE FOLLOWING THE CENTER LINE OF SAID TRACK IN A SOUTHWESTERLY DIRECTION TO ITS INTERSECTION WITH THE WEST LINE OF SECTION 32 OF T. 9 N., R. 4E., M. D. M.; THENCE ALONG SAID SECTION LINE NORTH TO THE NORTHERLY BOUNDARY OF THE SOUTHERN PACIFIC RIGHT OF WAY; THENCE WEST ALONG SAID NORTHERLY BOUNDARY OF THE SOUTHERN PACIFIC RIGHT OF WAY TO THE POINT OF INTERSECTION OF SAID NORTHERLY BOUNDARY WITH THE WEST TOE OF THE LEVEE SEPARATING RECLAMATION DISTRICT NO. 537 FROM THE YOLO BY-PASS; THENCE IN A NORTHWESTERLY DIRECTION ALONG SAID WEST TOE OF THE SAID LEVEE TO THE NORTHERLY LINE OF SECTION 31, T. 9 N., R. 4 E.; THENCE WEST ALONG SAID NORTHERLY LINE OF SECTION 31 TO THE QUARTER SECTION CORNER BETWEEN SECTIONS 30 AND 31 OF SAID TOWNSHIP; THENCE ALONG THE WEST BOUNDARY OF SWAMP LAND SURVEYS 970 AND 745 OF YOLO COUNTY SURVEYS 80 CHAINS TO THE QUARTER SECTION CORNER BETWEEN SECTIONS 19 AND 30 OF SAID T. 9 N., R. 4 E.; THENCE WEST 30 CHAINS TO THE CENTER OF A DREDGE BUILT LEVEE; THENCE ALONG SAID CENTER OF SAID DREDGE BUILT LEVEE TO THE NORTH SIDE OF TULE JAKES ROAD; THENCE WESTERLY ALONG SAID NORTH SIDE OF SAID TULE JAKES ROAD TO THE CENTER OF TULE CANAL; THENCE ALONG SAID CENTER OF TULE CANAL IN A NORTHERLY AND A NORTHWESTERLY DIRECTION TO A POINT 173.00 FEET NORTHERLY FROM THE NORTH LINE OF THE WOODLAND-ELKHORN COUNTY ROAD; THENCE EASTERLY 500 FEET PARALLEL TO AND DISTANT 100 FEET MEASURED AT RIGHT ANGLES NORTHERLY OF THE LOCATED LINE OF THE SACRAMENTO AND WOODLAND RAILROAD TO STATION 536+86, BEING A STAKED MARKED "RW"; THENCE NORTHERLY AT RIGHT ANGLE 100.00 FEET TO A POINT 200.00 FEET NORTHERLY FROM SAID LOCATED LINE AT SURVEY STATION 536+86; THENCE EASTERLY 1506.48 FEET PARALLEL TO AND DISTANT 200.00 FEET NORTH OF SAID LOCATED LINE OF SAID SACRAMENTO WOODLAND RAILROAD TO SURVEY STATION 534+79.52; THENCE EASTERLY PARALLEL TO AND DISTANT 265.00 FEET NORTHERLY FROM SAID NORTH LINE OF SAID WOODLAND-ELKHORN COUNTY ROAD TO THE LOW WATER MARK ON THE WEST BANK OF THE SACRAMENTO RIVER; THENCE FOLLOWING SAID LOW WATER MARK AND ITS MEANDERS TO THE POINT OF BEGINNING.

CONTAINING 7,542 ACRES OF LAND, MORE OR LESS.
END OF DESCRIPTION.

CONSOLIDATION OF
RECLAMATION DISTRICTS 537, 785, & 827
BEING A PORTION TOWNSHIP 10 NORTH, RANGE 3 EAST,
AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 3 EAST,
AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 4 EAST
MOUNT DIABLO BASE AND MERIDIAN
YOLO COUNTY CALIFORNIA

LM LAUGENOUR AND MEIKLE
CIVIL ENGINEERING - LAND SURVEYING - PLANNING
508 COURT STREET, WOODLAND, CALIFORNIA 95692 - PHONE: (530) 862-1700
P.O. BOX 828, WOODLAND, CALIFORNIA 95778 - FAX: (530) 862-4802

Exhibit A

**RECLAMATION DISTRICT NO. 785
RESOLUTION NO. 2018 (10-11 No. 1)**

**RESOLUTION OF JOINDER IN RESOLUTION OF APPLICATION OF
RECLAMATION DISTRICT NO. 537**

Reclamation District No. 785 hereby joins in that certain Resolution of Application for Reorganization adopted as Resolution No. 2018 (10-11 No. 1), by the Board of Trustees of Reclamation District No. 785 on October 11, 2018, with respect to the dissolution of Reclamation District No. 785 and the annexation of its territory into Reclamation District No. 537.

Passed and adopted by the Board of Trustees of Reclamation District No. 785 at a regular meeting thereof held on October 11, 2018, by the following vote:

Ayes: 3
Noes: 0
Abstentions: 0
Absent: 0



Ross Peabody, President
Reclamation District No. 785 Board of Trustees

**RECLAMATION DISTRICT NO. 827
RESOLUTION NO. 2018-10-01
RESOLUTION OF JOINDER IN RESOLUTION OF APPLICATION OF
RECLAMATION DISTRICT 537**

Reclamation District No. 827 hereby joins in that certain Resolution of Application for Reorganization adopted as Resolution No. 2018-10-02 by the Board of Trustees of Reclamation District No. 537 on October 10, 2018, with respect to the dissolution of Reclamation District No. 827 and the annexation of its territory into Reclamation District No. 537.

Passed and adopted by the Board of Trustees of Reclamation District No 827 at a regular meeting thereof held on October 10, 2018, by the following vote:

Ayes: 3

Noes: 0

Abstentions: 0

Absent: 0

 , Chair

Reclamation District No. 827 Board of Trustees

ATTACHMENT 2
Indemnification

YOLO LOCAL AGENCY FORMATION COMMISSION | 625 Court Street, Suite 203
Woodland CA 95695
(530) 666-8048
lafco@yolocounty.org
www.yololafco.org



INDEMNIFICATION AGREEMENT

As part of this application, applicant and real party in interest if different, agree to defend, indemnify, hold harmless, and release the Yolo Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document, which accompanies it. This indemnification obligation shall include: but not be limited to damages, costs, expenses, attorney fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive negligence on the part of the Yolo Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at West Sacramento, California on, 11/1/13
City Date

APPLICANT: ~~Reclamation District No. 537~~

Signature: _____

Title: **Kristen Pigman, President**

Mailing Address: **P.O. Box 822**

West Sacramento, CA 95691

REAL PARTY INTEREST:
(If different from Applicant)

Signature: _____

Title:

Mailing Address:

YOLO LOCAL AGENCY FORMATION COMMISSION | 625 Court Street, Suite 203
Woodland CA 95695
(530) 666-8048
lafco@yolocounty.org
www.yolalafco.org



INDEMNIFICATION AGREEMENT

As part of this application, applicant and real party in interest if different, agree to defend, indemnify, hold harmless, and release the Yolo Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document, which accompanies it. This indemnification obligation shall include: but not be limited to damages, costs, expenses, attorney fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive negligence on the part of the Yolo Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at WEST SACRAMENTO, California on, OCTOBER 11, 2018
City Date

APPLICANT:

Signature: 

Title: PRESIDENT, RD-785

Mailing Address:

429 FIRST STREET
WOODLAND, CA 95695

REAL PARTY INTEREST:

(If different from Applicant)

Signature: _____

Title:

Mailing Address:

YOLO
LOCAL
AGENCY
FORMATION
COMMISSION

625 Court Street, Suite 203
Woodland CA 95695
(530) 666-8048
lafco@yolocounty.org
www.yololafco.org



INDEMNIFICATION AGREEMENT

As part of this application, applicant and real party in interest if different, agree to defend, indemnify, hold harmless, and release the Yolo Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document, which accompanies it. This indemnification obligation shall include: but not be limited to damages, costs, expenses, attorney fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive negligence on the part of the Yolo Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at West Sacramento, California on, October 10th, 2018
City Date

APPLICANT: Reclamation District No. 827

Signature: _____

Title: **Dan Ramos, President**

Mailing Address: **1450 Harbor Boulevard, Suite B**
West Sacramento, CA 95691

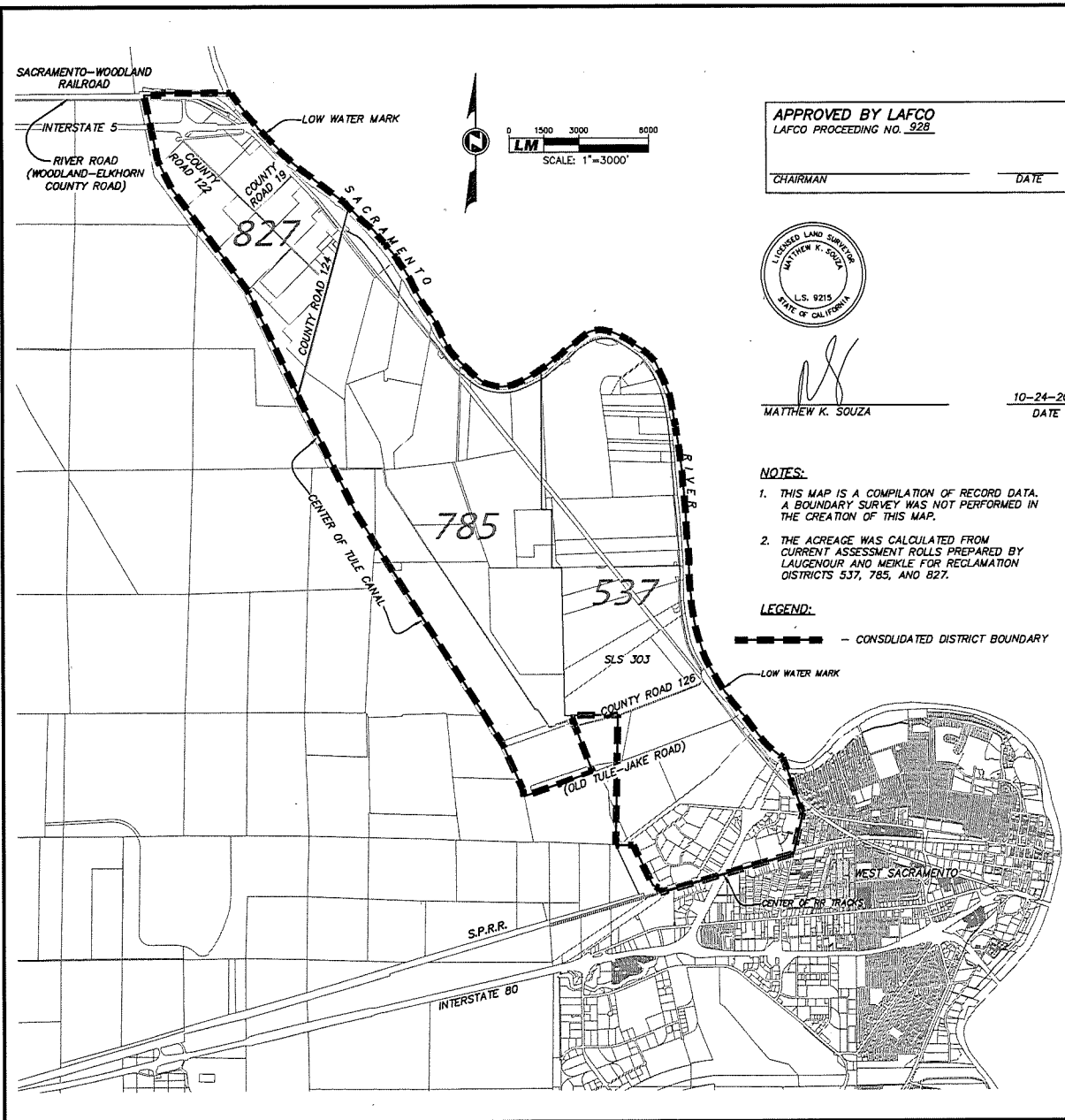
REAL PARTY INTEREST:
(If different from Applicant)

Signature: _____

Title:

Mailing Address:

ATTACHMENT 3
Metes-and-Bounds Description



APPROVED BY LAFCO
LAFCO PROCEEDING NO. 928

CHAIRMAN _____ DATE _____

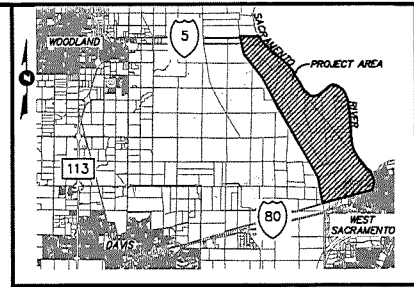


Matthew K. Souza
MATTHEW K. SOUZA
DATE 10-24-2018

- NOTES:**
1. THIS MAP IS A COMPILATION OF RECORD DATA. A BOUNDARY SURVEY WAS NOT PERFORMED IN THE CREATION OF THIS MAP.
 2. THE ACREAGE WAS CALCULATED FROM CURRENT ASSESSMENT ROLLS PREPARED BY LAUGENOUR AND MEIKLE FOR RECLAMATION DISTRICTS 537, 785, AND 827.

LEGEND:

--- CONSOLIDATED DISTRICT BOUNDARY



VICINITY MAP
NO SCALE

BOUNDARY DESCRIPTION:

THAT PORTION OF REAL PROPERTY SITUATE IN THE COUNTY OF YOLO, STATE OF CALIFORNIA, AND BEING A PORTION OF TOWNSHIP 10 NORTH, RANGE 3 EAST, AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 3 EAST, AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 4 EAST, AND ALSO BEING ALL OF THOSE PARCELS OF LAND ORIGINALLY DESCRIBED AS RECLAMATION DISTRICTS 537, 785, AND 827 BEING MERGED TOGETHER AS ONE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT LOW WATER MARK ON THE SOUTH BANK OF THE SACRAMENTO RIVER, WHERE SAID LOW WATER MARK INTERSECTS WITH THE DIVISION LINE COMMON TO THE LANDS OF T.B. LOVDAL AND THE LANDS OF THE BRYTE ESTATE, AS THOSE LANDS EXISTED AT THE DATE OF THE FORMATION PETITION OF RECLAMATION DISTRICT NO. 537, TO WIT, ON AUGUST 4, 1891, AND RUNNING THENCE FROM SAID POINT OF BEGINNING ALONG THE DIVISION LINE BETWEEN SAID LOVDAL AND BRYTE LANDS, SOUTHEASTERLY AND SOUTHWESTERLY TO THE CENTER LINE OF THE SOUTHERN PACIFIC COMPANY'S RAILROAD TRACK; THENCE FOLLOWING THE CENTER LINE OF SAID TRACK IN A SOUTHWESTERLY DIRECTION TO ITS INTERSECTION WITH THE WEST LINE OF SECTION 32 OF T. 9 N., R. 4E., M. D. M.; THENCE ALONG SAID SECTION LINE NORTH TO THE NORTHERLY BOUNDARY OF THE SOUTHERN PACIFIC RIGHT OF WAY; THENCE WEST ALONG SAID NORTHERLY BOUNDARY OF THE SOUTHERN PACIFIC RIGHT OF WAY TO THE POINT OF INTERSECTION OF SAID NORTHERLY BOUNDARY WITH THE WEST TOE OF THE LEVEE SEPARATING RECLAMATION DISTRICT NO. 537 FROM THE YOLO BY-PASS. THENCE IN A NORTHWESTERLY DIRECTION ALONG SAID WEST TOE OF THE SAID LEVEE TO THE NORTHERLY LINE OF SECTION 31, T. 9 N., R. 4 E.; THENCE WEST ALONG SAID NORTHERLY LINE OF SECTION 31 TO THE QUARTER SECTION CORNER BETWEEN SECTIONS 30 AND 31 OF SAID TOWNSHIP; THENCE ALONG THE WEST BOUNDARY OF SWAMP LAND SURVEYS 970 AND 745 OF YOLO COUNTY SURVEYS 80 CHAINS TO THE QUARTER SECTION CORNER BETWEEN SECTIONS 19 AND 30 OF SAID T. 9 N., R. 4 E.; THENCE WEST 30 CHAINS TO THE CENTER OF A DREDGE BUILT LEVEE; THENCE ALONG SAID CENTER OF SAID DREDGE BUILT LEVEE TO THE NORTH SIDE OF TULE JAKES ROAD; THENCE WESTERLY ALONG SAID NORTH SIDE OF SAID TULE JAKES ROAD TO THE CENTER OF TULE CANAL; THENCE ALONG SAID CENTER OF TULE CANAL IN A NORTHERLY AND A NORTHWESTERLY DIRECTION TO A POINT 173.00 FEET NORTHERLY FROM THE NORTH LINE OF THE WOODLAND-ELKHORN COUNTY ROAD; THENCE EASTERLY 500 FEET PARALLEL TO AND DISTANT 100 FEET MEASURED AT RIGHT ANGLES NORTHERLY OF THE LOCATED LINE OF THE SACRAMENTO AND WOODLAND RAILROAD TO STATION 536+86, BEING A STAKED MARKED "RW"; THENCE NORTHERLY AT RIGHT ANGLES 100.00 FEET TO A POINT 200.00 FEET NORTHERLY FROM SAID LOCATED LINE AT SURVEY STATION 536+86; THENCE EASTERLY 1506.48 FEET PARALLEL TO AND DISTANT 200.00 FEET NORTH OF SAID LOCATED LINE OF SAID SACRAMENTO WOODLAND RAILROAD TO SURVEY STATION 521+79.52; THENCE EASTERLY PARALLEL TO AND DISTANT 265.00 FEET NORTHERLY FROM SAID NORTH LINE OF SAID WOODLAND-ELKHORN COUNTY ROAD TO THE LOW WATER MARK ON THE WEST BANK OF THE SACRAMENTO RIVER; THENCE FOLLOWING SAID LOW WATER MARK AND ITS MEANDERS TO THE POINT OF BEGINNING.

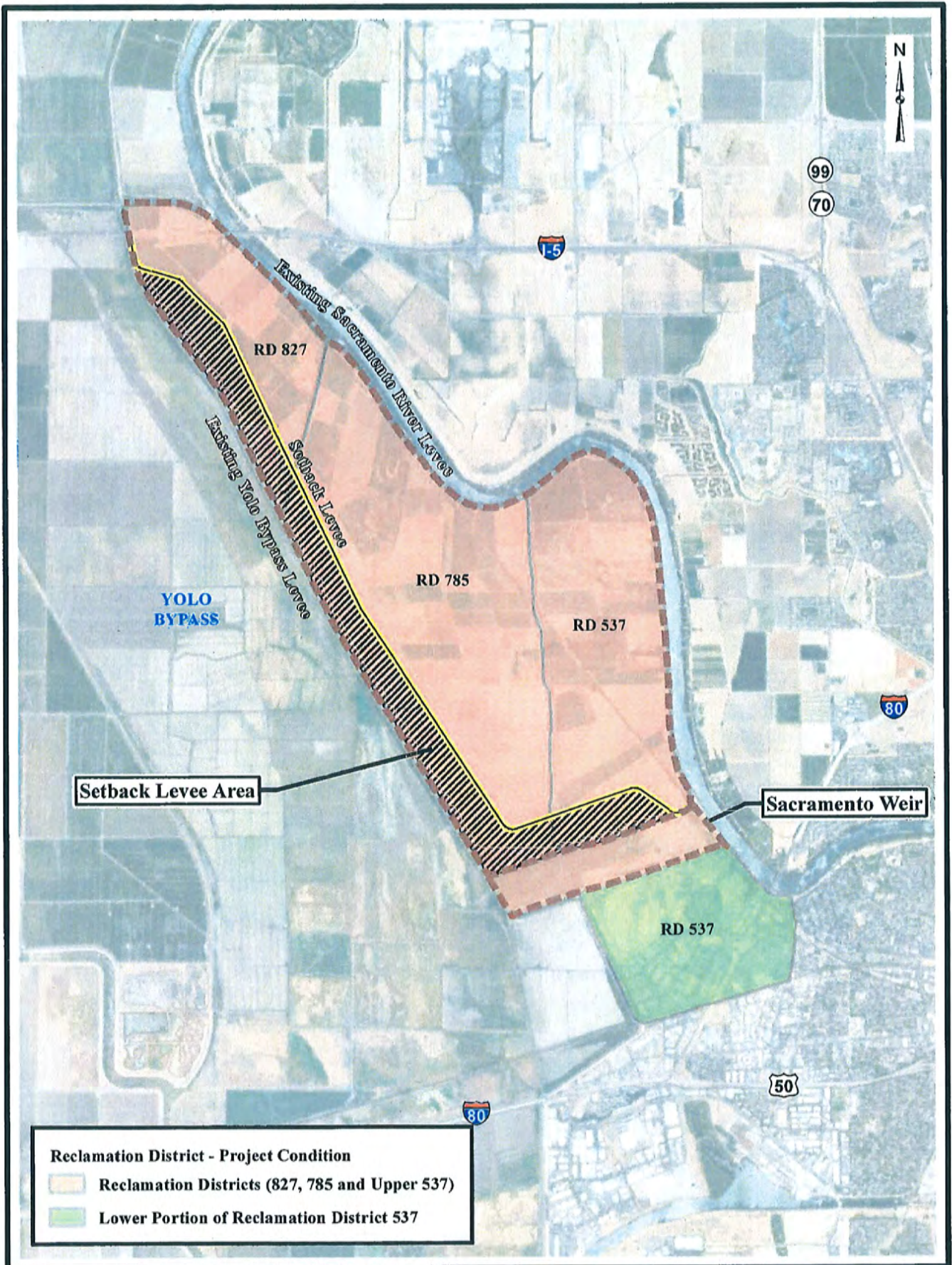
CONTAINING 7,542 ACRES OF LAND, MORE OR LESS.
END OF DESCRIPTION.

CONSOLIDATION OF RECLAMATION DISTRICTS 537, 785, & 827
BEING A PORTION TOWNSHIP 10 NORTH, RANGE 3 EAST,
AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 3 EAST,
AND ALSO BEING A PORTION OF TOWNSHIP 9 NORTH, RANGE 4 EAST
MOUNT DIABLO BASE AND MERIDIAN,
YOLO COUNTY CALIFORNIA

LM LAUGENOUR AND MEIKLE
CIVIL ENGINEERING • LAND SURVEYING • PLANNING
606 COURT STREET, WOODLAND, CALIFORNIA 95693 • PHONE: (530) 862-1755
P.O. BOX 828, WOODLAND, CALIFORNIA 95778 • FAX: (530) 862-4602

4216 BASE.D.dwg

ATTACHMENT 4
Maps



ATTACHMENT 5
Parcel List

014600073000	042320005000	042320024000	014650008000	014793073000	014043024000
042320035000	057240005000	042250006000	014660016000	014793013000	014043018000
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042300008000	042340004000	042250018000	014793030000	014043004000	
042290002000	042310099000	042250017000	014600007000	014794003000	
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042320016000	042320025000	014793063000	014794001000	014031004000	

ATTACHMENT 6
Deposit



County of Yolo

www.yolocounty.org

CHAD RINDE, CPA
Chief Financial Officer

DEPARTMENT OF FINANCIAL SERVICES

625 Court Street, Room 102

PO BOX 1268

WOODLAND, CA 95776

PHONE (530) 666-8190

FAX: (530) 666-8215

DFS@yolocounty.org

- Financial Strategy Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Fee Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

February 13, 2019

TO: Patrick Blacklock, CAO

FROM: Chad Rinde, CFO
By: Sheryl Hardy-Salgado

SUBJECT: LAFCo 928 – Reorganization of Lower Elkhorn Reclamation Districts
Dissolving RD 785 and RD 827 and annexing both territories into RD 537

The LAFCo project referenced above will reorganize approximately 4223.22 acres. If granted, Reclamation District 537 would annex territories of Reclamation District 785 and Reclamation District 827. Both Reclamation Districts 785 and 827 would then be dissolved.

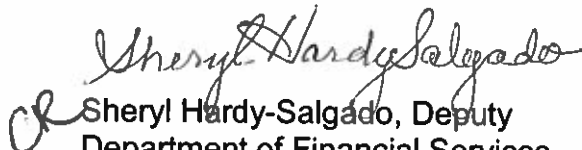
Per LAFCo, this proposal is subject to Section 99 of the Revenue and Taxation code. Pursuant to Revenue and Taxation Code §99 and related subsections, the County Assessor's Office provided this office with a list of tax rate areas of those properties located within the boundaries of the proposed LAFCo project. Utilizing the Assessor's information the agencies included in the Tax Rate Areas are shown on the enclosure.

Pursuant to §99(b)(1)(B)3, the Auditor shall notify the government body of each local agency whose service area or service responsibility will be altered by the amount of, and allocation factors with respect to, property tax revenue estimated to §99(b)(2) that is subject to a negotiated exchange. Reclamation District 537 and Reclamation District 785 do not currently receive any property tax revenue. However, Reclamation District 827 does receive property tax revenue, there is expected to be a tax revenue impact and therefore property tax revenue is subject to a negotiated exchange.

Except as otherwise provided by law, pursuant to §99(b)(1)(B)(4), upon receipt of the enclosed estimates, the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between the local agencies. This negotiation period shall not exceed 60 days. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years.

Please do not hesitate to contact Alexander Tengolics, Legislative & Government Affairs Specialist at (530) 666-8068 prior to the anticipated Board meeting with any concerns or questions about this determination.

Respectfully,


Sheryl Hardy-Salgado, Deputy
Department of Financial Services
Property Tax Accounting Unit

CR:shs
Cc: Christine Crawford, LAFCo
RD 827
RD 785
RD 537

LAFCo: 928
Project Name: Reorganization of Lower Elkhorn Reclamation Districts, Dissolving RD 785 and RD 827 and annexing both territories into RD 537
R&T Code Section: 99
Existing Tax Rate Area(s): 087-014, 087-015 and 087-083
Net Assessed Value: 44,729,967
Estimated 1% Property Tax Revenue: \$325,098.69

AGENCY NAME

County General Fund
County ACO Fund
County Library
County Road District #2
Elkhorn Fire Protection District
Sacramento-Yolo Mosquito & Vector Control
Reclamation District 827
Yolo County Resources Conservation District
County Office Education of Yolo County
Woodland Unified School District
Yuba Community College
Educational Revolving Augmentation Fund

TRA	PARCEL COUNT	ACRES	LAND VAL	IMP VAL	OTHR VAL	EXEMPT	UNSEC VAL	TOTAL VALUE	TOTAL LEVY
087-014	30	2225.56	7,563,580	1,767,136	-	28,000	-	9,302,716	93,027.16
087-015	3	921.33	2,790,430	127,449	-	497	-	2,917,382	29,173.82
087-083	44	1076.33	27,290,434	2,816,941	-	30,486	2,432,980	32,509,869	325,098.69
TOTALS	77	4223.22	37,644,444	4,711,526	-	58,983	2,432,980	44,729,967	447,299.67

Reclamation District 827 is located in only one Tax Rate Area: 087-083. Listed below are the existing agencies in the 1% tax rate in Tax Rate Area 087-083.

AGENCY TITLE	DISTRIB %	Before ERAF	% SHIFT to ERAF	NEW DIST %	After ERAF
County General Fund	0.32127103	104,444.79	0.65754209	0.11002181	35,767.95
County ACO Fund	0.01316744	4,280.72		0.01316744	4,280.72
County Library	0.02984846	9,703.70	0.34062874	0.01968122	6,398.34
County Road District #2	0.02340659	7,609.45	0.10378479	0.02097734	6,819.71
Elkhorn Fire District	0.01350600	4,390.78	(1.06463208)	0.02788492	9,065.35
Sacto-Yolo Mosq&Vector Control	0.00925872	3,010.00		0.00925872	3,010.00
Reclamation District #827	0.13533824	43,998.28	0.41611863	0.07902148	25,689.78
Yolo County Resource Conserv Dist	0.00043822	142.46	0.27666920	0.00031698	103.05
County Schools	0.03325835	10,812.25		0.03325835	10,812.25
Woodland Joint Unified School Dist	0.34784496	113,083.94		0.34784496	113,083.94
Yuba Community College	0.07266199	23,622.32		0.07266199	23,622.32
ERAF	0.00000000	0.00		0.26590480	86,445.30
	1.000000	325,098.69		1.000000	325,098.69

Listed below are the proposed agencies in the 1% tax rate in tax rate area 087-083.

FUND TITLE	DISTRIB %	Before		After	
		ERAf		NEW DISTRIB %	ERAf
County General Fund	0.32127103	104,444.79	0.65754209	0.11002181	35,767.95
County ACO Fund	0.01316744	4,280.72		0.01316744	4,280.72
County Library	0.02984846	9,703.70	0.34062874	0.01968122	6,398.34
County Road District #2	0.02340659	7,609.45	0.10378479	0.02097734	6,819.71
Elkhorn Fire District	0.01350600	4,390.78	(1.06463208)	0.02788492	9,065.35
Sacto-Yolo Mosq&Vector Control	0.00925872	3,010.00		0.00925872	3,010.00
Reclamation District #537	0.13533824	43,998.28	0.41611863	0.07902148	25,689.78
Yolo County Resource Conserv Dist	0.00043822	142.46	0.27666920	0.00031698	103.05
County Schools	0.03325835	10,812.25		0.03325835	10,812.25
Woodland Joint Unified School Dist	0.34784496	113,083.94		0.34784496	113,083.94
Yuba Community College	0.07266199	23,622.32		0.07266199	23,622.32
ERAf	0.00000000	0.00		0.26590480	86,445.30
	1.00000000	325,098.69		1.00000000	325,098.69

After review, there will be a property tax loss or exchange between agencies for the subject properties. No new tax rate area will be necessary to accomplish the proposed annexation and dissolutions.

TRA	APN_D	TRA	APN_D
087-014	042-250-030-000	087-083	042-300-002-000
087-014	042-250-032-000	087-083	042-300-003-000
087-014	042-310-001-000	087-083	042-300-004-000
087-014	042-310-003-000	087-083	042-300-005-000
087-014	042-310-004-000	087-083	042-300-006-000
087-014	042-310-005-000	087-083	042-300-007-000
087-014	042-310-006-000	087-083	042-300-008-000
087-014	042-310-007-000	087-083	042-300-009-000
087-014	042-310-008-000	087-083	042-300-010-000
087-014	042-310-010-000	087-083	042-300-012-000
087-014	042-310-011-000	087-083	042-300-013-000
087-014	042-310-012-000	087-083	057-210-001-000
087-014	042-310-013-000	087-083	057-210-002-000
087-014	042-310-014-000	087-083	057-210-004-000
087-014	042-310-015-000	087-083	057-210-007-000
087-014	042-320-001-510	087-083	057-210-008-000
087-014	042-320-002-000	087-083	057-210-009-000
087-014	042-320-003-510	087-083	057-210-010-000
087-014	042-320-004-000	087-083	057-210-011-000
087-014	042-320-005-000	087-083	057-210-018-000
087-014	042-320-006-000	087-083	057-210-019-000
087-014	042-320-038-000	087-083	057-220-001-000
087-014	042-330-001-000	087-083	057-220-002-000
087-014	042-330-002-000	087-083	057-220-003-000
087-014	042-330-003-510	087-083	057-220-004-000
087-014	042-330-004-000	087-083	057-220-005-000
087-014	042-330-005-000	087-083	057-220-006-000
087-014	042-330-006-000	087-083	057-220-007-000
087-014	057-200-005-000	087-083	057-230-001-000
087-014	057-200-006-000	087-083	057-230-002-000
087-015	042-340-003-000	087-083	057-230-003-000
087-015	042-340-004-000	087-083	057-240-001-000
087-015	042-340-005-000	087-083	057-240-002-000
087-083	042-290-001-000	087-083	057-240-005-000
087-083	042-290-006-000	087-083	057-240-006-000
087-083	042-290-008-000	087-083	057-240-007-000
087-083	042-290-009-000	087-083	057-240-009-000
087-083	042-290-011-000		

FILED

APR 25 2019

BY *Lupe Ramirez*
DEPUTY CLERK OF THE BOARD

Resolution No. 19- 52

A RESOLUTION OF THE YOLO COUNTY BOARD OF SUPERVISOR MAKING DETERMINATION OF A PROPERTY TAX EXCHANGE RELATED TO A REQUESTED ANNEXATION OF RECLAMATION DISTRICTS 785 AND 827 BY RECLAMATION DISTRICT 537 AND THE SUBSEQUENT DISSOLUTION OF RECLAMATION DISTRICTS 785 AND 827

WHEREAS, Reclamation Districts 537, 785, and 827 have filed an application with the Yolo County Local Agency Formation Commission (LAFCo) requesting Reclamation District 537 to annex Reclamation Districts 785 and 827, and the subsequent dissolution of Reclamation Districts 785 and 827;

WHEREAS, the Yolo County Auditor has determined that there is property tax revenue generated within the territory that is the subject of the jurisdictional change;

WHEREAS, because the jurisdictional change would affect the service area or service responsibility of one or more special districts, Revenue and Tax Code section 99 requires the County to negotiate any exchange of property tax revenue on behalf of the District;

WHEREAS, Reclamation District 827 currently receives an apportionment of 7.902148% from the ad-valorem property tax and this apportionment will be transferred to Reclamation District 537 as part of the proposed annexation/dissolution;

WHEREAS, the County has noticed the Reclamation Districts of the determination of a tax revenue impact and exchange, and provided adequate opportunity to comment on the determination;

NOW, THEREFORE, BE IT RESOLVED AND ORDER by the Board of Supervisors of the County of Yolo, State of California, as follows:

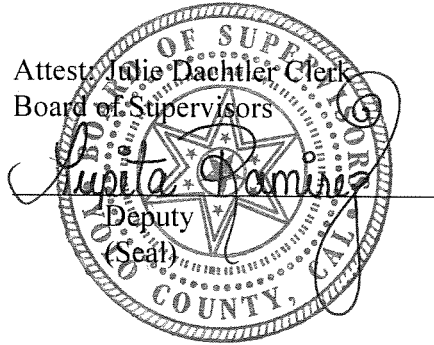
1. The totality of Reclamation District 827's apportionment of the ad-valorem property tax (7.902148%) shall be transferred to Reclamation District 537 as part of the proposed annexation of Reclamation Districts 785 and 827 by Reclamation District 537, and the subsequent dissolution of Reclamation Districts 785 and 827;

PASSED AND ADOPTED by the Yolo County Board of Supervisors this 23rd day of April, 2019, by the following vote:

AYES: Sandy, Provenza, Chamberlain, Villegas, Saylor
 NOES: None
 ABSENT: None
 ABSTAIN: None

Don Saylor
 Don Saylor, Chair,
 Board of Supervisors

Attest, Julie Dachtler Clerk
Board of Supervisors



Approved as to Form:
Philip J. Pogledich, County Counsel

By: Carrie Scarlata
Carrie Scarlata,
Assistant County Counsel

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

Consider approval of **Resolution 2019-07** adopting the Municipal Service Review (MSR) for the Sacramento-Yolo Port District (LAFCo No. S-052)

RECOMMENDED ACTION

1. Receive staff presentation on the Municipal Service Review and open the Public Hearing for public comments on this item.
2. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing.
3. Consider approval of **Resolution 2019-07** adopting the Municipal Service Review for the Sacramento-Yolo Port District.

FISCAL IMPACT

No fiscal impact. The Municipal Service Review was prepared "in-house" and appropriate funds were budgeted.

REASONS FOR RECOMMENDED ACTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), is LAFCo's governing law and outlines the requirements for preparing periodic Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances".

An MSR is conducted prior to, or in conjunction with, the update of an SOI. LAFCos are required to review an agency's Sphere of Influence every five years. An MSR evaluates the structure and operations of district services and includes a discussion of the capability and capacity of the district to ensure the provision of municipal services to the existing service area and any future growth of the district's boundaries. The SOI indicates the probable future physical boundaries and service area of a district and lays the groundwork for potential future annexations.

Yolo LAFCo staff utilizes a checklist format for MSRs that allows staff to streamline the assessment of each district's municipal services. Based on the findings of the MSR checklist staff can recommend whether a SOI update is warranted.

BACKGROUND

The District was formed in 1947 to develop and maintain a deep water port for the northern California region. Upon formation the District was governed by a five-member Commission with two members representing the City of Sacramento, two representing the County of Sacramento, and one representing the County of Yolo. The Port's boundaries included Sacramento County and the Yolo County Supervisor District 1. The Port opened to commerce in 1963. Soon after the City of West Sacramento incorporated in 1987, legislation was adopted that expanded the five-member Port Commission to a seven-member Commission with two members appointed by each the City of Sacramento and County of Sacramento, one by each the Yolo County Board of Supervisors and City of West Sacramento, and one jointly appointed by the City and County of Sacramento. Several years after the District increased the representation on its Commission, the Port District also increased the size of its boundaries. In 1992, Sacramento LAFCO approved the annexation of 14 parcels totaling approximately 1,754 acres of the Solano County Deep Water Channel into the District.

On December 5, 2005, the Port Commission approved changes to its boundaries, governance, and administration. These changes were approved by the West Sacramento and Sacramento City Councils and the Sacramento and Yolo County Board of Supervisors through the execution of a Joint Port Governance Agreement with an effective date of January 15, 2006. In September 2006, the California Legislature detached the County and City of Sacramento from the District's boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The Commission was reduced from seven to five members with four of the Commissioners being appointed by the City Council and one by the Yolo County Board of Supervisors (effectively reorganizing the District from an independent district to a dependent district to the City of West Sacramento). The City of West Sacramento assumed management of the business, financial, administrative, and related operations of the Port. After years of financial losses, in 2013 the Port was reorganized from a district with its own staff to a "landlord-operator" model and the District contracted with SSA Marine to be the Port's Terminal Operator responsible for business development. The District is currently managed by one, full time Port Chief Operating Officer employed by the City of West Sacramento.

The Port mainly handles foreign exports and imports and little domestic waterborne trade. The Port's focus is on specialized bulk (unpackaged) cargo shipping. The cargo base consists mainly of exporting rice and importing cement, fertilizer and other miscellaneous products. The primary users of Port facilities are local agriculture producers and local building markets located within 500 miles of Port facilities.

MSR Determinations and Recommendations

There are seven required MSR determinations per state law. The Sacramento-Yolo Port District MSR's determinations and recommendations for Commission review are as follows:

Growth and Population MSR Determination

Local population growth will not have an impact on the District's service needs or demands, and will not create a need to change the agency's boundary. The District's economic drivers extend far beyond local population growth. Therefore, population growth is not a factor for the Sacramento-Yolo Port District.

Disadvantaged Unincorporated Communities MSR Determination

The Sacramento-Yolo Port District does not provide public services related to sewers, municipal and industrial water, or structural fire protection that would trigger the requirements of SB 244 regarding disadvantaged unincorporated communities.

Capacity and Adequacy of Public Facilities and Services MSR Determination

Following years of financial issues, on July 1, 2013, the District implemented a new landlord-lessee operating model and currently the District's only staff is a Port Chief Operations Officer. Port operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. There are no concerns regarding services provided by the District being adequate and there is no plan to hire additional staff. The Port is able to be dynamic and responsive to fluctuations in demand for movement of goods through its maritime facilities. Additional cargo facilities and development sites can be made available over time with redevelopment of some of the existing obsolete warehouses. The Port has made investments to develop its real estate business and to maintain the maritime facilities. SSA Marine, the Port's Terminal Operator, is now responsible for maritime business development. As a landlord Port, having secured an operator and a lease for the maritime facilities, the focus has been on generating revenues from non-maritime real estate assets.

Financial Ability MSR Determination

Overall, the Port's financial condition has improved and stabilized since the last MSR was completed in 2009, primarily due to the implementation of the 2013 Business Plan which changed Port operations from an operating Port to a landlord-lessee operation. In the past, the Port has balanced its budget through the use of one-time revenues including carryover cash balances and property sales. With the implementation of the new model the Port has been able to reduce expenditures, including debt service, and create reliable long-term revenue streams through the execution of leases. Although the City has advanced funds to the Port for investment property acquisition, overall operating and debt service cash flow is now positive which is a big change from 2013 when the Port's net cash flow was a negative \$3.2M. The Port Chief Operating Officer should consider pre-funding a long-term capital project plan and setting aside funds in a specific reserve for unforeseen emergency expenses. Staff noted several financial reporting inconsistencies in the Comprehensive Annual Financial Report (CAFR) related to the Port fund. In fiscal years 2016 and 2017 overhead transfers out were reclassified, as part of the CAFR preparation process, to the salaries/benefits and operations/maintenance line items. For fiscal year 2014 and 2015 the overhead transfers were reported in the CAFR as transfers out. In fiscal year 2018 total transfers out of \$740,442 consisting of \$190,243 of general support, \$50,198 of non-capitalized CIP and a \$500,000 repayment to general fund were reclassified to operations and maintenance.

Financial Ability Recommendations

1. In addition to the annual budget report, the Port Chief Operating Officer should present quarterly budget-to-actual reports with a year-end projection of net income or loss. Also the Port Chief Operating Officer with City financial staff assistance should present the audited financial statements to the District board.
2. Now that the District is financially stable, it should consider establishing and funding a long term capital improvement plan (CIP) and reserve policy to continue to strengthen its financial position.
3. We recommend that City finance staff collaborate with the Port Chief Operating Officer when preparing the CAFR and consider additional reporting line items to make the audited numbers more meaningful such as, "general/administration expenditures" and "other operating costs". The "other operating costs" would include items that are not truly operating but do not qualify as "non-operating" for reporting purposes.
4. All City transfers to the Port that are made with the intention of repayment, should be recorded on the Port's balance sheet as a liability. As previously noted above a \$500,000 repayment to the general fund was recorded as a transfer, since a liability was not

established for a prior year subsidy transfer to the Port.

Accountability, Structure and Efficiencies MSR Determination

In September 2006, the California Legislature detached the County and City of Sacramento from the District's boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The District has effectively become a subsidiary district to the City. Following years of financial issues, as of July 1, 2013, the District implemented a new landlord-lessee operating model. The District has undergone several significant evolutions in governance structure which has resulted in much more efficiency and financial stability. The District has also sold some property (the Prospect and Decker islands) which should be detached from its boundary.

However, there is one notable area where this subsidiary district model may not be operating in the best interest of the District. Despite this simplified landlord model and the District having a dedicated Chief Operating Officer who handles "nearly all of the Port's management, budgeting, and planning responsibilities", the City Manager acts as the Chief Executive Officer for the District and is now paying 50% of the City Manager's salary and benefits, which does not appear to be supported by analysis. This does not appear to be an efficient staff cost from the District's perspective. There is also the need for the District to improve its public transparency via its webpage on the City's website.

Accountability, Structure and Efficiencies Recommendations

1. Prospect and Decker Islands should be detached from the District boundary since they were sold to the Department of Water Resources in 2015 as part of a land exchange. The District should submit a proposal application to LAFCo to detach these areas as a subsequent cleanup item.
2. The District and City should consider the appropriateness of allocating 50% of the City Manager/Port CEO's salary and benefit costs to the Port. Allocations should be supported by time studies or based on the best approximation of actual time spent on District management. Allocations based solely on budget needs are not an acceptable method for cost allocation under state and federal cost allocation guidelines.
3. The District should work on improving its transparency on its page on the City's website (the District received a 28% transparency score for 2018). The District's webpage deficiencies can be viewed here:
<https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>.

Other Issues MSR Determination

There are no other issues related to effective or efficient service delivery, as required by Commission policy.

Sphere of Influence Study

The District's Sphere of Influence is coterminous with the District boundary and the Port Chief Operating Officer has indicated there is no foreseeable need for an update. Therefore, staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is not necessary in accordance with Government Code Section 56425(g). Therefore, no change to the District's coterminous SOI is recommended and SOI determinations have not been made.

Public/District Involvement

The primary source of information used in this MSR has been information collected from District staff and adopted plans, budgets, reports, policies, etc. While researching the MSR, staff met onsite with the Port Chief Operating Officer for a tour of the District land holdings and met in the

office. On May 1, 2019 a “Notice of Availability of the Draft MSR and Public Hearing” was released by LAFCo and published in the West Sacramento News Ledger, which requested written comments from the public and stakeholders. The City of West Sacramento has also reviewed the MSR. No comments on the draft MSR have been received.

Attachments

[ATT A-Port MSR Reso 2019-07](#)

[ATT-B Sac-Yolo Port District DRAFT MSR/SOI](#)

Form Review

Inbox

Christine Crawford (Originator)

Form Started By: Christine Crawford

Final Approval Date: 05/16/2019

Reviewed By

Christine Crawford

Date

05/16/2019 09:25 AM

Started On: 05/14/2019 01:22 PM

YOLO LOCAL AGENCY FORMATION COMMISSION

Resolution № 2019-07

**Adopting the Municipal Service Review for the Sacramento-Yolo Port District
(LAFCo No. S-052)**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and,

WHEREAS, Section 56425 et seq. provides that the local agency formation commission in each county shall develop and determine the sphere of influence of each local governmental agency within the county, and enact policies designed to promote the logical and orderly development of areas within the spheres of influence, as more fully specified in Sections 56425 et seq.; and,

WHEREAS, Section 56430 requires that local agency formation commissions conduct a municipal service review (MSR) prior to, or in conjunction with, consideration of actions to establish or update a sphere of influence (SOI) in accordance with Sections 56076 and 56425; and,

WHEREAS, in 2018/19, the Yolo Local Agency Formation Commission (LAFCo or Commission) conducted a review of the municipal services and sphere of influence of the Sacramento-Yolo Port District; and

WHEREAS, based on the results of the MSR staff has determined that the SOI for the Sacramento-Yolo Port District is coterminous with the district boundaries and does not need to be updated; and,

WHEREAS, the Executive Officer set a public hearing for May 23, 2019, for consideration of the draft MSR and caused notice thereof to be posted, published, and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and,

WHEREAS, on May 23, 2019, the draft MSR came on regularly for hearing before LAFCo, at the time and place specified in the Notice; and,

WHEREAS, at said hearing, LAFCo reviewed the draft MSR, the Executive Officer's Report and Recommendations, and all other matters presented as prescribed by law; and,

WHEREAS, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and,

WHEREAS, the Commission received, heard, discussed, and considered all oral and written testimony related to the sphere update, including but not limited to protests and objections, the Executive Officer's report and recommendations, and determinations and the service review.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the Yolo Local Agency Formation Commission hereby adopts Resolution 2019-07 adopting the Municipal

Service Review for the Sacramento-Yolo Port District dated May 23, 2019, and incorporated herein by this reference, subject to the following finding and recommendations:

FINDING

Finding: Approval of the MSR is exempt from the California Environmental Quality Act (CEQA) because it is not a “project” per CEQA Guidelines Section 21065.

Evidence: An MSR is not an activity which may cause a direct or indirect physical change to the environment, and therefore is not a “project,” as defined by the CEQA Guidelines.

Finding: Approval of the MSR is consistent with all applicable state laws and local LAFCo policies.

Evidence: The project was prepared consistent with the requirements in the Cortese-Knox-Hertzberg Act for a MSR and all applicable Yolo LAFCo policies and adopted Standards for Evaluation. The MSR includes written determinations as required by Section 56430 of the Cortese-Knox-Hertzberg Local Government Act.

RECOMMENDATIONS

1. In addition to the annual budget report, the Port Chief Operating Officer should present quarterly budget-to-actual reports with a year-end projection of net income or loss. Also the Port Chief Operating Officer, with City financial staff assistance, should present the audited financial statements to the District board.
2. Now that the District is financially stable, it should consider establishing and funding a long term capital improvement plan (CIP) and reserve policy to continue to strengthen its financial position.
3. The City finance staff should collaborate with the Port Chief Operating Officer when preparing the CAFR and consider additional reporting line items to make the audited numbers more meaningful such as, “general/administration expenditures” and “other operating costs”. The “other operating costs” would include items that are not truly operating but do not qualify as “non-operating” for reporting purposes.
4. All financial transfers from the City to the Port that are made with the intention of being repaid to the City in the future, should be recorded on the Port’s balance sheet as a liability. As previously noted above a \$500,000 repayment to the City’s general fund was recorded as a transfer, since a liability was not established for a prior year subsidy transfer to the Port.
5. Prospect and Decker Islands should be detached from the District boundary since they were sold to the Department of Water Resources in 2015 as part of a land exchange. The District should submit a proposal application to LAFCo to detach these areas as a subsequent cleanup item.
6. The District and City should consider the appropriateness of allocating 50% of the City Manager/Port CEO’s salary and benefit costs to the Port. Allocations should be supported by time studies or based on the best approximation of actual time spent on District management. Allocations based solely on budget needs are not an acceptable method for cost allocation under state and federal cost allocation guidelines.

7. The District should work on improving its transparency on its page on the City's website (the District received a 28% transparency score for 2018). The District's webpage deficiencies can be viewed here: <https://www.yololafo.org/yolo-local-government-website-transparency-scorecards>.

PASSED AND ADOPTED by the Local Agency Formation Commission, County of Yolo, State of California, this 23th day of May 2019, by the following vote:

Ayes:
Noes:
Abstentions:
Absent:

Olin Woods, Chair
Yolo Local Agency Formation Commission

Attest:



Christine Crawford, Executive Officer
Yolo Local Agency Formation Commission

Approved as to form:



Eric May, Commission Counsel

2019

Item 7-ATT B

MUNICIPAL SERVICE REVIEW
AND SPHERE OF INFLUENCE
STUDY

FOR THE

Sacramento-Yolo Port District





Project Name: MSR/SOI for Sacramento-Yolo Port District

LAFCo Project No. 052

Conducted By: Yolo Local Agency Formation Commission
625 Court Street, Suite 203
Woodland, CA 95695

Date: May 1, 2019 (draft)

Subject Agency: Sacramento-Yolo Port District

Agency Address: 1110 West Capitol Avenue
West Sacramento, CA 95691

Agency Contact Person: Rick Toft, Port Chief Operations Officer

Date of Previous Adopted MSR/SOI: June 22, 2009

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MSR/SOI BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

Based on that legislative charge, LAFCo serves as an arm of the State; preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses. While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies, and MSRs provide the near-term and long-term time-relevant data to inform LAFCo’s SOI determinations.

PURPOSE OF A MUNICIPAL SERVICE REVIEW

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of a Municipal Services Review (MSR) in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study’s determinations must be made in the following areas:

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

The MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

PURPOSE OF A SPHERE OF INFLUENCE

In 1972, LAFCos were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, “sphere of influence” means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (§56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Likewise, they are also designed to discourage urban sprawl and the premature conversion of agricultural and open space resources to urbanized uses.

The role of SOIs in guiding the State’s growth and development was validated and strengthened in 2000 when the Legislature passed Assembly Bill (“AB”) 2838 (Chapter 761, Statutes of 2000), which was the result of two years of labor by the Commission on Local Governance for the 21st Century, which traveled up and down the State taking testimony from a variety of local government stakeholders and assembled an extensive set of recommendations to the Legislature to strengthen the powers and tools of LAFCos to promote logical and orderly growth and development, and the efficient, cost-effective, and reliable delivery of public services to California’s residents, businesses, landowners, and visitors. The requirement for LAFCos to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that regular periodic updates of SOIs should be conducted on a five-year basis (§56425(g)) with the benefit of better information and data through MSRs (§56430(a)).

Pursuant to Yolo County LAFCO policy an SOI includes an area adjacent to a jurisdiction where development might be reasonably expected to occur in the next 20 years. A MSR is conducted prior to, or in conjunction with, the update of a SOI and provides the foundation for updating it.

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

DISADVANTAGED UNINCORPORATED COMMUNITIES

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

On March 26, 2012, LAFCo adopted a “Policy for the Definition of ‘Inhabited Territory’ for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities”, which identified 21 inhabited unincorporated communities for purposes of implementing SB 244.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit “cherry picking” by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

ORGANIZATION OF MSR/SOI STUDY

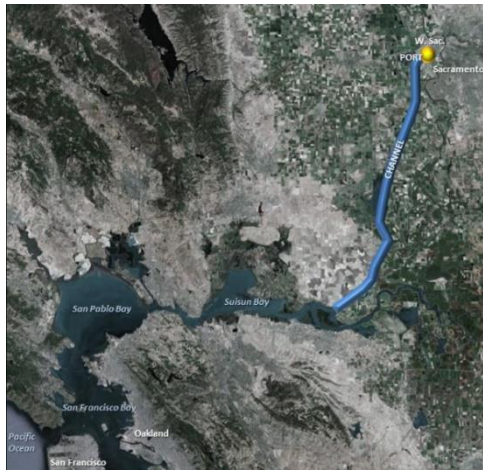
This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency while providing required LAFCo’s MSR and SOI determinations. The checklist questions are based on the Cortese-Knox-Hertzberg Act, the LAFCo MSR Guidelines prepared by the Governor’s Office of Planning and Research and adopted Yolo LAFCo local policies and procedures. This report provides the following:

- Provides a description of the subject agency;
- Provides any new information since the last MSR and a determination regarding the need to update the SOI;
- Provides MSR and SOI draft determinations for public and Commission review; and
- Identifies any other issues that the Commission should consider in the MSR/SOI.

AGENCY PROFILE

Background

The Sacramento-Yolo Port District was formed pursuant to Section 6800 et seq (i.e. river port districts) of the California Public Harbors and Navigation Code. The District has significant powers and may acquire, purchase, construct, maintain, operate, develop, and regulate wharves, docks, warehouses, grain elevators, bunkering facilities, cold storage facilities, belt railroads, floating plants, lands, towage facilities, and any and all other facilities, aids, or public personnel, incident to, or necessary for, the operation and development of ports, waterways, and the district. It may exercise the right of eminent domain to take any property necessary or convenient to carry out any of its purposes. A district may do any work or make any improvement within or without the territorial limits of the district, if the doing of the work or the making of the improvement will aid in the development or the improvement of navigation or commerce to or within the district.



The District was formed in 1947 to develop and maintain a deep water port for the northern California region. Upon formation the District was governed by a five-member Commission with two members representing the City of Sacramento, two representing the County of Sacramento, and one representing the County of Yolo. The Port’s boundaries included Sacramento County and the Yolo County Supervisor District 1. The Port opened to commerce in 1963.

Soon after the City of West Sacramento incorporated in 1987, legislation was adopted that expanded the five-member Port Commission to a seven-member Commission with two members appointed by each the City of Sacramento and County of Sacramento, one by each the Yolo County Board of Supervisors and City of West Sacramento, and one jointly appointed by the City and County of Sacramento. Several years

after the District increased the representation on its Commission, the Port District also increased the size of its boundaries. In 1992, Sacramento LAFCo approved the annexation of 14 parcels totaling approximately 1,754 acres of the Solano County Deep Water Channel into the District.

On December 5, 2005, the Port Commission approved changes to its boundaries, governance, and administration. These changes were approved by the West Sacramento and Sacramento City Councils and the Sacramento and Yolo County Board of Supervisors through the execution of a Joint Port Governance Agreement with an effective date of January 15, 2006.

In September 2006, the California Legislature detached the County and City of Sacramento from the District’s boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The Commission was reduced from seven to five members with four of the Commissioners being appointed by the City Council and one by the Yolo County Board of Supervisors. The City of West Sacramento assumed management of the business, financial, administrative, and related operations of the Port.

After years of financial losses, in 2013 the Port was reorganized from a district with its own staff to a “landlord-operator” model and the District contracted with SSA Marine to be the Port’s Terminal Operator responsible for business development. The District is currently managed by one, full time Port Chief Operating Officer employed by the City of West Sacramento.

Boundaries

The District consists of approximately 65,000 acres. Its boundaries include the area within the Yolo County Board of Supervisor's District 1 and approximately 1,754 acres of land in Solano County owned by the Port. Board of Supervisor's District 1 includes the City of West Sacramento and is generally bounded by the Sacramento Bypass on the north, the Yolo Bypass on the west, the Yolo/Solano County boundary on the south, and the Sacramento River on the east.

The boundaries extend south into Solano County encompassing the Deep Water Channel and its levees south to the intersection of Cache and Miner Sloughs. The District also includes land on either side of and adjacent to the Channel levees. The current District boundary also includes Prospect and Decker Islands because they were once owned by the District. However, these properties were sold to the Department of Water Resources in 2015 as part of a land exchange in which the District acquired another property located at 4300 West Capitol Avenue in West Sacramento.

Land Use

The District encompasses a large area that overlaps several jurisdictions. The District's boundaries include the City of West Sacramento and the counties of Yolo and Solano.

The City of West Sacramento is located in the north portion of the District. The City contains 14,734 acres, which represent nearly 25 percent of land in the District. The City contains a range of land uses and zoning that include commercial, industrial, residential, and high-density mixed uses. The majority of the Port's facilities and operations are in the City of West Sacramento. The remaining land in the District, 1,754 acres, is located in Solano County in and around the Deep Water Channel.

Operation

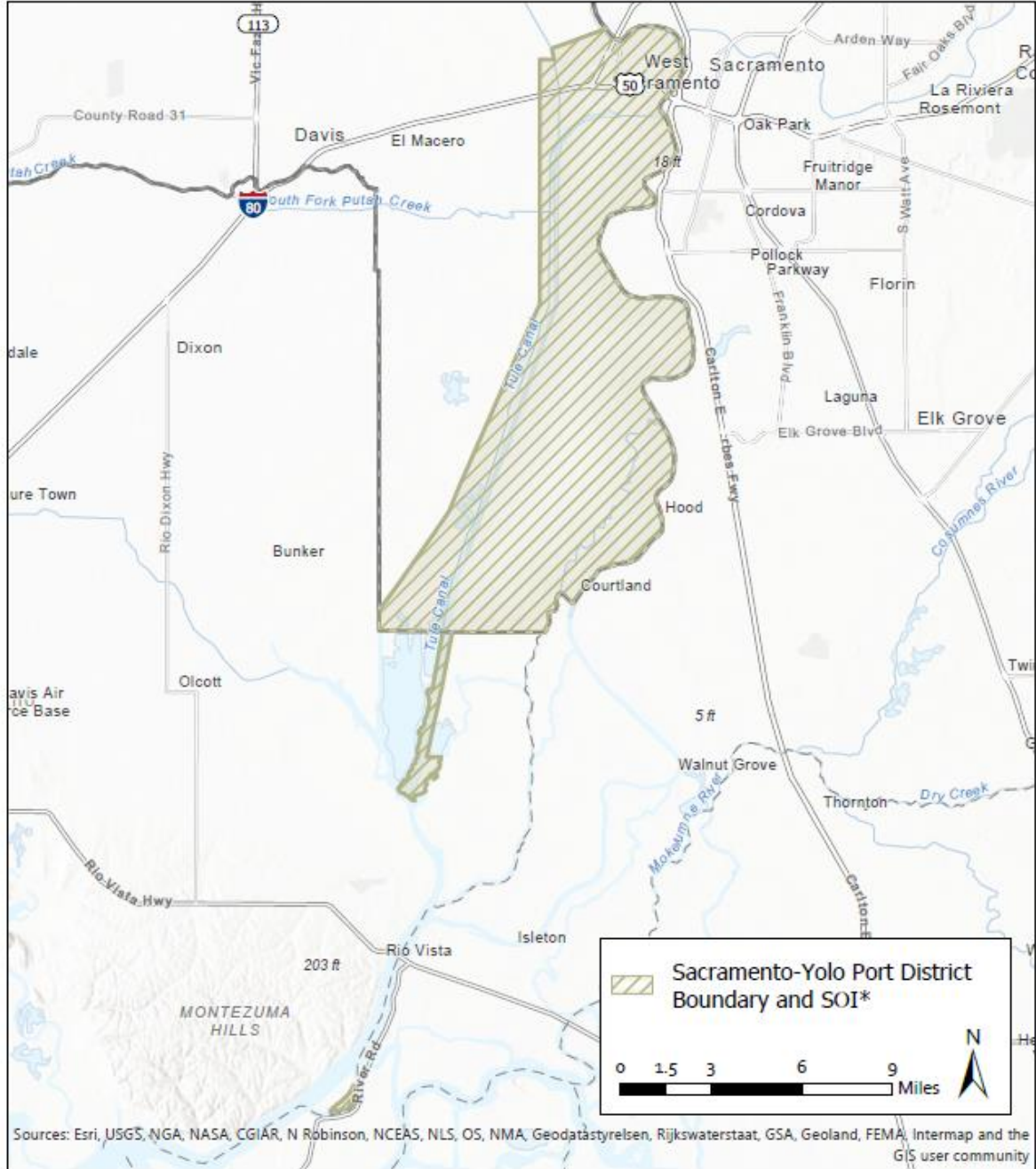
The Port mainly handles foreign exports and imports and little domestic waterborne trade. The Port's focus is on specialized bulk (unpacked) cargo shipping. The cargo base consists mainly of exporting rice and importing cement, fertilizer and other miscellaneous products. The primary users of Port facilities are local agriculture producers and local building markets located within 500 miles of Port facilities.

The elements of the Port of West Sacramento include: the Deep Water Ship Channel, the harbor, the maritime terminal, non-maritime development property, and the foreign trade zone. The barge canal is no longer a navigable facility and is used for recreation, and the decommissioned navigation lock has been transferred to the City of West Sacramento and will be incorporated in to a future regional park facility.

The Deep Water Ship Channel runs from the Harbor of West Sacramento west (bisecting the City) then south along River Road. The approximately 43-mile long Channel ends at Collinsville at the mouth of the Sacramento River. Access to international shipping lanes is provided via San Francisco's Golden Gate, located 80 nautical miles southwest of the Port. The channel is 200-300 feet wide and 30-35 feet deep. Most of the channel (between mile 1 and mile 35) has a thirty-foot depth. Eight miles of the shipping channel, starting from the harbor (between mile 35 and mile 43), has a 35-foot depth. The harbor, or turning basin, at the upper end of the ship channel is 35 feet deep and has a triangular configuration (2,000 feet by 2,400 feet by 3,100 feet). The harbor is the receiving area for ships and transferring cargo.

The barge canal connects the harbor and the Sacramento River. The canal is 11 feet deep and 120 feet wide. The William G. Stone Navigation Lock, at one time, would allow the transit of vessels between the harbor and the Sacramento River through the barge canal when the two water bodies were at different levels. The lock is 86 feet wide by 640 feet long by 13 feet deep. The barge canal and navigational lock were constructed to permit the transit of shallow draft commercial, recreational, and construction vessels between the harbor and the Sacramento River. In 2000, the City of West Sacramento expanded Jefferson Boulevard, the major thoroughfare into the Southport area, disabling the navigational lock as a viable entryway for any marine craft.

Sacramento-Yolo Port District Boundary and Sphere of Influence



*Sacramento-Yolo Port District Boundary is coterminous with the Sphere of Influence

**Boundary Adopted by the
State of California September 2006**

In late 1987, the Port was approved as a foreign trade zone (FTZ). A foreign trade zone is an area considered outside of United States customs territory and, therefore, exempt from customs duty payments. FTZs are divided into general-purpose zones or subzones. The Port's North Terminal and Seaway properties are general foreign trade zones. The Port sponsors subzones located in the Counties of Sacramento and Placer and the Cities of Sacramento, Lincoln, Dixon and Roseville.

One of the Port's competitive strengths is its access to alternative forms of transportation to help move cargo. Rail and truck access are provided by dockside rail lines and close connections to Interstate 80, US 50 and Interstate 5. Other major thoroughfares in the District include Industrial Boulevard, West Capitol Avenue, Harbor Boulevard, Sacramento Avenue, Reed Avenue, and State Route 84/Jefferson Boulevard.

One major railroad line and a set of local freight switching tracks run through West Sacramento. Union Pacific tracks run east-west, generally parallel to and north of I-80/US50. Sierra Northern Railroad, per an operating agreement with the Port, provides short-line service on Port-owned tracks which run northeast-southwest to the industrial districts north and west of the Port's maritime terminal.

District Land Holdings

With the District acting as a landlord and the Port having secured an operator and a lease for the maritime facilities, its focus has been on generating revenues from the non-maritime real estate assets. The District has executed several leases to bolster and diversify our revenues (UPS, Propak Logistics, RJJ Resource Management, Tri-C Recycling, Manson Construction, Ramcon). The District has made investments to develop its real estate business and maintain the maritime facilities.

The Port owns 300 acres of property in Southport known as Seaway International Trade Center which it is in the process of planning for development. The Seaway property is currently zoned for industrial and commercial development. City entitlements are underway for a portion of the property, but the future owner/tenant information has not been released.

The Port also owns the 200-acre Stone Lock property south of the barge canal which is zoned for mixed-use development. This property is a desirable in-fill site which is suitable for high-density development after supporting infrastructure is installed. Development of this property will be a long-term collaborative effort with the City of West Sacramento.

Additionally, the Port owns approximately 5000 acres in the Sacramento Delta which consists of the ship channel, upland habitat, riparian habitat, and wetlands. Much of the upland habitat is licensed to tenants for livestock rearing (primarily goats) and beekeeping.

District Accounting

The District operates as an enterprise fund within the City's budget. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises (i.e. predominately supported by user charges). The Port's main revenue source comes from leasing its terminal facilities. The District has also received funding through the sale of property and through grants.

AFFECTED AGENCIES

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a sphere of influence. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the executive officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (included proposed changes to the SOI).

The affected local agencies for this MSR/SOI are:

County/Cities:

- City of Davis
- City of West Sacramento
- City of Winters
- City of Woodland
- County of Yolo
- County of Solano

K-12 School Districts:

- Davis Joint Unified
- Esparto Unified
- Pierce Joint Unified
- River Delta Unified
- Washington Unified
- Winters Joint Unified
- Woodland Joint Unified

Community College Districts:

- Delta
- Los Rios
- Solano
- Yuba

Special Districts:

- Cemetery District – Capay, Cottonwood, **Davis**, Knight’s Landing, Mary’s, Winters
- Community Service District – Cacheville, Esparto, Knights Landing, Madison
- County Service Area - Dunnigan, El Macero, Garcia Bend, North Davis Meadows, Snowball, Wild Wings, Willowbank
- Fire Protection District – Capay, **Clarksburg**, Dunnigan, **East Davis**, **Elkhorn**, Esparto, Knights Landing, Madison, **No Man’s Land**, Springlake, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- Sacramento-Yolo Port District
- Reclamation District – **150, 307, 537**, 730, **765**, 785, 787, 827, **900, 999**, 1600, 2035
- Yolo County Resource Conservation District**
- Water District – Dunnigan, Knight’s Landing Ridge Drainage, Yolo County Flood Control & Water Conservation

Multi-County Districts:

- Reclamation District – 108 (Colusa), 2068 (Solano), **2093 (Solano)**
- Water District – Colusa Basin Drainage
- Sacramento-Yolo Mosquito and Vector Control District**

MUNICIPAL SERVICE REVIEW

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a MSR update is not warranted.

- | | |
|--|--|
| <input type="checkbox"/> Growth and Population | <input type="checkbox"/> Shared Services |
| <input type="checkbox"/> Disadvantaged Unincorporated Communities | <input checked="" type="checkbox"/> Accountability |
| <input type="checkbox"/> Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Financial Ability | |

LAFCO MUNICIPAL SERVICE REVIEW:

- On the basis of this initial evaluation, the required determinations are not significant and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).
- The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION	YES	MAYBE	NO
Growth and population projections for the affected area.			
a) Will the agency’s territory or surrounding area experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will development have an impact on the subject agency’s service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency’s service and/or sphere of influence boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-c)No. According to the California Department of Finance population projections, the City of West Sacramento will have an increase of 1.0% growth from January 1, 2017 to January 1, 2108. The unincorporated portions of Yolo County are estimated to have an increase of 1.2% and in unincorporated Solano County it is merely 0.5% for the same timeframe. Local population growth will

not have an impact on the District’s service needs or demands, and will not create a need to change the agency’s boundary. The District’s economic drivers extend far beyond local population growth. Therefore, population growth is not a factor for the Sacramento-Yolo Port District.

Growth and Population MSR Determination

Local population growth will not have an impact on the District’s service needs or demands, and will not create a need to change the agency’s boundary. The District’s economic drivers extend far beyond local population growth. Therefore, population growth is not a factor for the Sacramento-Yolo Port District.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) If yes, are there any “inhabited unincorporated communities” (per adopted Commission policy) within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income) that do not already have access to public water, sewer and structural fire protection (if no to a), this question may be skipped)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

a-c)No. The Sacramento-Yolo Port District does not provide public services related to sewers, municipal and industrial water, or structural fire protection that would trigger the requirements of SB 244 regarding disadvantaged unincorporated communities.

Disadvantaged Unincorporated Communities MSR Determination

The Sacramento-Yolo Port District does not provide public services related to sewers, municipal and industrial water, or structural fire protection that would trigger the requirements of SB 244 regarding disadvantaged unincorporated communities.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

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.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)? Are there any concerns regarding services provided by the agency being considered adequate (i.e. is there a plan for additional staff or expertise if necessary)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) *Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)? Are there any concerns regarding services provided by the agency being considered adequate (i.e. is there a plan for additional staff or expertise if necessary)?*

No. Following years of financial issues, on July 1, 2013, the District implemented a new landlord-lessee operating model and currently the District's only staff is a Port Chief Operating Officer. Port operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. There are no concerns regarding services provided by the District being adequate and there is no plan to hire additional staff. Expertise is provided by the Port operator arrangement. ¹

b) *Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?*

No. The Port is able to be dynamic and responsive to fluctuations in demand for movement of goods through its maritime facilities. Additional cargo facilities and development sites can be made available over time with redevelopment of some of the existing obsolete warehouses. Notwithstanding, the Port

¹ Port of West Sacramento Business Plan, March 2013

is fully leased and is turning prospective tenants away (although it should be noted that the demand is for the Port's non-maritime industrial land).

- c) *Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)?*

No. There was a channel deepening project underway in 2009, but was cancelled due to environmental impacts to the Delta and an ever-increasing cost estimate (the original cost estimate of \$80M increased to \$200M). Channel deepening to accommodate larger vessels is no longer considered a viable option.

The Port has made investments to develop its real estate business and to maintain the maritime facilities. SSA Marine, the Port's Terminal Operator, is now responsible for maritime business development. As a landlord Port, having secured an operator and a lease for the maritime facilities, the focus has been on generating revenues from our non-maritime estate assets and it has successfully executed several leases to bolster and diversify our revenues (UPS, Propak Logistics, RJJ Resource Management, Tri-C Recycling, Manson Construction, Ramcon).

The maritime facilities include obsolete warehouses and conveyor systems which are not planned for re-capitalization. Some facilities will be demolished over time in coordination with the Terminal Operator to repurpose these sites. The Port has planned for these costs and will not create an adverse economic impact.

- d) *If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?*

No. The Port facilities are constructed such that any increased flooding in the ship channel would not result in damage. The Port has installed and operates a large roof-top solar facility which generates enough electricity to cover the basic power needs of the North Terminal. It also recently completed an LED lighting project to reduce power consumption. The District is currently working with its Terminal Operator on a collaborative project to install charging stations for zero-emission heavy equipment (the Port does not own any equipment). This project will involve re-purposing high-voltage electrical infrastructure (previously used to power conveyor systems) to fast-charging stations.

- e) *Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?*

No. The Sacramento-Yolo Port District does not provide public services related to sewers, municipal and industrial water, or structural fire protection that would trigger the requirements of SB 244 regarding disadvantaged unincorporated communities.

Capacity and Adequacy of Public Facilities and Services MSR Determination

Following years of financial issues, on July 1, 2013, the District implemented a new landlord-lessee operating model and currently the District's only staff is a Port Chief Operations Officer. Port operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. There are no concerns regarding services provided by the District being adequate and there is no plan to hire additional staff. The Port is able to be dynamic and responsive to fluctuations in demand for movement of goods through its maritime facilities. Additional cargo facilities and development sites can be made available over time with redevelopment of some of the existing obsolete warehouses. The Port has made investments to develop its real estate business and to maintain the maritime facilities. SSA Marine, the Port's Terminal Operator, is now responsible for maritime business development. As a landlord Port, having secured an operator and a lease for the maritime facilities, the focus has been on generating revenues from non-maritime real estate assets.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the subject agency fail to use generally accepted accounting principles, fully disclosing both positive and negative financial information to the public and financial institutions including: summaries of all fund balances and charges, summaries of revenues and expenditures, five-year financial forecast, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the agency need a reconciliation process in place and followed to compare various sets of data to one another; discrepancies identified, investigated and corrective action is taken? For small agencies, this would include comparing budgets to actuals, comparing expenses from one year to the next, etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Does the agency board fail to receive periodic financial reports (quarterly or mid-year at a minimum); reports provide a clear and complete picture of the agency's assets and liabilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h) Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Is the agency lacking documented accounting policies and procedures including investments (If not, LAFCo has a sample)? Does the agency segregate financial duties among staff and/or board to minimize risk of error or misconduct? Is there a system of authorizations, approval and verification for transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) *Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?*

General

No. The District accounting and financial reporting is set up in an enterprise fund. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises (i.e. predominately supported by user charges). Also unlike governmental funds, enterprise funds use full accrual accounting, records depreciation and does not account for debt principal payments and capital equipment acquisitions as expenses. Because of this accounting presentation, besides reviewing the income statement it is also necessary to review the statement of cash flows. The statement of cash flows will also have information on debt repayments and equipment acquisitions.

The Port utilizes the same budget system as the City of West Sacramento. An annual budget with projections out 4-5 years is prepared and taken to the Port Commission for approval. The Port follows City policies for procurement and signing authority; the Port Chief Operating Officer limit is \$25K and the Port CEO is \$50K. Any major expenses not previously adopted as part of the budget plan must be brought to the Commission for a supplemental budget adjustment request.

The Port's financial statements are incorporated within the City's Comprehensive Annual Financial Report (CAFR) as a major enterprise fund and as such is presented in a separate column. The City's CAFR is audited annually. Below is the audited Statement of Revenues, Expenses and Changes in Net Position for fiscal years 2014 through 2018. Selected information from the statement of cash flows is also presented.

YOLO LAFCO MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY

SACRAMENTO-YOLO PORT DISTRICT					
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
	2014	2015	2016	2017	2018
Revenue					
Charges for services	\$ 2,068,640	\$ 2,098,433	\$ 2,216,697	\$ 2,645,948	\$ 2,538,180
Other operating revenue	504,823	-	51,276	89,537	44,139
Total Operating Revenue	2,573,463	2,098,433	2,267,973	2,735,485	2,582,319
Operating Expenses					
Salaries and benefits	292,183	388,368	461,910	522,164	388,699
Operations and maintenance	1,052,004	713,778	668,540	1,010,749	1,673,274
Depreciation and amortization	1,446,594	1,414,394	1,580,950	1,522,588	1,419,680
Total Operating Expenses	2,790,781	2,516,540	2,711,400	3,055,501	3,481,653
Operating income or (loss)	(217,318)	(418,107)	(443,427)	(320,016)	(899,334)
Nonoperating Revenues and (Expenses)					
Interest revenue	2,061	3,015	13,938	13,213	29,866
Gain (loss) on disposal of capital assets	2,655	(247,537)	621,462	-	192,607
Other nonoperating revenues	213,806	95,031	405,600	314,031	272,000
Interest expense	(159,659)	(149,440)	(143,479)	(125,771)	(118,560)
Other nonoperating expenses	(267,566)	(267,566)	-	-	-
Total Nonoperating Revenues (Expenses)	(208,703)	(566,497)	897,521	201,473	375,913
Net Income Before Transfers	(426,021)	(984,604)	454,094	(118,543)	(523,421)
Transfers					
Transfers In	-	34,970	-	271,515	-
Transfers Out	(118,446)	(118,542)	-	-	-
Net Transfers	(118,446)	(83,572)	-	271,515	-
Change in Net Position	(544,467)	(1,068,176)	454,094	152,972	(523,421)
Net Position, July 1	38,406,480	37,862,013	36,651,028	37,105,122	37,258,094
Restatement	-	(142,809)	-	-	(101,948)
Net Position, July 1 - restated	38,406,480	37,719,204	36,651,028	37,105,122	37,156,146
Net Position, June 30	\$ 37,862,013	\$ 36,651,028	\$ 37,105,122	\$ 37,258,094	\$ 36,632,725
Net Position					
Net investment in capital assets	\$ 38,740,740	\$ 37,611,908	\$ 39,775,082	\$ 38,869,380	\$ 37,904,823
Restricted for debt service	181	181	-	-	-
Unrestricted	(878,908)	(961,061)	(2,669,960)	(1,611,286)	(1,272,098)
	\$ 37,862,013	\$ 36,651,028	\$ 37,105,122	\$ 37,258,094	\$ 36,632,725
Additional information from cash flow statement					
Debt principal repayments	\$ 1,152,597	\$ 847,772	\$ 889,218	\$ 1,872,400	\$ 251,980
Advance from/(repayment) to General Fund	(49,999)	(50,000)	2,050,000	(321,515)	(50,000)
Capital asset purchases	5,034	68,310	2,368,266	95,415	301,718

Revenues

Over the past five years the Port's revenue consists of facility lease payments, foreign trade zone licenses, wharfage/cargo (related to the SSA Marine lease), interest, state grants, gains/losses from disposal of capital assets and other miscellaneous revenue. Total core operating revenues over the past 5 years have remained relatively stable primarily due to the implementation of the new business model.

Expenses

The Port's expenses consist of salaries and benefits (approximately 2.5 FTE's), general operating expenses, facility maintenance, and debt service. Some of these expenditures are reimbursements to the City for shared personnel and general support expenses such as insurance, general administration, facilities maintenance and fleet maintenance. Total expenses have varied somewhat over the past five years from a low of \$3.1M in FY 2014 to a high of \$3.6M in FY 2018. The increase in FY 2018 is due to additional expenses related to preparing vacant property for new tenants.

Port Long-Term Liabilities

The Port has various long-term debt and accrued liabilities, they include an advance from the City's general fund, construction note, service concession arrangement, pension liability, OPEB liability and accrued compensated absences. Since June 30, 2014 the total balance of these long-term liabilities has decreased from \$8.7M to \$6.8M.

Long-Term Liabilities as of June 30,2018

Advance from the General Fund	\$ 3,234,582
Construction Note	2,113,570
Service Concession Arrangement	1,064,322
Pension Liability	272,577
OPEB Liability	118,372
Compensated Absences	43,862
	<u>\$ 6,847,285</u>

Total Net Position, Cash Flows, and Overall Assessment

**SACRAMENTO-YOLO PORT DISTRICT
STATEMENTS OF CASH FLOWS**

	2014	2015	2016	2017	2018
Cash Receipts					
Receipts from tenants	\$ 2,856,797	\$ 2,477,216	\$ 2,669,894	\$ 3,099,353	\$ 2,912,880
Service concession arrangement	-	(264,836)	(77,431)	846,864	-
Grants and miscellaneous revenues	568,936	485,258	405,600	314,031	272,000
Interest received	2,061	3,015	13,938	13,213	29,866
Fund transfers	-	34,970	-	271,515	50,000
Total cash receipts	3,427,794	2,735,623	3,012,001	4,544,976	3,264,746
Cash Disbursements					
Salary and benefits	(501,805)	(292,074)	(448,080)	(512,504)	(447,414)
Services and supplies	(1,188,781)	(1,234,178)	(466,691)	(630,956)	(1,526,695)
Overhead payments to City of West Sacramento	(118,446)	(118,542)	(187,740)	(184,754)	(190,243)
Debt service - Principal	(1,202,596)	(897,772)	(889,218)	(2,193,915)	(301,980)
Debt service - Interest	(333,160)	(151,472)	(145,581)	(127,946)	(93,577)
Net capital asset purchases and disposals	(2,379)	(57,187)	(574,266)	(95,415)	(109,111)
Option payments to RDA Successor Agency	(267,566)	(267,566)	-	-	-
Total cash disbursements	(3,614,733)	(3,018,791)	(2,711,576)	(3,745,490)	(2,669,020)
Net change	(186,939)	(283,168)	300,425	799,486	595,726
Cash Balance, July 1	\$ 1,276,966	\$ 1,090,027	\$ 806,859	\$ 1,107,284	\$ 1,906,770
Cash Balance, June 30	\$ 1,090,027	\$ 806,859	\$ 1,107,284	\$ 1,906,770	\$ 2,502,496

Total net position (on an accrual basis) has decreased by \$1.8M over the past five years. This means that on a generally accepted accounting principles basis the Port is losing money. This decrease is primarily due to the \$1.5M annual depreciation charge. Depreciation is the systematic non-cash write-off of the acquisition cost of capital equipment and facilities and is included as an expense on the Statement of Revenues, Expenses and Changes in Net Position.

On a cash flow basis, the Port has a positive cash flow since 2016. However, the City's general fund has provided a loan of \$2.1M in 2016 to finance the purchase of investment property which will eventually be sold to a developer. The loan will be repaid with the sale proceeds. Additional advances from the City to the Port which were made prior to fiscal year 2014, were fully repaid as of April 1, 2019.

Overall the Port's financial condition has stabilized since the last MSR was completed in 2009. In the past the Port sold off property in order to maintain positive cash flow. Although the City has advanced the Port funds for investment property acquisition, overall operating and debt service, cash flow is now positive; a big change from 2013 when the Port's net cash flow was a negative \$3.2M.

- b) *Does the subject agency fail to use generally accepted accounting principles, fully disclosing both positive and negative financial information to the public and financial institutions including: summaries of all fund balances and charges, summaries of revenues and expenditures, five-year financial forecast, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)?*

No. The Port's accounting transactions are processed, in conformance to generally accepted accounting principles, and is managed by the City's finance department staff. Audits are performed by licensed external auditors annually, in conformance to generally accepted auditing standards, and are posted on the City's website.

The Port's financial statements are incorporated within the City's Comprehensive Annual Financial Report (CAFR) as a major enterprise fund and as such is presented in a separate column. All of the Port's assets, liabilities, deferred balances and net position are presented. Additional information about specific balances, inter-fund transfers and liabilities are included in the notes to the financial statements.

- c) *Does the agency need a reconciliation process in place and followed to compare various sets of data to one another; discrepancies identified, investigated and corrective action is taken? For small agencies, this would include comparing budgets to actuals, comparing expenses from one year to the next, etc.?*

No. According to the City's finance staff, the Port adheres to the City's financial policies including quarterly budget to actual review by budget staff and Port Chief Operations Officer.

- d) *Does the agency board fail to receive periodic financial reports (quarterly or mid-year at a minimum); reports provide a clear and complete picture of the agency's assets and liabilities?*

Yes. Port staff prepares and presents an annual budget to the Port Commission. The report includes a current year projection, annual budget for the upcoming year and a 4-5 year projection. The Commission does not receive a presentation of audited financial statements nor quarterly or mid-year budget reviews.

- e) *Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?*

No. The Port's budget for the upcoming year is presented annually at the last board meeting of the current fiscal year. The Port submits an annual budget with a 4-5 year projection. The outer years' revenues are budgeted very conservatively reflecting actual lease agreement expiration dates even when it is known that the leases will be extended. The Port's major operating revenue is from leasing port facilities and property. According to the latest budget projections long-term lease revenues are very stable. However, in 2017-18 the SSA North Terminal Lease revenue was over 30% of total real estate revenue and over 25% of total operating revenue. In July 2017 this lease was extended for another 5-year term.

- f) *Is the organization's rate/fee schedule insufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion and/or is the fee inconsistent with the schedules of similar service organizations?*

Maybe. Under the new business model, the Port leases property and/or facilities to interested parties. Generally, lease payments are negotiated. The North Terminal maritime lease rate is the result of negotiations with the terminal operator which was selected through an RFI process. Yard storage lease rates are based on market comps. Whether the current lease revenue is sufficient to fund adequate reserves is not known at this time, since the new business model was implemented only since 2013.

- g) *Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?*

Maybe. The District's cash balance as of June 30, 2018 was \$2,502,496 and it has maintained a healthy cash balance in recent years. Currently, the District operates on a financially sustainable basis without the need to borrow from the City. Although capital projects are budgeted on a year-to-year basis subject to projected cash flow. There is not a long term plan or set aside for capital improvement planning (CIP) and funding. In addition, there is not a contingency established for unforeseen costs. The Government Finance Officers Association (GFOA) recommends agencies to set aside, at a minimum, two months of operating expenditures (or revenues) as a general reserve. The District should consider establishing a long term CIP and reserve policy to further strengthen its financial position instead of operating on an annual cash flow basis.

- h) *Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?*

No. As long as the Port's financial position remains stable and continues to improve the debt service is not unmanageable. The Port has various long-term debt and accrued liabilities including: an advance from the City's general fund; a construction note; a service concession arrangement; pension liability; OPEB liability; and accrued compensated absences. Since June 30, 2014 the total balance of these long-term liabilities has decreased from \$8.7M to \$6.8M.

- i) *Is the agency lacking documented accounting policies and procedures including investments (If not, LAFCo has a sample)? Does the agency segregate financial duties among staff and/or board to minimize risk of error or misconduct? Is there a system of authorizations, approval and verification for transactions?*

No. The Port follows the City's financial and administrative policies including internal controls.

Financial Ability MSR Determination

Overall the Ports financial condition has improved and stabilized since the last MSR was completed in 2009, primarily due to the implementation of the 2013 Business Plan which changed Port operations from an operating Port to a landlord-lessee operation. In the past the Port has balanced its budget through the use of one-time revenues including carryover cash balances and property sales. With the implementation of the new model the Port has been able to reduce expenditures, including debt service, and create reliable long-term revenue streams through the execution of leases. Although the City has advanced funds to the Port for investment property acquisition, overall operating and debt service, cash flow is now positive; a big change from 2013 when the Port's net cash flow was a negative \$3.2M. The Port Chief Operating Officer should consider pre-funding a long-term capital project plan and setting aside funds in a specific reserve for unforeseen emergency expenses.

Staff noted several financial reporting inconsistencies in the Comprehensive Annual Financial Report (CAFR) related to the Port fund. In fiscal years 2016 and 2017 overhead transfers out were reclassified, as part of the CAFR preparation process, to the salaries/benefits and operations/maintenance line items. For fiscal year 2014 and 2015 the overhead transfers were reported in the CAFR as transfers out. In fiscal year 2018 total transfers out of \$740,442 consisting of \$190,243 of general support, \$50,198 of non-capitalized CIP and a \$500,000 repayment to general fund were reclassified to operations and maintenance.

Financial Ability Recommendations

1. In addition to the annual budget report, the Port Chief Operating Officer should present quarterly budget-to-actual reports with a year-end projection of net income or loss. Also the Port Chief Operating Officer with City financial staff assistance should present the audited financial statements to the District board.
2. Now that the District is financially stable, it should consider establishing and funding a long term capital improvement plan (CIP) and reserve policy to continue to strengthen its financial position.
3. The City finance staff should collaborate with the Port Chief Operating Officer when preparing the CAFR and consider additional reporting line items to make the audited numbers more meaningful such as, "general/administration expenditures" and "other operating costs". The "other operating costs" would include items that are not truly operating but do not qualify as "non-operating" for reporting purposes.
4. All financial transfers from the City to the Port that are made with the intention of being repaid to the City in the future, should be recorded on the Port's balance sheet as a liability. As previously

noted above a \$500,000 repayment to the general fund was recorded as a transfer, since a liability was not established for a prior year subsidy transfer to the Port.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) *Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?*

No. The Sacramento-Yolo Port District's governance has evolved since its formation in 1947. In September 2006, the California Legislature detached the County and City of Sacramento from the District's boundaries and provided the City of West Sacramento with four Port Commission seats and Yolo County with the one remaining seat. The District is now a dependent district to the City. Therefore, the District is already taking advantage of shared services with the City of West Sacramento. The City of West Sacramento has assumed management of the business, financial, administrative, and related operations of the District.

Shared Services MSR Determination

The Sacramento-Yolo Port District is already taking advantage of shared services with the City of West Sacramento. The City of West Sacramento has assumed management of the business, financial, administrative, and related operations of the District.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

	YES	MAYBE	NO
a) Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with agency officials and designated staff being current in making their Statement of Economic Interests (Form 700) disclosures?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

YOLO LAFCO MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY

d) Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h) Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-b) *Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?*

Yes. In September 2006, the California Legislature detached the County and City of Sacramento from the District's boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The Commission was reduced from seven to five members with four of the Commissioners being appointed by the City Council and one by the Yolo County Board of Supervisors. Board members do not receive reimbursement. There are no recommended changes to the District's governance structure. However, the current District boundary also includes Prospect and Decker Islands because they were once owned by the District, but they were sold to the Department of Water Resources in 2015 as part of a land exchange in which the District acquired a property located at 4300 West Capitol Avenue in West Sacramento. Therefore, these islands should be detached from the District boundary as a cleanup item.

c) *Are there any issues with agency officials and designated staff being current in making their Statement of Economic Interests (Form 700) disclosures?*

No. According to the Fair Political Practices Commission website portal, agency officials are current with their Form 700 disclosures (www.fppc.ca.gov).

d) *Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?*

Yes. As of July 1, 2013, the District implemented a new landlord-lessee operating model and currently the District's only staff member is the Port Chief Operating Officer. Port maritime operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. However, despite this simplified landlord model and the District having a dedicated Chief Operating

Officer who handles “nearly all of the Port’s management, budgeting, and planning responsibilities”², the City Manager still acts as the Chief Executive Officer for the District.

On October 3, 2018, the District approved a change in management structure which moved the Port’s budget from the supervision of the Economic Development and Housing Department (EDH) to the City Manager’s Office. As part of this re-organization position cost allocations were revised such that the District is now paying 50% of the City Manager’s salary and benefits, which does not appear to be supported by analysis. This does not appear to be an efficient staff cost from the District’s perspective.

- e) *Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?*

No. The District is treated as a department in the City and is organized under the City Manager and Assistant City Manager. The District’s budget is approved as part of the City’s budget process. Port activities are reported as the Port Enterprise Fund in the City’s financial statements.

- f) *Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?*

No. The Port’s finances are presented in the City of West Sacramento’s Comprehensive Annual Financial Report (CAFR), which is designed to fairly present the City’s financial position and fund operations. Port activities are reported as the Port Enterprise Fund in the City’s financial statements. The CAFR is audited annually by an independent firm.

- g) *Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?*

Yes. The District received a 28% transparency score for 2018. The District’s information deficiencies can be viewed here: <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>

- h) *Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?*

No. The District is treated as a department in the City and is organized under the City Manager’s Office. As such, it has appropriate policies in place.

Accountability, Structure and Efficiencies MSR Determination

In September 2006, the California Legislature detached the County and City of Sacramento from the District’s boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The District has effectively become a subsidiary district to the City. Following years of financial issues, as of July 1, 2013, the District implemented a new landlord-lessee operating model. The District has undergone several significant evolutions in governance structure which has resulted in much more efficiency and financial stability. The District has also sold some property (the Prospect and Decker islands) which should be detached from its boundary.

However, there is one notable area where this subsidiary district model may not be operating in the best interest of the District. Despite this simplified landlord model and the District having a dedicated Chief

² Consideration of Proposed Organizational Modifications and Budget Adjustments, Sacramento-Yolo Port District Staff Report dated October 3, 2018.

Operating Officer who handles “nearly all of the Port’s management, budgeting, and planning responsibilities”, the City Manager acts as the Chief Executive Officer for the District and is now paying 50% of the City Manager’s salary and benefits, which does not appear to be supported by analysis. This does not appear to be an efficient staff cost from the District’s perspective. There is also the need for the District to improve its public transparency via its webpage on the City’s website.

Accountability, Structure and Efficiencies Recommendations

1. Prospect and Decker Islands should be detached from the District boundary since they were sold to the Department of Water Resources in 2015 as part of a land exchange. The District should submit a proposal application to LAFCo to detach these areas as a subsequent cleanup item.
2. The District and City should consider the appropriateness of allocating 50% of the City Manager/Port CEO’s salary and benefit costs to the Port. Allocations should be supported by time studies or based on the best approximation of actual time spent on District management. Allocations based solely on budget needs are not an acceptable method for cost allocation under state and federal cost allocation guidelines.
3. The District should work on improving its transparency on its page on the City’s website (the District received a 28% transparency score for 2018). The District’s webpage deficiencies can be viewed here: <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>.

7. OTHER ISSUES

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

	YES	MAYBE	NO
a) Is there any other matter related to effective or efficient service delivery, as required by commission policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) *Is there any other matter related to effective or efficient service delivery, as required by commission policy?*

No. There are no other issues related to effective or efficient service delivery, as required by commission policy.

Other Issues MSR Determination

There are no other issues related to effective or efficient service delivery, as required by Commission policy.

SPHERE OF INFLUENCE STUDY

The District’s Sphere of Influence is coterminous with the District boundary and the Port Chief Operating Officer has indicated there is no foreseeable need for an update.


On the basis of the Municipal Service Review:

- Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency’s SOI is recommended and SOI determinations HAVE NOT been made.

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

ATTACHMENTS

1. Consideration of Proposed Organizational Modifications and Budget Adjustments, Sacramento-Yolo Port District Staff Report dated October 3, 2018.
2. Port of West Sacramento Business Plan, March 2013

MEETING DATE: October 3, 2018	ITEM # 4
SUBJECT: CONSIDERATION OF PROPOSED ORGANIZATIONAL MODIFICIATIONS AND BUDGET ADJUSTMENTS	
INITIATED OR REQUESTED BY:	REPORT COORDINATED OR PREPARED BY:
<input type="checkbox"/> Commission <input checked="" type="checkbox"/> Staff <input type="checkbox"/> Other	 _____ Aaron Laurel, Port CEO
ATTACHMENT <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Information <input type="checkbox"/> Direction <input checked="" type="checkbox"/> Action	

OBJECTIVE

The objective of this report is to provide sufficient information to approve proposed adjustments to the Port’s organizational structure and personnel budget.

RECOMMENDED ACTION

It is respectfully recommended that the Port Commission receive staff’s presentation and approve the organizational modifications and budget adjustments proposed in this report.

BACKGROUND

Since the Joint Port Governance Agreement was implemented in 2006, City of West Sacramento staff have fulfilled the administrative functions of the Port of West Sacramento. The City Manager, serving as the Port’s Chief Executive Officer (CEO), has overall responsibility for the Port’s management, budgeting, and planning. In addition to the Port CEO role, the City has consistently maintained a Port Manager or similar position to carry out the Port’s day to day operations and activities, at times with the support of additional staff. Historically, the Port Manager has reported to a department director as an intermediary to the Port CEO. Since 2006, that intermediate supervisor role was assigned, in sequential order, to the Redevelopment Director, the Community Development Director, the Public Works Director, and most recently, the Economic Development and Housing (EDH) Director.

Meanwhile, since the *Port Business Plan* was implemented in 2013, the Port Manager has progressively taken over nearly all the Port’s management, budgeting, and planning responsibilities, which had been shared with the EDH Director. During that time, the Port has enjoyed unprecedented financial and operational success, including five consecutive years of profitability. The Port’s scope of activities has also expanded beyond its traditional maritime cargo operations to include real estate acquisition, disposition and development, transportation and goods movement infrastructure planning, and other activities to promote economic development within the Port District. Today, the Port Manager exercises greater independent judgement with higher accountability for outcomes than in the past.

Effective July 1, 2018, the former EDH Director was appointed to the City Manager/Port CEO role. This organizational change, coupled with the evolving role of the Port Manager position and other City staffing changes, gave cause for the new Port CEO to re-evaluate the Port’s management structure. This report presents the CEO’s proposals for organizational modifications. The CEO is requesting that the Port Commission review and approve these proposed changes, which will then be presented to the City Council for consideration as part of an upcoming mid-fiscal year City budget update.

The primary recommendations include moving the Port budget unit from its current placement in the EDH Department to the City Manager’s Office, as well as revising the title, job description, and salary range of the Port Manager position to a new Port Chief Operations Officer (COO) position with direct reporting to the CEO. Other proposed changes include reassigning the cost center for two City staff positions in the EDH Department that were previously paid for by the Port to the EDH Department budget, along with corresponding budgetary adjustments to the amount the Port contributes for administrative support in the City Manager’s Office.

ANALYSIS

Currently, the Port's personnel budget includes the following allocations of Port funds to City positions:

Position	Amount Allocated ¹	% of Position Cost
Port Manager	\$117,456	100%
EDH Director	\$90,000	50%
Secretary ²	\$55,008	100%
City Manager/Port CEO ³	\$0	0%
Total	\$262,464	-

¹ Only salary portion of position costs shown, based on top end of position salary range.

² This position is currently shared by the EDH Department and the City Manager's Office.

³ Currently, the Port pays only its proportionate share of the City Manager position's allocated cost.

The following modifications to the Port's organizational structure and personnel budget are recommended:

1. *Move Port budget unit (Fund 516) from EDH Department to City Manager's Office.*
 This action will effectively place the Port under the responsibility of the City Manager's Office and remove a layer of reporting between the Port CEO and staff assigned to managing the Port. However, coordination and collaboration between the Port and the EDH Department will continue for activities related to real estate acquisition, disposition and development, and transportation and goods movement infrastructure planning.
2. *Eliminate the Port Manager position and add a Port Chief Operations Officer position.*
 The Port Manager position will be revised to Port COO with direct reporting to the Port CEO and will remain an at-will position. The full cost of the position will continue to be allocated to the Port Fund. The recommended salary range for the Port COO position is \$107,328—\$130,440, which is in line with other top-level senior management positions in the City organization. This range is appropriate given the COO position's degree of decision-making authority and budgetary responsibility concerning Port business and operations, and because of the unique complexity of managing the Port with minimal staff support. Prior to the City adopting its next two-year budget, staff will conduct classification and compensation studies to inform whether the proposed range is adequate. The Port COO will remain under the City's Management Bargaining Group, thus no other changes to the position's benefit summary are required.
3. *Redirect Port allocations to EDH Director and Secretary positions to City Manager/Port CEO position and contribution to City Manager's Office for staff support.*
 Currently, half the position costs of the EDH Director and the full costs of a shared Secretary position are allocated to the Port. These allocations will no longer be appropriate if the Port budget unit is moved to the City Manager's Office. Also, currently the Port does not pay any direct contribution to the City Manager position, nor does it contribute to administrative support from the City Manager's Office although department staff clerk the Port Commission meetings and provide other regular assistance. Under this item, the current amount of Port funds budgeted for contribution to the EDH Director and Secretary positions will be redirected to the City Manager's Office to cover a portion of the City Manager/Port CEO position cost and additional support to the Port from staff in that department. The current Secretary position would be eliminated pending an upcoming retirement and a new Administrative Clerk position would be added under the EDH Department, which would provide much-needed direct clerical support to EDH (currently that responsibility is shared among positions in other departments).

While approximately \$140,000 in General Funds would be made available to cover the remaining costs of the EDH Director position and the EDH Administrative Clerk position (these costs also total about \$140,000), at a future meeting the City Council will be asked to consider corresponding budget adjustments to the Community Investment (CI) Fund (the home cost center for the EDH Department). Allocating the full cost of the EDH positions to the CI Fund would place them under their most appropriate funding source and would have the added benefit of creating budget capacity in the City's General Fund.

4. *As part of the next two-year budget, consider creating a shared Port/City Manager analyst-level position.*
 Although no action on this item is recommended at this time, staff will explore the potential for adding an analyst-level position to assist the Port COO with various activities related to Port management and operations. The cost for this position could be shared with the City Manager's Office, which would utilize this

staff resource to support other City activities such as legislative advocacy. In addition to meeting a significant organizational need for the Port, the position would also provide the opportunity for cross-training and succession planning. Funding for this position will likely depend on continuing the Port's fiscal success and stability.

The proposed revisions would result in the following allocations of Port funds to City positions:

Position	Amount Allocated¹	% of Position Cost
Port COO	\$130,440	100%
City Manager/Port CEO	\$100,000	50%
City Manager's Office ²	\$45,008	-
Total	\$275,448	-

¹ Only salary portion of position costs shown, based on top end of position salary range.

² Contribution for clerical support from City Manager's Office staff.

The proposed modifications would increase the Port's annual budgeted amount for personnel costs by about \$12,984, but the Port has ample budget capacity to absorb this structural change. Aside from the consideration of how costs for the EDH positions are allocated, the proposed changes are budget neutral to the City. If the Port Commission approves the proposed organizational and budget modifications, it is anticipated that the changes would be presented to the City Council for consideration at its November meeting.

Environmental Considerations

N/A

Strategic Plan Integration

N/A

Alternatives

The Port Commission could direct staff to propose a different allocation mix for costs related to the City Manager/Port CEO, EDH Director, and other positions. This alternative is not recommended because the proposed allocations most appropriately align funding sources with the functions of those positions.

Coordination and Review

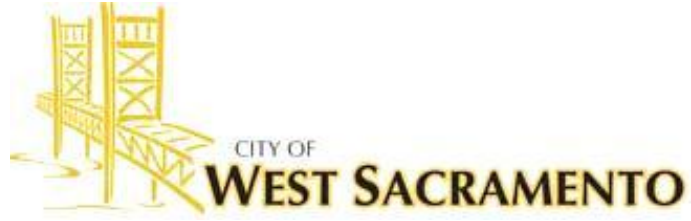
N/A

Budget/Cost Impact

As reflected by the charts provided in this report, the proposed organizational modifications would result in an increase of \$12,984 to the Port's annual operating budget. The Port has ongoing budget capacity to absorb this cost adjustment.

ATTACHMENT(S)

N/A



PORT OF WEST SACRAMENTO BUSINESS PLAN

MARCH 2013



Acknowledgements

The Sacramento-Yolo Port Commission initiated the preparation of the Business Plan in late-2012 and guided the direction of the Business Plan Team throughout the process of completing the plan. A multi-departmental team of City of West Sacramento staff and a consultant contributed to the Business Plan's completion.

Port Commission

Chair Mike McGowan, Yolo County Supervisor, District One
Christopher Cabaldon, Mayor of West Sacramento
Mark Johannessen, West Sacramento City Council Member
Chris Ledesma, West Sacramento City Council Member
Oscar Villegas, West Sacramento City Council Member

Business Plan Co-Authors

Aaron Laurel, Economic Development Manger
Rick Toft, Port Operations Manager

Business Plan Team

Martin Tuttle, Port CEO/City Manager
Paul Blumberg, Public Finance Manager
Greg Fabun, Public Works Director
Donald Grigg, Consultant
Charline Hamilton, Community Development Director
Aaron Laurel, Economic Development Manager
Mike Luken, Transportation and Port Manager
Carol Richardson, Assistant City Manager
Jon Robinson, Housing and Community Investment Manager
Nitish Sharma, Budget Manager
Rick Toft, Port Operations Manager
Phil Wright, Administrative Services Director

Introduction

The Port of West Sacramento opened in 1963 with a primary mission to serve the Northern California agricultural industry. Some 50 years later that mission endures, with the Port maintaining its position as the leading export facility for rice in California. Just as it was conceived to be in 1947 when the Sacramento-Yolo Port District was established, the Port remains an important infrastructure asset with great potential to generate jobs and economic activity within the City of West Sacramento and the greater region.

Notwithstanding the Port's rich history and long-term economic promise, the past 15 years have proven especially challenging to the viability of the Port's cargo operation. While rice exports remain strong, multiple factors have contributed to the Port's fiscal woes during this period, including declining volumes of other cargo products due to overseas market shifts, competition from other ports, debt, and the need for a deeper channel to accommodate larger ships. These challenges to financial sustainability presented themselves long before the City of West Sacramento assumed control of the Port in 2006 and they remain today, compounded by a global recession and a struggle to keep pace with capital investments necessary for sustaining the market competitiveness of the Port's cargo facilities.

Since the City embarked on the goal of turning the Port into a successful and community-friendly enterprise, a concerted business development effort focused on cargo growth has achieved some successes but has not produced a financially sound Port operating model. The current fiscal situation poses an unacceptable amount of financial risk for the Port and City going forward. The identification and implementation of strategic actions leading to a new and successful operating model is essential to the long-term viability of the Port and to the realization of the economic and community benefits the City hoped to achieve when it took control of the Port seven years ago.

Business Plan Purpose

The purpose of this plan is to set forth a strategic course for the Port that achieves two primary goals:

1. To solidify the Port's role as a vital goods movement asset for Northern California's agricultural industry in addition to other industry sectors; and
2. To put the Port in an optimal position for achieving financial sustainability through the reduction of costs and, most importantly, increasing the productivity of the Port's greatest asset—its real estate holdings.

By advancing these two goals, the plan aims to transition the Port from an underutilized asset and major source of financial risk to the City into a dynamic contributor of economic growth in West Sacramento. In a sense, the objectives of this plan are no different than those that premised the City's assumption of control over the Port in 2006. However, the recommendations presented in this plan are intended to enact a more strategic, focused, and action-oriented agenda for achieving those goals, building on lessons of the past and acknowledging that the stakes for success or failure are higher than ever before for the Port and the City alike.

Plan Organization

This plan is organized into two parts. The first part, *Context*, provides background information and framework for the recommendations put forth by the plan. Part two, *Recommendations*, provides the action plan for achieving the goals of the Business Plan.

PART 1: Business Plan Context

The following presents a synopsis of the Port's finances, an assessment of its recent history under City control, and a summary of its constraints and assets. This evaluation forms the basis for the recommendations provided in part 2 by isolating the underlying issues related to the Port's current challenges while identifying corrective actions and opportunities that should be pursued.

Financial Status

This Business Plan is necessary because of the financial unsustainability of the Port's current operating model. In spite of recent efforts to stimulate cargo activity, anticipated increases did not materialize. Meanwhile, the Port has been burdened by debt service obligations and operating/administrative costs that exceed revenues. The result has been a structural operating deficit spanning multiple years, including the last seven under City control.

Recent Budget History and Structural Deficit Management

In 2006, when administration of the Port transitioned to the City of West Sacramento, the Port was already operating under a structural deficit. That problematic, ongoing trend has been exacerbated by decreased revenues, as demonstrated by the chart below showing the past five fiscal years:

Year	Operating Revenue	Operating Expenses	Structural Deficit	Deficit as % of Revenue	Source of Funds to Cover Deficit
FY 2008-9	\$4,303,803	\$5,725,591	(\$1,421,788)	33%	carryover cash balance
FY 2009-10	\$4,337,703	\$5,770,446	(\$1,432,743)	33%	cash balance & property sale
FY 2010-11	\$3,356,231	\$4,177,174	(\$820,943)	24%	property sale
FY 2011-12	\$3,460,416	\$4,462,058	(\$1,001,642)	29%	property sale
FY 2012-13*	\$3,406,927	\$4,889,459	(\$1,482,532)	43%	other one-time revenue

* Estimate based on status quo.

The Port has balanced its annual deficit through the use of one-time revenues; including carryover cash balances in FY 2008-9 and 2009-10, property sales to the City's former redevelopment agency in FY 2009-10, 2010-11, and 2011-12, and a property sale to a private entity in 2012-13. In the current fiscal year, other one-time funds will allow the Port to continue operations into FY 2013-14, but beyond these funds no other sources are available to cover future deficits.

This budget reality is reinforced by the recent loss of the City's redevelopment agency as a result of State legislative actions. In previous years, the agency acted as a financial partner of the Port, purchasing properties for projects related to the mutual economic development objectives of both entities. This approach is no longer available and in any case, balancing the Port's budget through the liquidation of its real estate assets is not an economically viable approach to advancing the City's long-term objectives for the Port. Furthermore, the City lacks the financial ability and the risk tolerance to cover future Port operating deficits.

Revenue

The Port receives two primary types of revenue: wharfage and dockage revenue from cargo, and real estate income from leases and license agreements. Looking ahead to fiscal year 2013-14, the Port estimates gross cargo revenue of about \$2 million and real estate revenue of \$1.1 million.

Cargo revenue estimates are based on current income and an analysis of future cargo volumes completed by Port staff in late-2012 (see Appendix A). That analysis highlights that rice has always been the Port's predominant and most stable cargo commodity, and is projected to continue as such for the foreseeable future. The Port typically handles over 80 percent of the California bagged/bulk rice export market and has capacity for an even greater market share.

Cement imports represent the highest potential cargo growth at the Port, although the rate and timing of that growth is largely dependent on the recovery of the domestic economy. Project cargo, such as imports of wind power generation equipment, and general bulk cargo make up small shares of current cargo revenue to the Port. While the Port's current cargo revenue is steady because of rice, the lack of commodity diversification is a concerning risk factor.

The following table provides a breakdown of current cargo revenue:

Cargo Type	Revenue
Rice (Bagged and Bulk)	\$1,900,000
General Bulk	\$50,000
Project Cargo	\$50,000
Total	\$2,000,000

The Port's real estate-related revenue is generated from leases of North Terminal sites, off-site leases of ship channel property to private cargo facilities, and rail trackage owned by the Port. Current North Terminal real estate revenue totals over \$300,000 while off-site revenue equals approximately \$700,000, as shown in the table below:

Lease/Agreement	Location	Revenue
Cemex	Off-Site	\$432,000
Rail Revenue	Off-Site	\$132,000
CalAgri	North Terminal	\$132,000
Agrium	Off-Site	\$113,000
Two Rivers	North Terminal	\$81,000
License Agreements (Various)	North Terminal	\$66,000
Manson Construction	North Terminal	\$37,000
Prospect Island	Off-Site	\$20,000
Total		\$1,013,000

Most of the real estate agreements listed above represent long-term sources of stable revenue with little associated administrative cost, generally yielding higher net revenue than sources of cargo revenue. As described later, the Port holds a substantial amount of real estate at both the North Terminal and off-site locations that is not currently producing revenue. Many of the recommendations in this plan focus on activating those real estate assets to produce additional income for the Port well into the future.

The Port's other sources of revenue include about \$50,000 per year in rental income from cargo clients' use of the mobile harbor crane to handle project cargo and from \$20,000 in fees received through the Port's Free Trade Zone agreements.

Retained Earnings

For the current fiscal year ending June 2013, the Port estimates a retained earnings balance of about \$230,000 after debt obligations are retired in accordance with a recommendation presented later in this plan, and assuming status quo of the Port's operating and administrative expenses. This cash balance is made possible by one-time revenue to the Port received from a grant reimbursement in 2012. As stated earlier, no other one-time funds are available to the Port to cover future operating deficits.

Operating Expenses

The North Terminal cargo operation generates nearly all of the Port's approximately \$1.5 million in operating expenses. These costs generally include facility maintenance, security, utilities, insurance, and regulatory and environmental permits. Current North Terminal operating costs are summarized in the table below:

Operating Cost	Amount
Maintenance	\$455,000
Utilities	\$377,000
Security	\$332,000
Insurance	\$300,000
Regulatory Permits	\$46,000
Total	\$1,510,000

Although maintenance makes up a large portion of operating costs, the Port currently lacks the financial ability to build a capital reserve to fund major maintenance or facility replacement. Due to this incapacity the Port is not only unable to make major investments in its facilities, but it is also inadequately capitalized to deal with major repair incidents should they occur.

Recommendations presented later in this plan propose to shift most of the operating costs listed above to a private lessee/operator of the North Terminal in addition to creating and funding, to the greatest extent possible, a capital reserve to deal with major maintenance issues in the future.

Administrative Expenses

The Port's current administrative expenses total over \$1.2 million with personnel costs making up about half of the cost. Other general categories of administrative costs include professional services (attorney fees, lobbying/public relations, consulting, and auditing), flood assessments on Port properties, memberships, and travel expenses (business development and training), as summarized in the table below:

Administrative Cost	Amount
Personnel	\$602,000
Professional Services	\$236,000
General Administration	\$182,000
Flood Assessment	\$95,000
Memberships	\$60,000
Travel and Training	\$50,000
Total	\$1,225,000

Over the past few years the Port's administrative budget grew to expand the Port's business development efforts and to manage various capital projects and maintenance functions. A key recommendation of this plan would significantly reduce these administrative costs to place the Port's expenses in line with revenue to reflect a recommended shift in the Port's overall operating model.

Debt Service

Arguably, the Port's most challenging financial issue is debt. Mounting debt service has been an issue facing the Port for some time, but the next five years represents a critical period of debt management that could diminish the burden.

Much of the Port's debt was inherited from the prior administration before the transfer of governance to the City. These funds were borrowed by the Port District to purchase equipment, and to construct new cargo facilities and the Port's storm water management system.

Other debt sources were incurred more recently and are related to channel deepening, rail improvements, infrastructure reimbursement, and a loan to upgrade the Port's bulk cargo handling facilities. A capital funding loan was also recently made to the Port from the City's general fund. The table below presents the Port's current debt service schedule:

Source of Debt	Purpose	Annual Payment	Debt Expiration
2001 Bonds	Cargo Facility Construction	\$1,555,482	FY 2013-14
Taylor Village	Infrastructure Reimbursement	\$383,633	FY 2016-17
California Infrastructure Bank	Storm Water System	\$239,503	FY 2029-30
PG&E	Channel Deepening	\$165,474	FY 2013-14
Sierra Northern Railway	Railroad Improvements	\$132,000	FY 2014-15
SSA Pacific	Bulk Cargo Facility Improvements	\$109,345*	FY 2024-25
West America	Cargo Handling Equipment	\$101,732	FY 2012-13
City General Fund	Capital Projects	\$32,000	FY 2036-37
Total		\$2,719,169	

* Payments scheduled to begin in FY 2015-16.

By the end of fiscal year 2016-17, when the Taylor Village debt is scheduled for retirement, the Port's annual debt service will have fallen by nearly 85 percent of the current level. Certain near-term financial strategies could accelerate the Port's debt retirement rate to alleviate the Port's most concerning budgetary problem. Specific recommendations related to those debt management strategies are included in this plan, including an immediate approach to retiring the Port's bond debt ahead of schedule.

Infrastructure Challenges and Investment Constraints

As referenced earlier, the Port lacks the capital required to make investments in its facilities and infrastructure needed to improve its competitiveness in the cargo market. The Port's financial situation has prevented it from fully keeping pace with facility maintenance, let alone building reserves for capital investment. As discussed in this section, deferred maintenance and channel depth are the Port's two largest capital needs and obstacles to cargo revenue growth.

Deferred Maintenance

The consequence of deferred maintenance of certain North Terminal facilities is a major detriment to the Port's market standing. While the Port's rice handling facilities are adequate to support the current volume and future growth of bagged or bulk rice cargo, the condition of other facilities is an impediment to volume expansion and diversification. This obstacle to developing additional cargo business is especially prevalent in the Port's bulk cargo facilities, as upgrades are required to ensure the efficiency needed to process bulk cargo in a competitive fashion. Without outside investment, the Port's options to address this issue on its own are very limited.

Channel Depth

The 30-foot depth of the Deep Water Ship Channel has been, and will continue to be, the greatest challenge to the Port's competitiveness. This key constraint was identified as the Port's highest priority capital funding need long ago, yet the project remains elusive to complete. The Port has expended a significant amount of resources on the channel deepening project in both staff and consultant time, motivated by the fact that without the completion of the project, expansion of cargo revenue is severely limited. With federal funding very uncertain and persistent delays in completing

the required environmental review process adversely affecting the project's likelihood of proceeding, the Port faces the need to make do with the current depth for the foreseeable future.

Evaluation of Current Operating Model

As demonstrated by its financial status, the Port's current operation is not financially sustainable and requires immediate reevaluation. The recommendations of this Business Plan are intended to implement a major shift in the current operating model to accomplish the plan's goals. Beyond citing the Port's fiscal urgency to justify the recommended changes, it is important to consider the underlying reasons for why the current operating model is no longer feasible as the rationale for change. These issues include fundamental problems with the Port's current terminal operations agreement and related shortcomings of the Port's emphasis on expanding cargo revenues as the answer to its financial distress.

Terminal Operations Management Agreement

From its inception in 1963 to 2006, the Port was an "operating port," directly hiring the labor required for vessel and warehouse operations. When the City took control of the Port in 2006, it envisioned a transition to a landlord-tenant operating model. In an effort to implement such a model, the new administration issued a request for proposals for terminal operators.

The ultimate result of that solicitation was a Terminal Operations Management Agreement with SSA Pacific (SSA), executed in September 2006 with a term of ten years. Generally, the agreement allocates roles, responsibilities, and costs of operating the North Terminal between the parties and assigns a 25 percent share of cargo revenue to SSA (up to the first \$4 million, after which SSA's share increases) with SSA paying for a portion of the Port's security and utility costs. The \$4 million tier level is noteworthy because the Port's revenue from cargo since 2006 has declined as the economy worsened, amounting to about \$2 million currently.

SSA's basic responsibilities under the agreement are to provide vessel stevedoring services, terminal and warehousing services, normal repairs and preventative maintenance of cargo conveyance equipment, vessel scheduling and billing, solicitation of potential cargo shippers for the North Terminal facility, and other facility management duties. Meanwhile, the Port has maintained responsibility for the cost of major repairs of cargo handling equipment and Port facilities, permits, and capital improvements, while also effectively assuming the primary role in overall Port business development and marketing. This operating model has allowed the Port to control its cargos and tenants, but has left the Port (and in turn, the City) exposed to significant financial risk due to the volatility of cargo revenue, facility repair and upgrade costs, and other operating costs related to promoting the Port to attract and preserve cargo revenue.

Practically, the current agreement with SSA is not a lease and therefore falls well short of the original goal of placing the Port in a position of a true landlord. There is no regular payment required by SSA under the terms of the agreement, either in the form of a lease payment or minimum revenue guarantee, and the City is responsible for certain core operational and administrative activities not typically found in a lease arrangement. In essence the current agreement places the Port and SSA in the position of joint venture partners of a cargo operation more so than landlord and tenant. The Port assumes most of the financial risk of the partnership because it covers the majority of the North Terminal operating costs, with additional risk due to its administrative budget being sized to manage its role in business development and maintenance.

It is important to identify and understand lessons learned from the current agreement with SSA in order to avoid or minimize the same issues in a future lease or operating agreement, including:

- *Guarantee revenue*—While revenue sharing is an appropriate secondary source of revenue to the Port from a lease or operations management agreement, any new agreement should include a guaranteed payment to the Port to create a higher degree of revenue predictability and to reduce risk.

- *Shift costs in exchange for revenue*—The Port’s current responsibilities require more administration than its budget can support. To the greatest extent possible, responsibilities and costs should be shifted to a lessee (particularly maintenance, security, utilities, and permitting) in exchange for a greater share of cargo revenue.
- *Incentivize business development and investment*—The current operating agreement with SSA does not encourage revenue growth because it lacks adequate financial incentives for the partner to invest in facilities and to develop new business. The Port should not have primary responsibility for increasing cargo revenue because it is not able to make investments necessary to encourage new activity, nor is it well-suited or financially able to conduct proactive business development activities. Lower cargo revenue tiers and higher revenue shares should be used to encourage growth and investment.

Cargo Growth Focus

When the City took control of the Port in 2006, immediate business development efforts focused on further transitioning the Port to a landlord over the North Terminal by pursuing leases for projects that would also generate cargo revenue. The Port negotiated agreements with five cargo-based tenants—Primafuel, Enligna, West Coast Recycling, Two Rivers Cement, and Cemex. However, only two of those agreements resulted in completed projects and actual lease revenue (Two Rivers and Cemex). Still, with over \$500,000 per year in real estate income, the two cement import projects now account for over half of the Port’s annual real estate revenue and easily represent the greatest revenue growth in the Port’s budget during the past seven years under City control.

As the recession deepened and the real estate and cargo markets declined, the Port’s business development efforts remained focused on cargo revenue growth, but with an eye towards improving the cargo handling facilities to drive that growth. In 2012, a debt of approximately \$900,000 was incurred to upgrade the bulk cargo facility, but that investment has not yielded the revenue once anticipated while adding to the Port’s debt service problem. Similarly, the Port incurred additional debt to improve its rail infrastructure in an effort to accommodate unit trains. It remains to be seen whether or not the Port will realize a positive return from these expenses. However, the speculative nature of these investments, coupled with the lack of resultant revenue to support the debt incurred, underscore the problems with the Port having primary responsibility for cargo business development and emphasize the desirability of identifying a better-capitalized partner to operate the North Terminal.

Assets and Opportunities

The urgency of the current financial situation begs the question of the Port’s ability to continue operating, yet even with numerous challenges to feasibility, the economic potential of the Port endures. Rice cargo volume, which is projected to remain stable, sets a clear priority as the North Terminal’s cargo base from which to grow. However, the Port’s highest potential for long-term revenue growth is not in cargo, but in real estate.

Opportunity exists for all of the Port’s land holdings, from undeveloped sites at the North Terminal, to the Seaway property in Southport, to the Delta properties. The key to unlocking that potential is to devise an operational means for the North Terminal to financially stand on its own while the Port scales its administrative costs to balance with revenue and engages the City’s expertise in real estate development to create productive assets out of underutilized Port properties. Several recommendations presented in Part 2 of the Business Plan propose early, proactive steps to unleash the development potential of these real estate assets as the Port’s long-term solution to financial sustainability and primary generator of economic and community benefit to the City.

PART 2: Recommendations

The following presents a slate of 22 action-oriented recommendations designed to work in concert to implement a new operating model and strategic direction for the Port. These recommendations were derived from the background information presented in Part 1 in addition to an alternatives analysis of potential Port operating models, financial models related to those alternatives, and a review of Port assets and opportunities. Unless noted as longer-term initiatives, the recommendations are intended to be carried out between now and the beginning of fiscal year 2013-14. All of the recommendations have significant importance to advancing the Business Plan's goals; therefore they are not listed in any particular priority but instead are organized into the categories described below.

- *Financial Controls*—These recommendations include budgetary actions that the Port can immediately implement to reduce costs, manage debt, build reserves, and improve the Port's financial tracking.
- *Operating Model*—Recommendations are provided to implement a new operating model that transitions the Port to the position of a true landlord over the North Terminal while the Port's other real estate assets are retained for their current lease revenue or future development potential.
- *Real Estate*—As the primary focus of the new operating model, several strategies and actions are recommended to capitalize on the Port's real estate to create productive assets that add new revenue to the Port and produce economic benefit for the City.
- *Cargo*—Although the Business Plan aims to put the Port in a secondary role for developing new cargo business and upgrading North Terminal facilities, certain cargo-related objectives persist. Recommendations are provided related to preserving the Port's base cargo, advancing the Marine Highway container barge service project, and maintaining the current depth of the Deep Water Ship Channel.
- *Other Revenue Opportunities*—These recommendations address two other potential sources of revenue to the Port, including the Port's Foreign Trade Zone.
- *Governance Agreement*—Approaches are suggested to relieve some of the constraints imposed by the original Joint Port Governance Agreement, as certain provisions of the agreement may no longer be appropriate or necessary given the Port's current financial circumstances.
- *Community Relations*—In recognition of the importance of maintaining a positive image for the Port in the West Sacramento community, recommendations are provided to improve the Port's physical appearance and preserve existing relationships with community organizations.

Financial Controls

1. *Immediately implement administrative cost reductions.*

Staff has thoroughly analyzed the Port's current administrative costs while also assessing minimum administrative needs to continue operating the North Terminal. The result of that evaluation is the recommendation to reduce administrative costs by over 50 percent (or by about \$617,000) in Fiscal Year 2013-14, with some cuts taking effect April 1st of this year to produce one fiscal quarter of savings (about \$150,000). The proposed reductions would be mainly achieved by shifting the costs, along with duties, of certain City staff from the Port cost center to other City funds such as Public Works. Other cuts are proposed related to the Port's numerous professional organization memberships, travel expenses, and lobbying contracts. If the Port can successfully enter into a master lease agreement for the North Terminal, it will be able to achieve even greater reductions to its overall operating expenses. The chart on the following page shows the approximate effect of the proposed cost reductions on the Port's budget:

Administrative Cost	Amount Before Reductions	Amount After Reductions	Cost Savings
Personnel	\$602,000	\$238,000	\$364,000
Professional Services	\$236,000	\$102,000	\$134,000
General Administration	\$182,000	\$150,000	\$32,000
Flood Assessment	\$95,000	\$95,000	\$0
Memberships	\$60,000	\$13,000	\$47,000
Travel and Training	\$50,000	\$10,000	\$40,000
Total	\$1,225,000	\$608,000	\$617,000

2. *Implement the Port-Finance team's strategy for short-term debt retirement.*

The Port currently has access to a significant amount of one-time funding resulting from a property sale, a grant reimbursement, and its reserve fund for the 2001 revenue bonds. In light of this situation, the Port-Finance team devised a plan for defeasance of the Port's bond debt and two other loans with near-term maturity dates in order to achieve substantial savings on loan interest. Staff estimates the interest savings of the debt retirement plan to be about \$200,000; therefore the implementation of the plan is recommended.

3. *Create a maintenance reserve fund and capitalize the fund through annual budgeting and surplus revenues.*

One of the biggest risk factors of the Port's current operation is major maintenance, as currently no reserves exist to deal with an event requiring repairs to major structural elements of the North Terminal (such as docks and piers, water and sewer systems, and electrical infrastructure). This recommendation would create a dedicated maintenance reserve fund with the Port budget and allocate an annual amount to the fund, starting with \$10,000 in Fiscal Year 2013-14. In addition, to the extent that surplus revenue is generated in the future, a major portion of that revenue should be deposited into the reserve fund until such time that the fund is adequately capitalized to deal with major maintenance events.

4. *Improve financial controls through regular coordination of the Port-Finance team.*

The Business Plan process highlighted the need for improved financial monitoring and ongoing budget coordination among Port and Finance staff to collaboratively manage the complicated nature of the Port's finances. At least monthly meetings of the Port-Finance team will be held (likely more frequent during the next several months) to update actual revenue and expense figures, plan for future budgets, and most importantly to strategize about approaches to issues such as debt management and capitalization of maintenance reserves.

Operating Model

5. *Negotiate a master lease agreement for the North Terminal cargo facilities for Port Commission consideration.*

In late January 2013 the Port issued a Request for Statements of Interest (RFI) for lessees of the North Terminal cargo facilities and for developers of the Port's real estate (see Appendix B). Responses to the RFI included multiple proposals for a master lease of the North Terminal. Meanwhile SSA Pacific, as the Port's current business partner at the North Terminal, was provided the opportunity to submit a master lease proposal.

The master lease concept is the key component of implementing a new operating model that transitions the Port into the role of a landlord. As envisioned by the RFI, a master lease would shift most of the North Terminal's operating costs and much of its cargo revenue from the Port to the lessee in exchange for a guaranteed lease payment to the Port. Under this model, the Port would be able to reduce its operating expenses by up to \$1.5 million, significantly reducing its exposure to financial risk. The master lessee would share a portion of revenue growth with the Port and be responsible for cargo business development and facility upgrades needed to attract additional maritime business to the North Terminal.

In the map of the North Terminal below, the white dotted line illustrates the desired footprint of a master lease. The recommended lease area would include the Port’s cargo facilities, but not leased areas such as Two Rivers and the CalAgri offices (the master lessee would receive cargo revenue from the Two Rivers facility, but the Port would continue to receive its ground rent). The Port would also retain the North Terminal’s undeveloped sites to preserve the long-term upside of developing those properties.

This recommendation is an extension of the RFI process and would enable staff to move quickly into direct negotiations to advance this critical component of the new operating model. Based on the outcome of master lease negotiations, a lease agreement would be returned to the Port Commission for consideration, ideally before the end of the current fiscal year.



6. *As a secondary option to the master lease approach, negotiate individual leases for the North Terminal cargo facilities, including the break bulk area, bulk rice facility, bulk grain facility, and general bulk area.*

If a master lease for the North Terminal is determined to be unattainable, the Port should follow-up on statements of interest in response to the RFI from firms interested in leasing one of the Port's distinct cargo facilities. This option is less desirable than a master lease because it would not allow the Port to achieve the same level of operating cost reductions and it would require a more active role of Port staff to manage tenants and avoid operational conflicts between users. However, the individual facility lease approach has the potential to achieve the same or even greater revenue generation as a master lease.

7. *Under the master lease scenario, retain productive and high-potential real estate assets.*

As noted earlier, the Port currently receives over \$1 million in annual revenue from leases or other real estate-based agreements. In terms of net revenue, these income sources represent the Port's most productive assets. About 30 percent of the Port's real estate revenue is generated from the North Terminal. Under the recommended master lease arrangement the Port should retain this revenue. However, if a master lessee is interested in taking over the management of North Terminal leases and their associated revenue, the Port should consider this option as long as the value of those leases is captured in the master lease payment. The same approach could apply to the Port's off-site real estate revenue sources, including Cemex, Agrium, and rail revenue. The Port should also retain its undeveloped properties at the North Terminal (shaded in green on the previous map) to preserve the potential for future revenue from leases or sales related to the development of new projects at those sites.

Real Estate

8. *Promote the lease, sale, and development of available North Terminal properties.*

As noted on the map, the North Terminal includes nearly 40 acres of vacant property suitable for industrial or commercial development. Most of this property was previously encumbered by leases for tenant-based cargo projects that did not come to fruition. The Port, in coordination with the City's Economic Development Division, should actively market these properties for new development while also assessing options for adding value to the properties through infrastructure improvements. Strong consideration should be given to targeting uses for these properties beyond only those that include maritime cargo operations. This approach would fully expand development opportunities for the sites with the ultimate goals of adding jobs in the city and bringing new lease revenue to the Port.

9. *Complete and implement a master development strategy for the Seaway property.*

While a focused amount of work will be required to advance Seaway's development, the property is arguably the Port's most valuable and promising asset with the most long-term economic benefit for the City. Appendix C includes a summary of the Seaway property's current land use entitlement status and infrastructure needs based on the build-out of existing entitlements. Maps are also provided pertaining to developable acreages of Seaway's four quadrants and infrastructure improvements previously completed. An estimate prepared by the City to detail costs of completing infrastructure required under existing entitlements is included as well.

The Port should coordinate closely with the City's Community Development Department and Economic Development Division to initiate a proactive effort to advance the development of Seaway. The process should begin with internal due diligence by the Port and City as a prerequisite to assessing the value and feasibility of the property's existing entitlements. An infrastructure financing plan should also be developed to refine the City's cost estimates, identify and accurately quantify pre-existing financial liabilities tied to the properties (such as obligations for reimbursement to other developers), and examine options for financing infrastructure costs.

The RFI issued by the Port in January included the option for developers to provide statements of interest regarding Seaway development, which several did. In order to generate a maximum amount of interest in the property, the

Port should engage real estate brokers and other potential master developers, with the possibility of issuing a Request for Proposals (RFP) for proposals to jointly venture with the Port on implementing a financing and development strategy. The RFP could be released immediately following the completion of the Port/City's due diligence process, depending on the level of interest garnered in the property.

10. Create a lease schedule and preserve existing lease and license revenue.

The Port should create, maintain, and regularly review a schedule of its leases and license agreements, with a particular focus on identifying those set to expire in the near-term. This basic landlord function will provide information to be used for prioritizing negotiations for lease extensions with existing Port tenants, in addition to fulfilling an important budget planning tool.

11. Coordinate with the City on a comprehensive real estate strategy.

The City, as part of the redevelopment dissolution process and related to its Community Investment efforts, will be developing a strategy for advancing the development of its real estate assets. The Port's properties, both Seaway and the vacant North Terminal sites, should be included in this strategy to ensure a coordinated approach to developing all of the real estate assets controlled by the City. The strategy should also examine the potential application of the Port's broad real estate authority under the State Harbors and Navigation Code, and how those powers might be utilized by the City to facilitate desired real estate development activities. This recommendation is consistent with the Community Investment Action Plan adopted by the City Council in 2012.

12. Coordinate with the City's Community Investment Program and advocate for State legislation to create new infrastructure financing options to advance Port real estate development.

The Community Investment Action Plan set forth an integrated strategy to bring new financing tools to the City for investing in strategic infrastructure improvements in the post-redevelopment environment. Infrastructure improvements enabling development of Port real estate assets, most notably Seaway, are prime examples of how those new tools could be applied to catalyze private investment for the economic benefit of both the Port and City. The Port should assist the City in advocating for the enactment of State legislation to enable tax increment financing for infrastructure. Once new financing tools are established, the Port should encourage the City to include infrastructure investments related to improving the development potential of its real estate assets as high priorities.

13. Advance the development and sale of Delta lands for habitat mitigation.

The Port's Delta lands, which include Prospect Island, Decker Island, and dry lands on either side of the Deep Water Ship Channel, do not currently generate significant income to the Port. However, these properties represent potential revenue from habitat mitigation related to new development or possibly State of California water conveyance projects. The Port should explore this opportunity by proactively marketing these properties to habitat mitigation developers to assess the potential benefits from joint venturing on the entitlement and development of a mitigation project that would eventually be sold to generate real estate revenue.

Cargo

14. Ensure an effective transition of North Terminal operations to a lessee to prevent service disruptions for current cargo customers.

The core business of the North Terminal is rice cargo, currently generating annual revenue of about \$2 million per year. If the Port is successful in implementing a master lease for the terminal that includes a revenue sharing arrangement with the lessee, the preservation of base cargo revenue will be critical to the Port realizing a financial upside from such a deal. Additionally, the Port's rice customers rely on its adeptness at moving bagged and bulk rice efficiently through the North Terminal facility. In implementing the recommended operating model shift to a master lessee, it will be important to ensure that no service disruptions for rice customers occur in order to maintain the Port as the preferred option for California's bag and bulk rice shippers.

15. Implement the Marine Highway project.

The barge container service remains a high priority for the Port and its partnership with the Ports of Stockton and Oakland on the Marine Highway project. In 2010, the Port was awarded an \$8.5 million TIGER grant to purchase a mobile harbor crane for the project—a significant investment of federal funds in the Port. However, economic factors have prevented the project from moving ahead as quickly as planned. In order to encourage progress towards implementing the project at the Port of West Sacramento, the Port should continue efforts to purchase barges for the service through grants or other means while analyzing ways to improve the feasibility of the project.

16. Continue advocacy for federal funding and seek opportunities for public-private partnerships to implement the Deep Water Ship Channel deepening project and to continue maintenance dredging.

While the channel deepening project may be on indefinite hold, maintenance dredging remains a top priority for the Port. Maintaining the current depth of 30 feet is essential to cargo operations at the North Terminal and to off-site cargo facilities that pay lease revenue to the Port for use of the channel. The Port should continue its federal advocacy efforts related to continued funding for maintenance dredging. The Port should also pursue opportunities to partner with private entities that may be willing to make capital investments in channel deepening or maintenance, including potential North Terminal lessees.

Other Revenue Opportunities

17. Expand Foreign Trade Zone marketing and seek an administrative partner for the program.

The Port's designation as a Foreign Trade Zone (FTZ) allows it to accept applications from eligible companies interested in the tax benefits of becoming a sub-zone. Currently the Port's FTZ has three sub-zones, generating fee revenue of nearly \$20,000 per year from the companies receiving the benefits. There is potential for growing Port revenue from the FTZ, but the Port will require assistance in marketing and administering sub-zone applications and contracts. The Port should coordinate with the City's Economic Development Division to market the FTZ program to eligible West Sacramento-based companies and also solicit a partner to conduct regional marketing and application processing. An expansion of the Port's FTZ activity would increase revenue without adding significant additional costs since the Port already administers the FTZ program.

18. Market the Port's air credits for sale to recoup funds originally expended.

The Port previously purchased approximately \$50,000 worth of air credits from the Yolo-Solano Air Quality Management District related to the Port's pursuit of bulk mineral cargo. These credits could be sold in the secondary market or to a Port facility lessee. The Port should immediately explore this potential and, if an interested buyer is identified, sell the credits to produce short-term revenue.

Governance Agreement

19. Identify provisions of the Joint Port Governance Agreement that are problematic to advancing Business Plan goals and propose alternative solutions to these issues.

Certain terms of the Governance Agreement place restrictions on the Port's disposition and development of real estate assets, most notably Seaway. These restrictions were grounded in circumstances surrounding the Port in 2005 at the time of the governance transition. Since that time much has occurred in terms of both the decline of the real estate market and the significant amount of investment provided by the City in its struggle to make the North Terminal a financially viable enterprise. The existing agreement should be analyzed further to identify specific terms that may no longer have relevance to the Port's current situation, yet stand as significant obstacles to positioning the Seaway property for future development.

Changes to the Governance Agreement will require the approval of Yolo County, Sacramento County, and the City of Sacramento, but presented in an effective manner with reasonable alternative solutions, those changes should not

be overly difficult to implement. Once the constraints of the current agreement are fully identified, the Port Commission should proactively engage the other parties with a proposed approach to eliminate the Governance Agreement, substantially revise it, or implement its replacement.

Community Relations

20. Improve public access and recreational opportunities in and around Lake Washington.

Currently the Port hosts several boat clubs that use the Port's waterways, including the UC Davis Rowing Club, River City Rowing Club, Lake Washington Sailing Club, and Lake Washington Outboard Club. This small but important role in providing recreational opportunities to the community can be improved and possibly expanded. For example, the Port should continue to seek funding for the removal of the derelict vessels which have been abandoned in Lake Washington. Removing these vessels will eliminate blight and greatly enhance the recreational experience for boat club members and other recreational users of Lake Washington. The Port should also consider additional opportunities for the public to enjoy the natural environment surrounding the North Terminal by improving public access through its properties, including the northern edge of the Seaway property.

21. Develop a short-term plan for physical improvements to the North Terminal property.

The North Terminal's existing physical appearance reflects a lack of recent investment which, if left unaddressed, will intensify a negative public image of the facility. To the extent feasible, ideally using surplus funds generated from the successful implementation of this plan, the Port should plan and implement basic aesthetic improvements to improve the appearance of the North Terminal property. Examples of possible improvements could include streetscape enhancements and public art along Industrial Boulevard at the property's "front door" or lighting enhancements on the rice and grain elevators, the Port's most iconic structures.

PORT BUSINESS PLAN

APPENDIX A

Cargo Analysis

CARGO ANALYSIS

Background

Introduction

The purpose of this analysis is to identify and quantify cargo opportunities to provide the basis for a focused Port cargo marketing strategy. Source documents used include the 2004 Port of Sacramento Maritime Demand Analysis by Parsons Brinkerhoff, and the 2012 economic analysis prepared by the US Army Corps of Engineers and their consultant (Global Insight) for the channel deepening project. Port staff also looked at historical cargo data, and drew from its own experience and discussions with industry professionals. Additionally, port staff consulted with existing customers and vendors, including: SSA Marine, Ports America Group, Cemex, Two Rivers Cement, Farmers' Rice Cooperative, ADM Rice, and West Coast Recycling Group. The projections in this analysis are based on the existing 30-foot depth of the Deep Water Ship Channel and on the current physical conditions of the Port operating terminal.

Cargo History

The Port of West Sacramento (the Port) was conceived and constructed as a bulk cargo¹ port to serve the agricultural and natural resource industries in Northern California. Since its opening nearly 50 years ago in 1963, the Port's primary cargos have been rice, wheat, woodchips, logs, and fertilizer. In 2007, cement was introduced as a major new cargo. Throughout most of its 5 decades of operations, the Port maintained an annual cargo throughput of approximately 1 million tons with gross maritime revenues of roughly \$10M. Since 1999, however, cargo volumes have steadily declined to a plateau of approximately 320,000 tons annually for the past three years². During the 5-year period ending 6/30/12, annual maritime revenues have averaged \$1.8M³.

5-Year Maritime Revenue Summary

FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
\$1,587,264	\$2,412,434	\$1,624,253	\$1,543,871	\$1,864,934

The loss of cargo tonnage and revenue since 1999 can be attributed to several factors:

- Discontinuation of log exports (2000)
- Discontinuation of wheat exports and termination of Cargill lease of the grain facility (2000)
- Decline in bulk rice exports (1999-2003)
- Port of Stockton's expansion to Rough and Ready Island (2000)
- Penny Newman's purchase of grain facility at Port of Stockton (2000)
- Discontinuation of woodchip exports (2005)
- Discontinuation of fertilizer imports and Yara lease termination; loss of Star Shipping (2009)
- The Great Recession and the cessation of cement imports (2010 to present)

¹ Bulk cargo includes break-bulk (bundled) cargos that are transferred via forklift and crane, and free flowing bulk cargos that are transferred via conveyor systems.

² See attached cargo history summary, 1988 to present.

³ A significant percentage of the revenue decline from historical averages is due to the 2006 change to a landlord operating model in which there is no stevedoring revenue and wharfage-dockage revenues are shared with the Port's terminal operator.

Today, the Port finds itself with historically low cargo volumes and an undiversified cargo base. In fact, the only cargos currently being handled at the Port are rice exports (96% of total tonnage) and an occasional import shipment of project cargo (wind generation equipment). With the exception of cement, none of the historically important cargos discussed above are likely to return in significant volumes without a significant capital investment in cargo handling systems and deepening of the ship channel to improve the Port's competitive position.

Business Development Efforts, 2006 - Present⁴

Since 2006 staff has been actively working on transitioning the Port to a lessee based operating model in which long-term tenants build and operate their own facilities, and the Port receives land rent and/or maritime revenues. Port staff successfully recruited three major maritime oriented tenants to the North Terminal location –Primafuel, Enligna, and West Coast Recycling – and all three projects were successfully steered through the entitlement process with the City of West Sacramento. For various external reasons beyond the control of the Port, these projects have yet to break ground; each is outlined below:

Primafuel

- Description: Biofuel imports, ethanol and biodiesel
- Project size: 12 acres
- Tonnage: 120,000 tons
- Revenue projection: \$550,000
- Construction start date: unknown

Project feasibility hinges on implementation of California's low-carbon fuel standards, development of biofuel distribution infrastructure, and favorable trade policy that does not penalize imported fuels. The lack of clear policy direction from the state, combined with the recession, has effectively stalled this project and construction is not anticipated in the foreseeable future.

Enligna

- Description: Wood pellet exports
- Project size: 15 acres
- Tonnage: 150,000 tons
- Revenue projection: \$650,000
- Construction start date: n/a

Enligna AG, parent company of Enligna USA, abandoned this project due to uncertain feedstock supply and there little prospect that it will be built. Although the permits for this project are still active, the Port is now actively seeking tenants and cargo for the facilities that were to be used for this project.

⁴ In 2006, SSA assumed primary responsibility for marketing the port's existing facilities and developing new cargo opportunities.

10-24-12

West Coast Recycling

- Description: Scrap metal exports
- Project size: 15 acres
- Tonnage: 330,000 tons
- Revenue projection: \$650,000
- Construction start date: 2013

Construction has been delayed due to CEQA lawsuit, but the developer expects to break ground in 2013. This project operates on the margin price of scrap metal and recent volatility in the market has prevented the project from breaking ground in 2012. The project is expected to be fully operational in 2015.

General Bulk Cargo Market

In late 2010, when it became clear that the Primafuel and Enligna projects were not going to break ground, the Port began to take a more active cargo marketing role and looked to the general bulk cargo market for cargos that could generate significant revenues. Coal and iron ore shippers in particular were approaching the Port looking for facilities to move millions of tons annually to the west coast by unit train⁵ for export to Asia. In order to maximize its overall competitiveness for bulk cargos, the Port, SSA , and the railroads made investments in the Port's bulk cargo handling infrastructure, including:

Conveyor Upgrades

The Port's bulk handling facilities, suffering from years of deferred maintenance, required significant repairs just to be able to demonstrate to bulk shippers that the Port was a potential facility option. Approximately \$900,000 was spent on electrical, structural, mechanical, environmental, and safety improvements to the Port's conveyor systems to be prepared for potential bulk cargo opportunities.

Rail Upgrades

The Port has worked closely with the Union Pacific and Sierra Northern Railroads to determine trackage improvements required for unit train service to the Port. In partnership with Cemex, the Port constructed a \$1.8M unit train landing track along Industrial Blvd. The Port also invested \$450,000 on upgrades to the Washington Transfer trackage which links the Port to the UP main line. Finally, the Port secured a \$1M grant and easement rights through the Sacport parcel to construct a loop track which will greatly enhance the Port's ability to handle unit trains and attract bulk cargos. In addition to the Port investment, UP has recently upgraded all of its rail lines and at-grade rail crossings in West Sacramento, and is planning to upgrade an automated switch on the main line to facilitate unit train service in to West Sacramento.

These efforts have resulted in successful negotiations with 3 shippers of iron ore cargos:

Tenant Metals

- Cargo: Iron Fines (concentrated steel mill dust)

⁵ Large trains of up to 100 railcars

10-24-12

- Status: executed contract with minimum annual guarantee (MAG)
- Origin/Destination: Utah/China
- Receiving mode: unit train
- Tonnage: 450,000 tons
- Duration: 2-3 years
- Annual revenue projection: \$350,000 (gross)
- Start date: unknown

This project requires the shipper to excavate, dry, grind, and blend the cargo at the old Geneva steel mill site in Vineyard, Utah. These efforts are well underway but the shipper has faced numerous logistical issues which have delayed the project. This project and other iron ore shipments off the West Coast are dependent upon favorable and stable commodity prices. Revenues to the Port will be reduced by a 30% payback requirement to SSA and on-going deferred maintenance repair costs to the conveyor system required to accommodate the cargo.

CWT

- Cargo: Iron Ore
- Status: Letter of Intent
- Origin/Destination: Nevada-Utah/Asia
- Receiving mode: unit train
- Tonnage: 1M tons
- Duration: to be negotiated
- Annual revenue projection: \$750,000
- Start date: unknown

This project has been delayed due to the slowdown in the Asian economy and slumping commodity prices. SSA has close ties to the shipper in other U.S. locations.

Nevada Iron

- Cargo: Iron Ore
- Status: Letter of Intent
- Origin/Destination: Nevada/Asia
- Receiving mode: unit train
- Tonnage: 1M-2.5M tons
- Duration: 10-20 years
- Annual revenue projection: \$750K - \$1.5M
- Start date: unknown, 2014 at earliest

Nevada Iron has purchased the Buena Vista mine complex east of Reno and the Port offers a competitive location vs. competing ports. This pending agreement will involve Nevada Iron investing in

conveyor upgrades at the Port, but execution of this agreement has been delayed due to unstable commodity prices and global economic conditions.

Miscellaneous Bulk Cargos

The Port and SSA have quoted handling rates to shippers of several other bulk cargos including: feed grains, soda ash, perlite, organic fertilizer, woodchips, biomass, biofuel, and petroleum coke. The bulk commodity business typically generates low profit margins and depends on large volumes; shippers need the freight cost savings provided by unit trains to move their cargo to and from ports. Bulk shippers cite the Port's ability to handle unit trains and its abundant warehouse and silo space as competitive strengths, but the Port's competitive weaknesses have been difficult to overcome. Specifically, a 30' channel depth and outdated conveyor systems are not competitive versus other bulk ports in Northern California (primarily Stockton and Richmond). The Port has lost cargo opportunities to these ports and it appears that sustained, ideal economic conditions have to be in place, including capacity constraints at competing ports, before bulk shippers consider West Sacramento.

Since the dissolution of the Port's traditional warehousing union (Local 17) in 2009, bulk cargo handling in the Port's warehouses and conveyor maintenance have been performed by ILWU Local 18 (Longshoremen). Warehousing operations for some bulk cargos at competing ports, e.g. feed grains and fertilizer in Stockton and iron ore at Richmond, are handled by non-ILWU labor. In some cases, the Port is competing with non-union facilities. Given the cost sensitivity of bulk cargo handling, the Port and SSA have had to reduce price quotes to compete with lower cost ports for many cargos.

Cargo Tonnage and Revenue⁶ Projections

Currently, the only cargos being handled via vessel at the Port are rice and project cargo. However, the two privately operated cement companies at the port – Two Rivers and Cemex - have been actively consolidating operations at the Port during the recession to take advantage of the efficiencies that their new facilities offer, and to prepare for the inevitable return of imported cement. Two Rivers is currently conducting a supplemental EIR to increase the permitted throughput at their facility from 800,000 to 2 million tons, and Cemex recently completed construction of the batch plant component of their facility.

The tonnage model that follows is organized in layers, with a base layer representing a solid foundation of existing cargos and additional layers which are presented in a sequence of descending probability: new tenant cargo, potential bulk cargo, potential breakbulk cargo, and container barge cargo. Wharfage rates for each cargo were applied to generate the revenue projections.

⁶ All revenue projections are net of SSA share (25%) per Terminal Operations Management Agreement and include wharfage and dockage.

*Existing Base Cargo*Rice

Bagged rice exports to Japan continue to be the revenue base of the Port. The Japanese rice trade dates back to 1993 when rice exports at the Port transitioned from purely market based trade to the current era of trade agreement cargo. Prior to 1993, most California rice exports were shipped to Korea in bulk; post-1993, GATT trade agreements with Japan created the primary export market for California rice and the trade transitioned from bulk to bagged shipments. This business has stabilized and the annual volume has been quite predictable at approximately 300,000 tons, including the Korean market. The specification of rice type and quality in these trade agreements effectively limits the U.S. market to Northern California Calrose rice.

5-Year Bagged Rice Export Tonnage/Revenue Summary

FY 07-08		FY 08-09		FY 09-10		FY 10-11		FY 11-12	
Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue
187,249	\$887419	338,326	\$1689225	231,486	\$1110434	232,114	\$1176464	244,404	\$1212838
Rev/Ton	\$4.74	Rev/Ton	\$4.99	Rev/Ton	\$4.80	Rev/Ton	\$5.07	Rev/Ton	\$4.96

Bulk rice exports, which historically were shipped as milled rice to multiple Far East and Middle East destinations, have been sporadic over the past 5 years and this trend is expected to continue. Today, almost 100% of bulk exports are paddy (un-milled) rice bound for Turkey.

5-Year Bulk Rice Export Tonnage/Revenue Summary

FY 07-08		FY 08-09		FY 09-10		FY 10-11		FY 11-12	
Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue
27,649	\$81756	0	\$0	80,513	\$247491	25,066	\$65313	64,778	\$264448
Rev/Ton	\$2.96	Rev/Ton	n/a	Rev/Ton	\$3.07	Rev/Ton	\$2.61	Rev/Ton	\$4.08

West Sacramento has a locational advantage for rice exports versus other Northern California bulk ports given its proximity to the rice growing region in the northern Sacramento valley. Moreover, the Farmers' Rice Cooperative (FRC) rice mill is located directly across Industrial Boulevard from the port. Historically, the Port has handled almost all of California's rice exports, but the Port of Stockton became a serious competitor in 2000 when they inherited Rough and Ready Island from the US Navy and used that property to successfully secure a significant share of the business. When Stockton offered favorable pricing to rice shippers, the Port lost significant tonnage and had to lower its pricing.

In 2011, local export dynamics changed when Connell Rice and Sugar (a major shipper which had been committed to Stockton) discontinued its rice export operations, and Bunge Corp. entered the market with their purchase of the PIRMI rice mill in Woodland. These developments present an opportunity for the Port to increase its market share of California rice

exports. In fact, for the 2011-12 shipping season just ended, the Port handled 244,404 tons of bagged rice or 81% of the market. For the upcoming 2012-13 shipping season, the Port has successfully recruited Sunwest Foods back to Sacramento from Stockton and stands ready for increased tonnage with the recent completion of the new TIGER-funded warehouse (Shed H).

Based on these developments, a bagged rice forecast of 250,000 tons at \$5/ton for 2012-13 and beyond is estimated (\$1,250,000/year).

Based on the 5-year history of bulk rice, a forecast of 50,000 tons at \$3.50/ton is estimated (\$175,000/year).

Potential cargo risk: Northern California water availability, world commodity pricing, trade agreements between U.S. and rice importing countries.

Cement

In 2005-2006, Pan Pacific Cement commenced import cement operations at the Port to satisfy construction demand in Northern California, and initiated plans to develop a bulk import facility. In 2007, the \$45 million Pan Pacific (Two Rivers) cement facility on the Port's north terminal was completed. In 2007, 190,000 tons was imported through this facility; tonnage declined to 177,000 in 2008 and to only 33,000 in 2009 when the recession effectively halted building construction and the need for imported cement. This facility is permitted to handle 800,000 tons of cement annually and Two Rivers is currently in the process of applying for an increase to 2 million tons.

In 2009, Cemex completed construction of their \$60 million cement import facility which is permitted to handle 1 million tons of cement and 1.2 million tons of aggregate annually. Cemex has yet to import any tonnage due to the ongoing recession, but the facility pays wharfage fees based on a 400,000-ton MAG.

5-Year Cement Tonnage/Revenue Summary

FY 07-08		FY 08-09		FY 09-10		FY 10-11		FY 11-12	
Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue
190,157	\$268857	176,572	\$262588	32,833	\$209171	0	\$252996	0	\$363000
Rev/Ton	\$1.41	Rev/Ton	\$1.49	Rev/Ton	n/a	Rev/Ton	n/a	Rev/Ton	n/a

The two cement facilities at the Port are currently permitted to handle 2.8 million tons annually and this is expected to increase to 4 million tons with the completion and approval of the Two Rivers supplemental Environmental Impact Report in 2013. Two Rivers and Cemex have made significant investments in their Port facilities and both companies have secured long-term land

leases with the Port. While the immediate prospects for cement imports are not favorable, the cement industry expects imported tonnage to resume in 2014-15 as construction activity returns to normal levels. Long-term, imported tonnage is expected to increase significantly as the domestic cement supply from Californian limestone diminishes over time.

Based on capacities, historical tonnages, and the analyses in the PB and Corps studies, a forecast of 50,000 tons in 2014 is reasonable. Tonnage is estimated to increase to 150,000 in 2015 and to 400,000 in 2016. All tonnages are assumed to be split 50/50 between Two Rivers and Cemex. This analysis will not attempt to speculate beyond 2016, but there is clearly potential for increasing cement imports at the Port. In the meantime, it is likely that both facilities will receive cement domestically from other areas of California by truck and rail.

The Port has an opportunity to renegotiate the land lease and wharfage agreement with Two Rivers in conjunction with consideration of their application for increased permitted throughput. A new 200,000-ton MAG is conservatively estimated as of FY 2013-14.

The current contractual wharfage rates are \$1.36 for Two Rivers and \$1.05 for Cemex. Total revenue per ton, including dockage fees, is estimated to be \$1.50 for Two Rivers (Cemex is a satellite facility and dockage fees are not assessed). These rates are escalated by CPI annually. Applying escalated rates (a 3% annual inflator is assumed) to the projected tonnages generates revenue projections of \$57,563 for FY 14-15, \$178,500 for FY 15-16, and \$489,500 for FY 16-17.

Sincethese figures are less than the MAGs, MAG tonnages are used in this analysis⁷.

Potential cargo risk: construction activity levels, world commodity pricing, trade agreements between the U.S. and cement exporting countries.

Project Cargo

In 4 of the past 5 years, the Port has handled imported project cargo, primarily wind turbine components destined for the Shiloh Wind Power Project in northern Solano County. This business peaked in 2007 when the Port handled 11 vessels carrying wind and power plant related cargo. The Port, given its proximity to the I-80 corridor, is the preferred port in Northern California for these oversized pieces of equipment which are hauled by truck to the Rio Vista area. The Port of Stockton typically handles wind turbine components destined for areas south of I-580.

While additional phases of the Shiloh project present on-going opportunities for the Port (five wind projects are currently in the planning stage), future cargo tonnage may be impeded by the

⁷\$400,000 MAG for Cemex (actual); \$200,000 MAG for Two Rivers (projected). Cemex revenue is 100% net to the Port (no revenue share with terminal operator).

loss of federal tax incentives for wind power projects. Other factors challenging this trade are tariffs on Chinese imports and an increase in domestic manufacturing of wind turbine equipment.

Rail movement of project cargo is another opportunity for the Port. The port has on-dock rail and a new 100-ton mobile harbor crane that is well suited to heavy equipment handling. A major impediment for this business has been the weight limit on the Washington Overpass. With the completion of this project, the Port could aggressively pursue additional project cargo.

5-Year Project Cargo Tonnage/Revenue Summary

FY 07-08		FY 08-09		FY 09-10		FY 10-11		FY 11-12	
Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue
13,426	\$146,669	38,825	\$359,094	0	0	7,739	\$49,099	2,573	\$24,649
Rev/Ton	\$10.92	Rev/Ton	\$9.24	Rev/Ton	n/a	Rev/Ton	\$6.34	Rev/Ton	\$9.58

Based on the tonnage history and continued future development of wind power projects in Solano County, an on-going annual volume of 10,000 tons at \$9/ton is estimated (\$90,000/year).

Potential cargo risk: Solano County/Travis Air Force Base issues related to wind turbines, trade agreements between the U.S. and project cargo exporting countries, import tariffs, and shift to domestic manufacturing of wind generation equipment.

Existing Base Cargo Totals

The table below summarizes the projected tonnages and revenues for the Port's existing base cargos for the next 4 fiscal years. The projections indicate revenues of approximately \$1.9 million for FY 12-13 increasing to \$2.2-2.4 million for the following 3 years.

Base Cargo Projections⁸

Cargo	FY 12-13		FY13-14		FY 14-15		FY 15-16	
	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue
Bagged Rice	250,000	\$1250000	250,000	\$1287500	250,000	\$1326125	250,000	\$1365909
Bulk Rice	50,000	\$175000	50,000	\$180250	50,000	\$185658	50,000	\$191227
Cement	0	\$432,000	0	\$732,000	50,000	\$746,000	150,000	\$750,000
Project Cargo	10,000	\$90,000	10,000	\$92,700	10,000	\$95,481	10,000	\$98,345
Totals	330,000	\$1947000	330,000	\$2292450	380,000	\$2353264	480,000	\$2405481

⁸ Revenues assume a 3% annual increase in wharfage and dockage rates

Other Potential Cargo

New Tenant Cargo

Long-term land tenant-based cargo represents a relatively low risk tonnage and revenue source to the Port given the capital investment that such tenants make in their facilities. Of course, until a facility is actually built and operational, there is a significant risk. Of the three potential new projects described earlier in this analysis, only the West Coast Recycling project is anticipated to be constructed and operational in the next three years. There is too much uncertainty in the demand for imported biofuels to speculate on the timing of the Primafuel project, and there is no indication that there is a market to support the Enligna project or a similar wood pellet export facility. However, the potential for a new liquid bulk facility should not be entirely dismissed. The new Gavilon biofuel import facility at the Port of Stockton indicates that this market is still active.

West Coast Recycling is permitted to export 300,000 tons of scrap metal annually, and the facility is expected to break ground in 2013 and be fully operational by 2015. Both the PB and Corps studies indicated that a scrap metal facility at the Port is feasible. West Coast Recycling executed a 49-year land lease in 2011 at \$360,000/year and is currently paying land rent to the Port.

The on-going annual export tonnage to be generated by this facility is estimated at 250,000 tons; net cargo revenues to the Port over and above the current ground rent are estimated at \$50,000 for FY 14-15 and increasing to \$250,000 in FY 15-16 and thereafter based on wharfage rates of \$2.16 - \$2.73 and applicable land rent discounts.

Potential Bulk Cargo

Since the departure of Yara (fertilizer) in 2009, the Port has not handled any bulk cargo other than bulk rice through its silo facilities. The Port's "back area", which consists of 6 bulk warehouses (collectively 300,000 square feet) connected by a conveyor system over an area of approximately 35 acres, was to have been developed with the Primafuel and Enligna projects. This area has now been vacant and dormant for three years.

The challenge for the Port in attracting bulk cargos is overcoming its competitive disadvantages, specifically a 30-foot shipping channel, an outdated conveyor system, and relatively high labor costs versus non-ILWU facilities.

The Port has been unsuccessful in attracting new tenants to its silo facilities. Historically, wheat and other grain exports were driven by the long-term Cargill lease of the grain facility which ended in 2000 and then by short-term leases with Adams Grain and Metzger Grain through

2004. Since 2004, there has been little interest in the grain facility and it is likely that there is currently insufficient grain export volume from Northern California to generate the demand for a leased bulk export facility. Potential new export cargos for both the rice and grain facilities include biofuel grains and soda ash, but tonnage and revenue estimates are too speculative to quantify at this time. Modifying these facilities to handle import grains for the feed grain trade is also a possibility, but a significant tenant-financed capital improvement would be required.

For the past two years, the Port has been actively pursuing bulk cargos to generate revenue from the bulk facilities, and has negotiated the bulk cargo contracts mentioned earlier in this analysis for iron ore. Bulk cargos are very cost sensitive and the feasibility of their profitable movement through the Port remains uncertain. Given the competitive environment and the challenge of constructing new facilities, the Port and other small ports on the West Coast may be viewed as limited facilities for bulk cargos, to be used only when international economic factors are favorable and more competitive ports have no capacity or desire to handle a challenging cargo.

Given the restrictions of a 30-foot shipping channel, attracting bulk cargos to the Port on a long-term basis will require more productive conveyor systems. Iron ore shippers have indicated that they require a production rate of 2000 tons per hour; the existing conveyor system is only capable of 600-1000 tons per hour depending on the density of the cargo. Preliminary engineering analyses suggest that a capital expenditure of approximately \$3 million would be required to upgrade systems to competitive levels.

Other potential bulk shippers have expressed an interest in the Port bulk facilities if they could employ their own warehouse labor. At this point in time, with ILWU Local 18 as the Port's warehouse labor force, there appears to be limited opportunity for bulk shippers to reduce cargo handling labor costs.

Based on the foregoing, there appears to be very limited opportunity to secure long-term bulk cargos without a major investment in new facilities by a shipper. The Tenant Metals contract may be the most likely source of bulk tonnage, but this cargo project is currently on hold. This contract could generate 450,000 tons per year over a three-year period with gross revenues of approximately \$1/ton. However, the Port has a reimbursement obligation to SSA of 30% of the gross revenue for this cargo. Moreover, additional deferred maintenance expenses related to the conveyor system are likely to further erode the net revenue to the Port.

Potential annual net revenues of 50 cents per ton as of FY 13-14 are used in this analysis, although this projection is speculative at this time (\$225,000/year).

Potential Breakbulk Cargo

During the period 2001-2007, the Port handled imported lumber and fiberboard from New Zealand and Chile for Northern California lumber mills, with a peak annual volume of 90,000 tons. A modest quantity of steel coils has also been handled over the years, with a peak volume of 15,000 tons. Both lumber and steel imports are dependent upon robust construction activity in Northern California, and the Port faces competition from multiple ports for these cargos. The loss of Star Shipping as a regular shipping line calling the Port due to Yara moving to Stockton is another negative factor, particularly with respect to steel. However, with the right economic conditions and a targeted marketing strategy, the Port could see a return of these cargos.

As a very speculative cargo, 50,000 tons at a rate of \$5.50/ton is estimated as of FY 14-15 (\$275,000/year).

Container Barge Service

The concept of using the Port as a barge feeder port to move containers to/from the Port of Oakland has been discussed for decades, but a barge service has never been a financially viable alternative to trucking. However, regional and national policymakers have taken an interest in establishing marine highways as goods movement corridors that have the potential to alleviate freeway congestion, reduce air pollution and fossil fuel use, and reduce road and bridge maintenance costs. In 2010, the Port, together with the Ports of Stockton and Oakland, secured TIGER funding for the cranes and barges needed to initiate a marine highway container service to the Port of Oakland. Stockton will initiate phase one of the barge service in 2012-13 and the Port will follow with phase two after additional barges have been purchased and operational issues have been resolved.

The Port envisions two barges departures per week from Sacramento when the service is fully operational, although the service will likely start with only one barge and one round-trip per week. Assuming two barges with a 200-container capacity and a weekly service to Oakland for each barge, a total potential annual export volume of 20,800 containers is indicated. To put this in perspective, Farmer's Rice Cooperative (FRC) alone currently ships 6000-7000 containers per year through Oakland. This suggests that there would be ample demand for the service's maximum export capacity. Import demand is projected to be about 50% of exports and 10,000 empty containers are estimated, but a detailed marketing study has yet to be conducted. Other than FRC, potential shippers include: ADM Rice, Bunge Rice, Sun West Rice, Sun Valley Rice, Tony's Fine Foods, Mariani Nut, Blue Diamond, Target, Walgreens, Home Depot, Milgard Windows, Hunter Douglass, Nippon Shoken, Sunsweet, and various wineries.

Many of these shippers export to multiple destinations worldwide and use the services of multiple shipping lines which specialize in different areas of the world. The container handling facilities in Oakland are divided amongst eight separate terminals, each with different shipping lines. It is not likely that the barge service can be cost competitive with multiple stops at Oakland, and the details of feeding and receiving from the eight terminals have yet to be worked out. It may be that all of the containers on any one barge may have to be limited to shipping lines which share the same terminal. This creates a logistical challenge to the barge operator and an inconvenience to container shippers. The Outer Harbor Terminal, operated by Ports America, accommodates 17 of the 22 shipping lines that call Oakland and is the most likely terminal to accommodate the barge service initially.

The barge service will have to compete with trucking rates to Oakland which are currently in the \$400-500 range from the Sacramento region. Shippers will still face a trucking cost to West Sacramento, estimated to be \$200-\$300 depending on their distance from the Port; this suggests that a rate of \$200-\$300 per container would be required to attract shippers to the barge service. Until phase one of the service at Stockton is demonstrated, the feasibility of this pricing structure has yet to be determined.

Potential revenue to the Port from this service is extremely speculative at this time, and the timing of start-up is not expected to be sooner than FY 14-15. Projected wharfage rates are \$20 per full container and \$5 per empty container; any revenue generated by mobile harbor crane rental fees will likely be offset by maintenance costs. Assuming a best case of 20,000 export containers, 10,000 import containers, and 10,000 empty containers, maximum annual net revenues of approximately \$650,000 are indicated.

For the sake of establishing a speculative starting point for estimated revenues, a 50% utilization factor is assumed for FY 14-15 and a 75% utilization factor is assumed for FY 15-16. These assumptions generate revenue estimates of \$325,000 for FY 14-15 and \$487,500 for FY 15-16.

Cargo Summary by Descending Probability (1 = most probable, 5 = least probable)

Cargo	FY 12-13		FY13-14		FY 14-15		FY 15-16	
	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue
1. Base Cargo	310,000	\$1,947,000	310,000	\$2,292,450	360,000	\$2,353,264	460,000	\$2,405,481
2.Scrap Metal	0	0	0	0	100,000	\$50,000	250,000	\$250,000
3.New Bulk	0	0	450,000	\$225,000	450,000	\$225,000	450,000	\$225,000
4.New Breakbulk	0	0	0	0	50,000	\$275,000	50,000	\$275,000
5.Container Barge	n/a	0	n/a	0	n/a	\$325,000	n/a	\$487,500
Totals	310,000	\$1,947,000	760,000	\$2,517,450	960,000	\$3,228,264	1,210,000	\$3,642,981

Revenue Projections



The chart above shows revenues by cargo category, with risk increasing as one moves up the columns. For conservative budgeting purposes, the base cargo figures are well supported and realistic. Above the base cargo projections, the revenue forecasts are increasingly speculative.

To maximize tonnage and revenue, the following actions are recommended:

- Maximize bagged rice tonnage by focused marketing to all rice shippers.
- Implement a MAG for Two Rivers cement facility.
- Target wind energy and other rail based project cargo shippers to maximize project cargo.
- Facilitate construction of the West Coast Recycling project.
- Consider non-maritime uses for back area vs. traditional bulk cargo handling operations.
- Pursue only tenant-based bulk cargos with tenant responsible for facility upgrade costs.
- Issue RFPs for the two silo facilities at the Port.
- Target lumber and steel shippers to maximize breakbulk cargo.
- Attract anchor tenant to Seaway to facilitate shipment of containers.

PORT BUSINESS PLAN

APPENDIX B

Request for Statements of Interest



REQUEST FOR STATEMENTS OF INTEREST

FROM POTENTIAL:

CARGO FACILITY USERS, MARITIME TERMINAL
OPERATORS, AND REAL ESTATE DEVELOPERS

RESPONSES DUE FEBRUARY 15TH TO:

PORT OF WEST SACRAMENTO
ATTN: RICK TOFT

rickt@cityofwestsacramento.org

1110 West Capitol Avenue
West Sacramento, CA 95691 USA



PORT OF WEST SACRAMENTO

REQUEST FOR STATEMENTS OF INTEREST

Introduction and Purpose

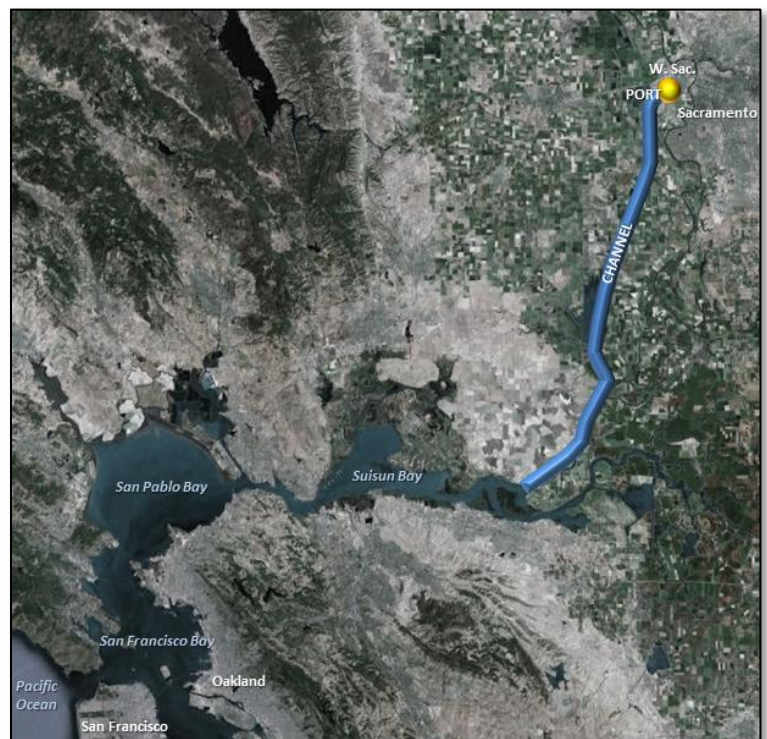
The Port of West Sacramento, a distinct legal entity from the City of West Sacramento, has been operated by the City as an enterprise fund since 2006. The Port and City are in the process of re-evaluating the Port's current operations through a new Business Plan. The overall goal of the Plan is to implement a new operating model that makes the Port financially self-sufficient while remaining a long-term economic asset for the City and the greater Sacramento region. The Port aims to achieve this goal by partnering with private entities to transition the Port's presently underutilized facilities and properties into more productive assets.

The Port is releasing this Request for Interest (RFI) to identify potential business partners, including cargo facility users, maritime terminal operators, and developers. The RFI requests statements of interest from qualified entities to lease or operate all or a portion of the Port's cargo facilities and to lease, purchase, or master develop the Port's available real estate development opportunity sites.

About the Port

The inland Port of West Sacramento is situated at the heart of the Sacramento metropolitan area and centered in one of the richest agricultural regions in the world. The Port is located within the City of West Sacramento, which is directly across the Sacramento River from downtown Sacramento (see map). The Port opened in 1963, primarily to serve the Northern California rice industry, and is capable of handling an array of cargo commodities through its facilities. The Port is located 79 nautical miles from San Francisco with direct access to Suisun Bay provided via the 40-mile Deep Water Ship Channel, which is maintained at a depth of 30 feet.

The Port's maritime terminal, known as the "North Terminal," serves the Sacramento region as an integrated goods movement infrastructure asset. As an asset of the City, the Port operates with an approach that balances economic development and environmental sustainability, consistent with the objectives listed in Appendix A of this RFI.



North Terminal Cargo Facilities

North Terminal cargo operations are currently managed by SSA Pacific (SSA) under a revocable Terminal Operations Management Agreement which was executed in 2006 when the City took control of the Port. SSA is a member of the Pacific Maritime Association (PMA) and employs an ILWU-Longshore workforce for all maritime-related operations at the Port in accordance with the PMA-ILWU Pacific Coast Contract. The current agreement with SSA provides a share of cargo-related revenues to the Port with no revenue guarantee, and requires the Port to provide facility maintenance, utilities, security, and other operating functions.

The Port's goal is to transition to a pure landlord operating model which minimizes the Port's cargo facility operating costs and cargo market risks. In accordance with that goal and as part of its Business Plan process, the Port is re-evaluating its current contractual arrangement with SSA and considering new operating options for its facilities. The Port envisions that North Terminal cargo operations will be governed by a new master lease/operating agreement or

PORT OF WEST SACRAMENTO

REQUEST FOR STATEMENTS OF INTEREST

multiple facility contracts. Any new management agreement or lease with the Port will be subject to the provisions of the PMA-ILWU Pacific Coast Contract.

The North Terminal includes four distinct cargo facilities, including the main break bulk and container barge facilities, a bulk rice facility, a bulk grain facility, and a general bulk facility. These cargo facilities are identified on the attached Map 1 and described in further detail, along with the Port’s other cargo-related infrastructure, in the attached RFI Appendix. Historic cargo volumes by commodity and a summary of current operating costs for the North Terminal are available from Port staff upon request.

Possible Contract Types for North Terminal Cargo Facilities

The Port is open to responses from parties who are interested in operating the entire North Terminal facility via a master agreement, as well as parties who are only interested in operating one or more component facility via separate facility-based agreements. Joint venture submittals, in which parties express interest in two or more component facilities, or the entire North Terminal facility, are encouraged. The Port is open to both management agreements and leases (including ground leases with facility purchases) as contractual instruments, depending on the facility of interest. The matrix below shows the allowable contract type for each of the four cargo facilities:

	Break Bulk & Container Barge Facility	General Bulk Facility	Bulk Rice Facility (Silos)	Bulk Grain Facility (Silos)
Individual Facility Lease	YES	YES	YES	YES
Individual Facility Purchase with Ground Lease	NO	YES	YES	YES
Individual Facility Management Agreement	YES	NO	NO	NO
Multiple Facility Purchase with Master Ground Lease	NO	YES		
Master Lease/Master Management Agreement (entire North Terminal)	YES			

Port Real Estate Development Opportunity Sites

In addition to the North Terminal cargo facilities, the Port also owns a substantial amount of real estate at and near the North Terminal that is available for development and is appropriately zoned and entitled for commercial/industrial development. Proposed uses for these properties, which may include both maritime-related and non-maritime uses, must advance the mutual economic development goals of the Port and City listed under number 4 of Appendix A.

The Port’s development opportunity sites are depicted on the maps provided, including four properties at the North Terminal totaling over 35 acres (see “Development Sites” on Map 1) and the 260-acre Seaway International Trade Center property located across the Deep Water Ship Channel from the North Terminal (see Map 2). The City owns a 22-acre property located to the immediate west of Seaway and the adjacent Southport Industrial Park development. Particularly with Seaway and the adjacent City property, the Port and City may be interested in joint venture proposals from potential master developers. More information on Seaway, including a summary of existing entitlements and infrastructure cost estimates related to those entitlements, is available from Port staff upon request.

As noted on Map 1, the General Bulk Facility and Bulk Grain Facility could be considered redevelopment sites if additional property at the North Terminal is needed to accommodate a new development project.

PORT OF WEST SACRAMENTO

REQUEST FOR STATEMENTS OF INTEREST

RFI Response Requirements

This is not a Request for Proposals (RFP). All interested parties should provide a brief written response with the following information:

- Provide general company information, qualifications, history, and a point of contact;
- Note existing agreements the firm has at other ports;
- Describe how and what cargo(s) are owned or controlled in the firm's existing operations and cargo(s) that would be proposed for the Port;
- Identify which facilities (and, if applicable, which type of contract) are of interest to your firm;
- Describe the firm's financial capacity to capitalize Port infrastructure and facility improvements;
- Describe how the proposal is consistent with the Port and City's mutual economic development objectives (projected number jobs, Port revenue, and business development—see Appendix A);
- If the response is related to a real estate development site, identify the specific site (see labels on Map 1) and describe the proposed land use and site control arrangement (purchase or lease);
- If the response is related to the Seaway property, provide a statement of qualifications demonstrating your firm's capacity and experience in acting as a master developer of a large-scale mixed-use commercial/industrial development; and
- Provide any additional information about your company or its specific interest in an individual Port cargo facility, the North Terminal as a whole, or a specific Port property that would be helpful to Port staff in understanding and evaluating your firm's interests.

Interested parties are requested to submit statements of interest by Friday, February 15th at 5:00 pm to:

Port of West Sacramento
1110 West Capitol Avenue
West Sacramento, California 95691 USA
Attention: Rick Toft

Email responses to rickt@cityofwestsacramento.org are encouraged. Questions regarding this RFI should be directed to Rick Toft at this email address or by phone at 916-617-4565. This RFI is also available for viewing on the Port's website: www.portofwestsacramento.org

Response Evaluation and Next Steps

All responses will be promptly evaluated by Port and City staff. A summary of the responses will be presented to the Port Commission on February 20, 2013 or at a subsequent meeting date. The information gathered from the responses will assist the Port in determining the appropriate next steps for the Business Plan. Potential next steps may include proceeding with a formal RFP process, entering directly into negotiations with one or more of the responders, or taking no further action. The decision regarding next steps will be made at the Port Commission's sole discretion.

Public Records Act

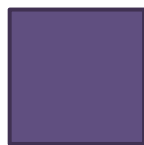
Responses to this RFI will become the exclusive property of the City and Port, and will be subject to the California Public Records Act. Any confidential or proprietary information submitted which is labeled as such may not be subject to disclosure. Neither the City nor the Port shall be liable or responsible for the disclosure of any such records as required by law.

RFI Attachments

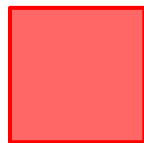
Map 1: North Terminal Cargo Facilities and Development Sites
Map 2: Seaway Property
Appendix A: Port and City Mutual Economic Development Objectives
Appendix B: Description of Cargo Facilities

PORT OF WEST SACRAMENTO

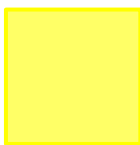
MAP 1: NORTH TERMINAL CARGO FACILITIES & DEVELOPMENT SITES



**Privately-Owned or
Leased Properties**



**Bulk Grain Facility
(* also potential
development site)**



**Break Bulk &
Container Barge
Facilities**



**General Bulk Facility
(* also potential
development site)**



Bulk Rice Facility



Development Sites

PORT OF WEST SACRAMENTO

MAP 2: SEAWAY PROPERTY

SEAWAY PROPERTY FEATURES:

- Up to 260 acres of developable property plus adjacent 22-acre property owned by City
- Existing Vesting Tentative Map: entitled for over 3 million square feet of mixed industrial and commercial development
- Direct access to Port (2 miles) and Interstate 80/Highway 50 (2.5 miles)



Available Seaway
Development Sites



City-Owned Property



Habitat Conservation

PORT OF WEST SACRAMENTO

APPENDIX A: PORT/CITY MUTUAL OBJECTIVES

Mutual goals of the Port and City include:

1. Revenue Stability

- a. Achieve revenue stability for the Port and City.
- b. Decrease operating costs for the Port and City.
- c. Devote resources and expertise to manage and operate transportation infrastructure, develop and support the regional economy, promote international trade, and advance the long term sustainability of the region's transportation infrastructure.
- d. Share in economic interest with the Port and City in exchange for revenue stability.

2. Investment

- a. Make and attract strategic investments in the Port and other transportation infrastructure to:
 - i. Attract new business;
 - ii. Develop long-term, sustainable cash flows;
 - iii. Develop the franchise and branding of the Port; and
 - iv. Develop real estate and other assets of the Port.
- b. Create alignment between Port and rail operations in business development.
- c. Collaborate with the City of West Sacramento, Yolo County, State of California, air districts flood districts, transportation districts, and other agencies to attract public funds to support investment in infrastructure and advance the priorities of the community and the region.

3. Sustainability

- a. Promote the long-term economic sustainability of the Port.
- b. Maintain and promote the long-term environmental sustainability of the Port for the benefit of the community and the region.

4. Economic Development of West Sacramento

- a. Promote the economic development of West Sacramento, Yolo County, and the region.
- b. Make investments that create jobs, increased tax base, and business development, and that generally advance the economic development priorities of the community and the region.
- c. Develop synergies between industrial uses and users in the region in a manner that promotes the Port and the transportation infrastructure of the region.
- d. Collaborate with other developers and investors, business interests, government, and community interests to advance a balanced and sustainable economic environment.

PORT OF WEST SACRAMENTO

APPENDIX B: DESCRIPTION OF CARGO FACILITIES

General Infrastructure

The North Terminal is approximately 150 acres and includes the following general infrastructure facilities:

Docks and Piers (Vessel Berths)

Berth #	Description	Cargos	Adjacent Facilities
1	600' Finger Pier	Bulk Rice	Bulk Rice Facility & Ship Loader
2	600' Dock w/Transit Sheds	Bagged Rice General Break Bulk Bulk Cement	Sheds 2A/2B Bulk Cement Intake Pipes On-Dock Rail
3/4	Tug Dock	N/A	Tug Shop and Yard
5	600' Finger Pier	Dry Bulk Exports Bulk Grain	Fixed Ship Loader Bulk Grain Facility & Ship Loader
6	600' Open Dock	Break Bulk Bulk Cement Containers	Mobile Harbor Crane Bulk Cement Intake Pipes Open Wharf On-Dock Rail
7	600' Dock w/Transit Sheds	Bagged Rice General Break Bulk Dry Bulk Imports/Exports	Sheds 7, G, H Fixed Ship Loader Dock Hopper On-Dock Rail

Rail Infrastructure

- Marshaling yard adjacent to North Terminal with 150-car storage capacity on 6 spurs.
- 12 spurs within North Terminal serving the rice facility, grain facility, and general cargo warehouses; four discharge pits.
- On-dock rail at berths 2, 6, and 7.
- 8000' unit-train landing track.
- Easement rights for 8000' loop track (scheduled for construction).

Utility Infrastructure

- High voltage electrical system.
- Fiber optic network for communication and security systems.
- Rooftop solar panel installation provides 100% of Port's electrical demand (excluding high-voltage conveyor systems).
- Enclosed stormwater management system including lined detention pond and constructed wetland pond for nitrate treatment.
- Wash rack for equipment washing with filtering system and holding tanks for wash water.

PORT OF WEST SACRAMENTO

APPENDIX B: DESCRIPTION OF CARGO FACILITIES

Component Cargo Facilities

The North Terminal is comprised of four component cargo facilities which can be operated independently, including:

Break Bulk and Container Barge Facility

This is the main cargo area of the Port and is currently used primarily to handle bagged rice and project cargo. This area includes:

Transit Sheds

Shed Name	Size (sq. ft.)	Cargos
Sheds 2A/2B	172,800	Break Bulk
Shed 7	86,400	Break Bulk
G Building	46,400	Break Bulk
H Building	52,500	Containers, Break Bulk
Bagging Building	21,600	General Cargo, Storage
Total	379,700	

Paved Storage

- 2 acres of open dock paved storage area at berth 6.

Crane and Dock Hopper

- New 100-ton capacity mobile harbor crane capable of handling containers and miscellaneous cargos at berth 6.
- Rail mounted hopper for bulk import cargo at berths 6 and 7, linked to fixed conveyor system via portable conveyors.

Bulk Cargo Facility

The Port's general bulk cargo area includes:

Dry Bulk Cargo Warehouses

Warehouse Name	Size (sq. ft.)
A Building	68,400
B3/B4	20,420
C Building	38,400
D Building	109,117
E Building	72,884
Total	309,221

Fixed Conveyor Systems

The general cargo warehouses in the table above are linked to berths 5 and 7 by conveyor systems which are capable of handling general bulk import and export cargos. The conveyor systems also link these warehouses to two rail discharge pits, enabling receiving of bulk cargo via manifest and unit-train service.

PORT OF WEST SACRAMENTO

APPENDIX B: DESCRIPTION OF CARGO FACILITIES

The bulk cargo facility also includes an open 3.5-acre storage area, originally designed for woodchips, with three reclaim pits for export to vessel and two truck receiving pits. The receiving conveyors also allow for rail receiving.

The conveyor systems were built in stages from the 1960s through the 1980s and are currently functional and permitted for miscellaneous bulk cargos by the local Air Quality Management District. Dry bulk cargos handled with these systems include: fertilizer, woodchips, grains, and various minerals (clay, chromite). The systems generally achieve a production rate of 600 metric tons per hour.

Truck and Rail Scales

Certified scales allow for weighing of inbound and outbound truck or rail shipments.

Bulk Rice Silo Facility

The Port's bulk rice facility includes:

- 20,000-ton food-grade facility designed for milled rice exports.
- Two receiving pits for truck and rail.
- Certified truck scale.
- Dedicated ship loading conveyor system at berth 1 with three fixed loading spouts with a production rate of 600 tons per hour.
- Certified outbound scale for export to vessel.

Bulk Grain Silo Facility

The Bulk Grain facility includes:

- 30,000-ton multi-purpose grain facility traditionally used for wheat exports.
- Multiple receiving pits and loading spouts for trucks, one receiving pit/loading spout for rail
- Certified truck scale.
- Dedicated ship loading conveyor system at berth 5 with one fixed spout with a production rate of 500 tons per hour.
- Certified outbound scale for export to vessel.

PORT BUSINESS PLAN

APPENDIX C

Seaway Property Information

Port of West Sacramento Seaway Property Information

Background

The Seaway International Trade Center Subdivision (Seaway) consists of approximately 504 acres on the south side of the DWSC and barge canal in Southport (see attached map). On August 3, 1995, the City of West Sacramento Planning Commission approved Vesting Tentative Subdivision Map 4000 (VTSM 4000) and Planned Development 37 Standards (PD-37) for Seaway. VTSM 4000 vested Seaway in certain zoning regulations and land uses. On June 5, 1996, the City entered into a Development Agreement with the Sacramento-Yolo Port District for Seaway (Seaway DA). The Seaway DA incorporated VTSM 4000, PD-37, and the Seaway Mitigation Monitoring Program by reference and extended the term of VTSM 4000 from 3 to 15 years. The Seaway DA also provided for reserved water and sewer treatment capacity, drainage master planning standards, and other terms related to rail use and crossings. On June 19, 1996, the City entered into an Agreement Regarding CFD Formation and Industrial Development Incentives (Financing Agreement) with the Port District for Seaway which provided a mechanism for the Port's financial participation in its share of public improvements vital to the development of the Southport area as well as development fee incentives for the Port for Seaway. The Financing Agreement was incorporated by reference into the Seaway DA through an amendment.

Land Use Entitlement Status

VTSM 4000 is still valid and has an expiration date of June 10, 2014 which reflects the original 15 year term granted by the Seaway DA and a subsequent extension of 3 years with the filing of the first final map for Phase 1. The Seaway DA had a term of 15 years and expired on June 5, 2011. An extension request was brought before the City Council in 2003 but was continued to a date uncertain. No evidence has been found to date in City Clerk or Port files indicating an extension was ever taken back up to or formally approved by the City Council. The Financing Agreement is still valid and has a term of 30 years from the date of the agreement (June 19, 2026) or until all bonds issued by the Port CFD have been repaid, whichever occurs first. Given that the majority of the terms contained in the Seaway DA are also contained in PD-37 standards, VTSM 4000 conditions and mitigations, or Financing Agreement terms, the expiration of the Seaway DA does not appear to have significant impacts to the Port or the City, but this is still under review by staff and the City Attorney.

In 2005, approximately 30 acres located on the east side of Lake Washington Boulevard at Southport Parkway was sold to Taylor Properties who developed what is now known as Phase 1 of Westbridge Plaza (Lowe's). The remainder of Seaway to the west of Lake Washington Boulevard is undeveloped. Of the remainder, only about 230 to 260 acres is considered developable, depending on habitat development setbacks. The portions of the Lake Washington remnant and the narrow strip along the south side of the DWSC may have habitat conservation and industrial water-related accessory uses (docks) but are not suitable for development. The City owns a 22-acre parcel of land that was originally acquired for a corporation yard located directly to the west of Seaway (also see map). That parcel, due to its location between Seaway and the Southport Industrial Park, could be coordinated for development with the adjacent Seaway property.

The City's current General Plan designates the following land uses for Seaway:

Land Use	Acreage	EIR Density/FAR	Development Potential
Neighborhood Commercial	6	0.25	65,340 sf
Business Park ¹	70	0.30	914,760 sf
Light Industrial	11	0.35	167,706 sf
Water-Related Industrial ¹	174	0.25	1,894,860 sf
Open Space	55	N/A	N/A
Recreation Parks	37	N/A	N/A
Roads	12	N/A	N/A
Total	365		3,042,666 sf

¹ Some of these uses adjacent to the remnant Lake Washington open space may have additional development setbacks for habitat.

Infrastructure Analysis

Seaway has considerable development potential based on the above land use designations and existing entitlements, but the property needs significant infrastructure improvements before it can be competitively positioned for development. The following is a detailed description of public infrastructure required for development under current build-out assumptions and based on the original conditions of VTSM 4000.

- *Roadways:*
The public roadway system for Seaway is depicted on Sheets 1 and 2 of the attached Tentative Map. To date, four lanes of the six lane cross section of Southport Parkway have been constructed along with a landscaped median. An additional lane will be required in both the east and west bound directions at build-out. Additional intersection improvements will also be required at the intersection of Southport Parkway and Lake Washington Boulevard. All local streets taking access from Southport Parkway will need to be constructed as will a travel lane and frontage improvements along the property frontage on Lake Washington Boulevard. It is anticipated that all Southport Parkway intersections within Seaway will be signalized. All street lighting remains outstanding. The estimated total cost for the outstanding street improvements is \$13,592,708.
- *Water:*
The public water system for Seaway is depicted on Sheet 3 of the Tentative Map. The main trunk line located in Southport Parkway and Lake Washington Boulevard has been constructed (these areas are highlighted in yellow). All other water main improvements and appurtenances remain outstanding. The estimated cost for the outstanding water improvements is \$1,492,000.
- *Sewer:*
The public sewer system for Seaway is depicted on Sheet 4 of the Tentative Map. A very small portion of the required improvements have been constructed. Approximately 800 feet of main was constructed at the southerly end of Lake Washington Boulevard to serve the easterly portion of the map which has been developed. All other improvements remain outstanding. The estimated cost for the outstanding sewer improvements is \$928,400.
- *Storm Drainage:*
The public storm drain system for Seaway is depicted on Sheet 5 of the Tentative Map. The main trunk line which extends between Lake Washington Boulevard and Lake Washington has been constructed but all other required improvements remain outstanding. The proposed drainage plan contemplates all storm flows from the property draining into Lake Washington. Lake Washington would need to be expanded to accommodate those flows and act as a detention facility for purposes of peak flow attenuation and water quality treatment. A pump station is required to be built to pump water from Lake Washington to the DWSC.

In addition to the high cost of the proposed drainage solution, there are significant environmental and permitting issues associated with the expansion of Lake Washington. The first phase of subdivision development, located on the east side of Lake Washington Boulevard, was permitted to drain into the City's Main Drain. Although not originally contemplated, it is possible that other portions of the project area could do the same following a favorable analysis of downstream Main Drain capacities. This could reduce, or even possibly eliminate the demands and impacts on Lake Washington, thereby reducing project costs, however making that determination would require an extensive engineering study. The estimated cost for the outstanding storm drain improvements is \$8,509,800 assuming the original drainage plan.

The total amount of public infrastructure needed to realize the development potential entitled with VTSM 4000 is estimated at \$34,332,071, including the figures from above along with soft costs and contingency (a full breakdown of costs was prepared by City staff in December and is included as the last attachment). The City/Port is considering infrastructure financing options for the property, including the potential for tax increment financing such as an Infrastructure Financing District in addition to the potential for a joint venture between the Port, the City, and a master developer of the Seaway property.

PORT OF WEST SACRAMENTO

SEAWAY PROPERTY

SEAWAY PROPERTY FEATURES:

- Up to 260 acres of developable property plus adjacent 22-acre property owned by City
- Existing Vesting Tentative Map: entitled for over 3 million square feet of mixed industrial and commercial development
- Direct access to Port (2 miles) and Interstate 80/Highway 50 (2.5 miles)



Available Seaway
Development Sites



City-Owned Property



Habitat Conservation

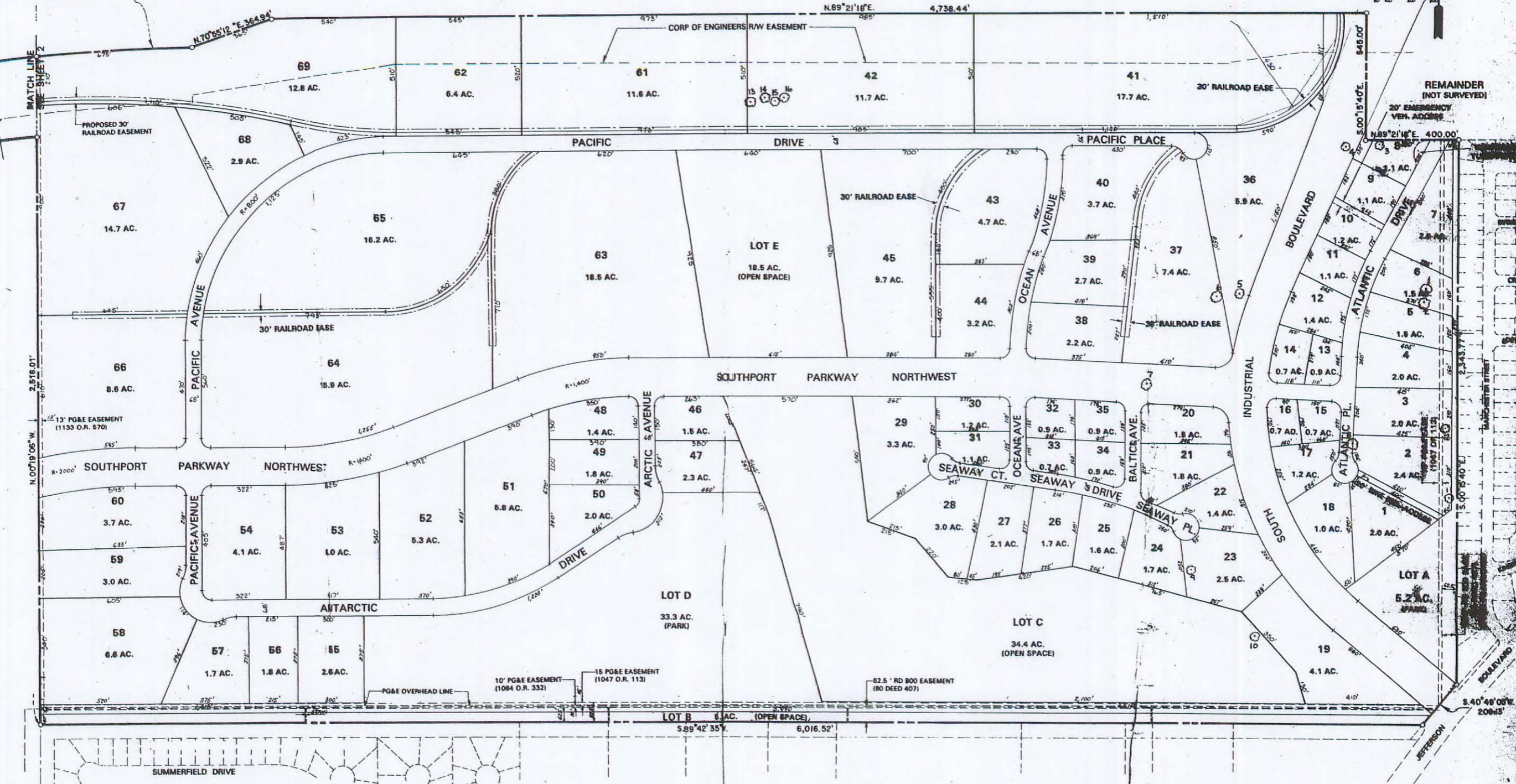
R=7,720.00'
 Δ=04°59'53"
 L=673.44'
 Ch=N.86°50'45"E
 673.22'

REMAINDER
 (NOT SURVEYED)

REMAINDER
 (NOT SURVEYED)

SCALE: 1" = 200'

REMAINDER
 (NOT SURVEYED)



LIST OF TREES:
 The diameter of the drip line is given in parentheses. In addition to those trees listed below, there are numerous willows & cottonwoods around the lake.

- | | | |
|-----|------------|-------|
| 1. | 42" Oak | (80') |
| 2. | 35" Oak | (55') |
| 3. | 37" Oak | (72') |
| 4. | 36" Oak | (66') |
| 5. | 39" Oak | (55') |
| 6. | 37" Oak | (70') |
| 7. | 32" Oak | (60') |
| 8. | 37" Oak | (60') |
| 9. | 37" Oak | (64') |
| 10. | 30" Oak | (60') |
| 11. | 52" Oak | (84') |
| 12. | 47" Oak | (84') |
| 13. | 24" Willow | (52') |
| 14. | 30" Willow | (60') |
| 15. | 10" Willow | (30') |
| 16. | 24" Willow | (50') |

NOTES:

- See Sheet 2 for street sections and the Vicinity Map.
- See Sheet 3 for accompanying Utility Diagram showing the layout of all utilities.
- 15' Public Utilities Easements will be provided adjacent to the street right-of-ways on both sides of the street.
- An Access Easement exists across the property from the future Southport Industrial Park to Jefferson Boulevard. The exact location is not yet defined.

AREA:

604 acres
 Remainder: not surveyed

USE AND ZONING:

Existing: Vacant land zoned PD-37
 Proposed: Future Industrial subdivision

TOPOGRAPHY:

No trees will be removed as part of the construction of this subdivision. The tree size and type are listed in the "List of Trees." Trees #7 will be in the street median. Trees 3 and 4 will be in the landscaped area adjacent to the Boulevard.

PHASING:

The project will be developed in 8 phases as follows:

- | | |
|------------------------|-------------------------|
| Phase 1: Lots 1 - 18 | Phase 5: Lots 49 - 69 |
| Phase 1A: Lots 25 - 48 | Phase 6: Lots 71 - 89 |
| Phase 3: Lots 61 - 89 | Phase 7: Lots 90 - 99 |
| Phase 4: Lots 90 - 99 | Phase 8: Lots 100 - 109 |

The phasing of lots A through I will be determined by the City. These are park and open space areas and will be improved by the City. Either Phase 1 or Phase 1A will be developed first. By having either area designated as the first phase, the owner has the option of developing either a business park (Phase 1) or an industrial area (Phase 1A) first. The area not developing will become Phase 2.

Phasing of phases 7 and 8 depends on the development of the Southport Industrial Park. Once these lots are through the development, these lots will not be developed until this access is provided.

FIRE DISTRICT:

City of West Sacramento

UTILITIES:

Sewer & Water: City of West Sacramento
 Drainage: RD 900
 Electricity & Gas: PG&E
 Telephone: Pacific Bell

ASSESSOR PARCEL NUMBERS:

45-020-02 & 03; 45-030-01, 02, & 04; 45-190-01 & 02; portions of 45-010-04 & 17, 45-100-01, 02, 07, & 09; 67-110-04 and 67-180-09.

OWNER AND SUBDIVIDER:

Sacramento-Yolo Port District
 P.O. Box 816
 West Sacramento, CA 95691
 Telephone: 371-8000
 Attn: John Sulpizio

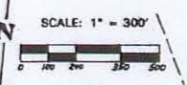
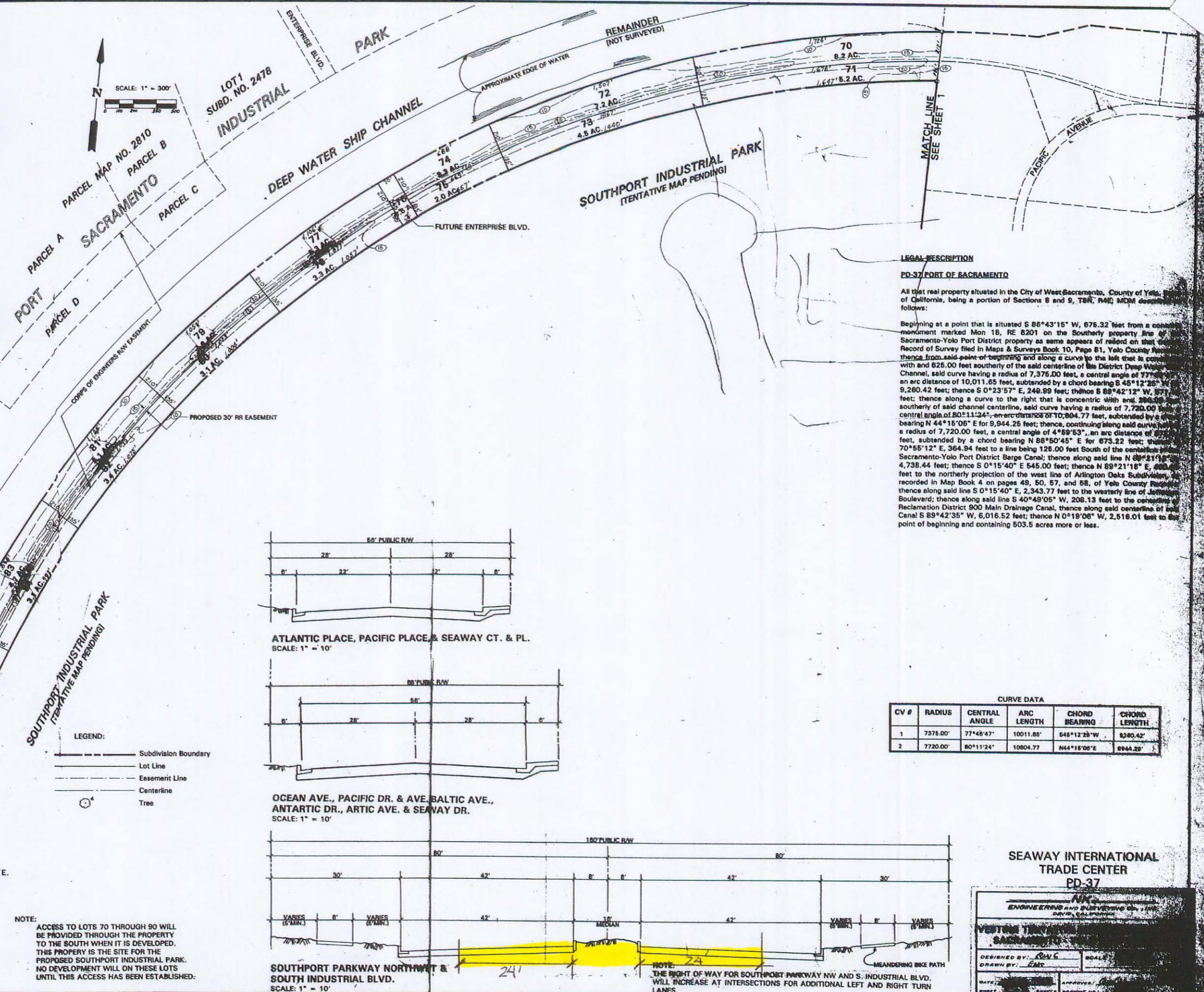
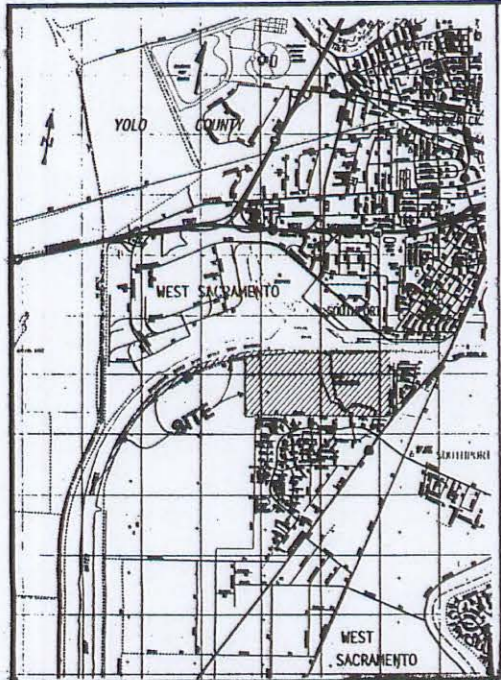
ENGINEER:

MK Engineering & Surveying Co., Inc.
 1777 Oak Avenue, Suite A,
 Davis, Ca 95618
 Telephone: 758-6490
 Attn: Richard Chambers

**SEAWAY INTERNATIONAL
 TRADE CENTER
 PD-37**

**VESTING TENTATIVE SUBDIVISION
 SACRAMENTO - YOLO PORT DISTRICT**

DESIGNED BY: [Signature]
 DRAWN BY: [Signature]
 DATE: JAN 25 1993
 SHEET: 1



LOT 1
SUBD. NO. 2478
INDUSTRIAL PARK

PARCEL A
PARCEL B
PARCEL C
PARCEL D

PORT SACRAMENTO

CORPS OF ENGINEERS WAY EASEMENT

PROPOSED 30' RR EASEMENT

FUTURE ENTERPRISE BLVD.

REMAINDER (NOT SURVEYED)

APPROXIMATE EDGE OF WATER

70 8.2 AC.

71 5.2 AC.

72 2.2 AC.

73 4.5 AC.

74 2.2 AC.

75 2.0 AC.

76 2.0 AC.

77 3.3 AC.

78 3.3 AC.

79 3.1 AC.

80 3.4 AC.

81 3.1 AC.

82 3.1 AC.

83 3.1 AC.

84 3.1 AC.

85 3.1 AC.

86 3.1 AC.

87 3.1 AC.

88 3.1 AC.

89 3.1 AC.

90 3.1 AC.

REMAINDER (NOT SURVEYED)

PACIFIC AVENUE

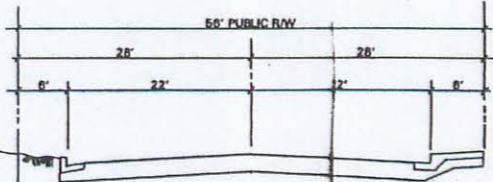
SOUTHPORT INDUSTRIAL PARK
(TENTATIVE MAP PENDING)

LEGAL DESCRIPTION

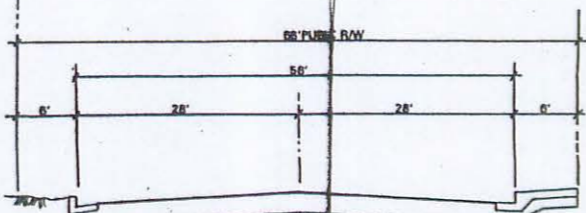
PD-37 PORT OF SACRAMENTO

All that real property situated in the City of West Sacramento, County of Yolo, State of California, being a portion of Sections 8 and 9, T8N, R4E, MDM described as follows:

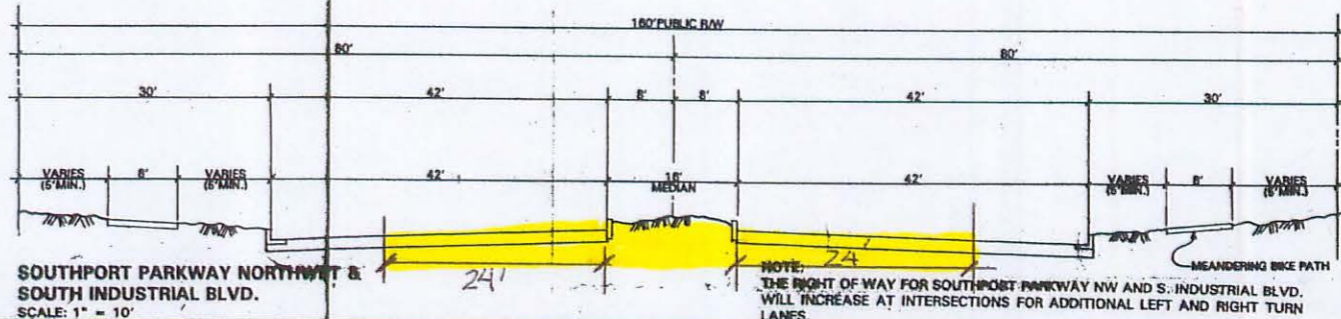
Beginning at a point that is situated S 86°43'15" W, 676.32 feet from a corner monument marked Mon 18, RE 8201 on the Southern property line of Sacramento-Yolo Port District property as same appears of record on that the Record of Survey filed in Maps & Surveys Book 10, Page 81, Yolo County, thence from said point of beginning and along a curve to the left that is concentric with and 625.00 feet southerly of the said centerline of the District Deep Water Channel, said curve having a radius of 7,375.00 feet, a central angle of 77°45'47", an arc distance of 10,011.65 feet, subtended by a chord bearing S 45°12'28" W, 9,280.42 feet; thence S 0°23'57" E, 249.99 feet; thence S 89°42'12" W, 371.16 feet; thence along a curve to the right that is concentric with and 280.00 feet southerly of said channel centerline, said curve having a radius of 7,720.00 feet, a central angle of 80°11'24", an arc distance of 10,804.77 feet, subtended by a chord bearing N 44°15'06" E for 9,944.25 feet; thence, continuing along said curve, a radius of 7,720.00 feet, a central angle of 4°59'53", an arc distance of 673.22 feet, subtended by a chord bearing N 86°50'45" E for 673.22 feet; thence S 70°55'12" E, 364.94 feet to a line being 126.00 feet South of the centerline of Sacramento-Yolo Port District Barge Canal; thence along said line N 89°21'18" E, 4,738.44 feet; thence S 0°15'40" E 545.00 feet; thence N 89°21'18" E, 4,738.44 feet to the northerly projection of the west line of Arlington Oaks Subdivision, as recorded in Map Book 4 on pages 48, 50, 57, and 58, of Yolo County Records; thence along said line S 0°15'40" E, 2,343.77 feet to the westerly line of Jefferson Boulevard; thence along said line S 40°48'05" W, 208.13 feet to the centerline of Reclamation District 900 Main Drainage Canal, thence along said centerline of said Canal S 89°42'35" W, 6,016.52 feet; thence N 0°19'06" W, 2,518.01 feet to the point of beginning and containing 503.5 acres more or less.



ATLANTIC PLACE, PACIFIC PLACE, & SEAWAY CT. & PL.
SCALE: 1" = 10'



OCEAN AVE., PACIFIC DR. & AVE., BALTIC AVE.,
ANTARCTIC DR., ARCTIC AVE. & SEAWAY DR.
SCALE: 1" = 10'



SOUTHPORT PARKWAY NORTHWEST &
SOUTH INDUSTRIAL BLVD.
SCALE: 1" = 10'

NOTE: THE RIGHT OF WAY FOR SOUTHPORT PARKWAY NW AND S. INDUSTRIAL BLVD. WILL INCREASE AT INTERSECTIONS FOR ADDITIONAL LEFT AND RIGHT TURN LANES.

CURVE DATA

CV #	RADIUS	CENTRAL ANGLE	ARC LENGTH	CHORD BEARING	CHORD LENGTH
1	7375.00'	77°45'47"	10011.65'	S45°12'28"W	9280.42'
2	7720.00'	80°11'24"	10804.77'	N44°15'06"E	9944.25'

- LEGEND:**
- Subdivision Boundary
 - Lot Line
 - - - Easement Line
 - Centerline
 - Tree

NOTE: ACCESS TO LOTS 70 THROUGH 80 WILL BE PROVIDED THROUGH THE PROPERTY TO THE SOUTH WHEN IT IS DEVELOPED. THIS PROPERTY IS THE SITE FOR THE PROPOSED SOUTHPORT INDUSTRIAL PARK. NO DEVELOPMENT WILL ON THESE LOTS UNTIL THIS ACCESS HAS BEEN ESTABLISHED.

SEAWAY INTERNATIONAL TRADE CENTER PD-37

ENGINEERING AND SURVEYING
WESTERN TRADING CENTER
SACRAMENTO, CALIFORNIA

DESIGNED BY: [Signature]
DRAWN BY: [Signature]

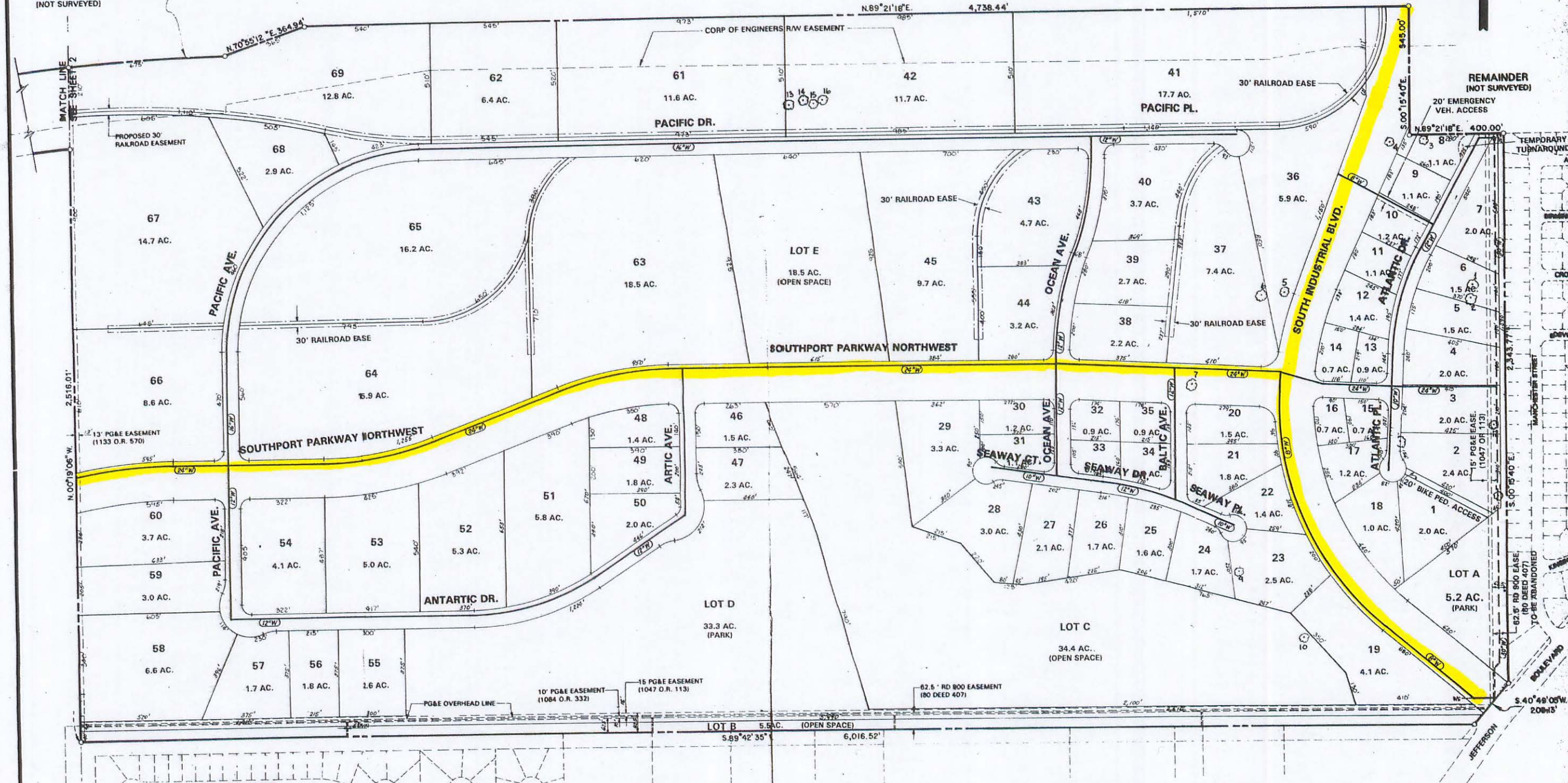
DATE: [Blank]
SHEET: [Blank]

APPROVED: [Signature]
DATE: [Blank]

R=7,720.00'
 L=04°59'53"
 L=673.44'
 Ch=N.86°50'45"E
 673.22'

REMAINDER
 (NOT SURVEYED)

REMAINDER
 (NOT SURVEYED)



WATER DISTRIBUTION PLAN
 SEAWAY INTERNATIONAL
 TRADE CENTER
 PD-37

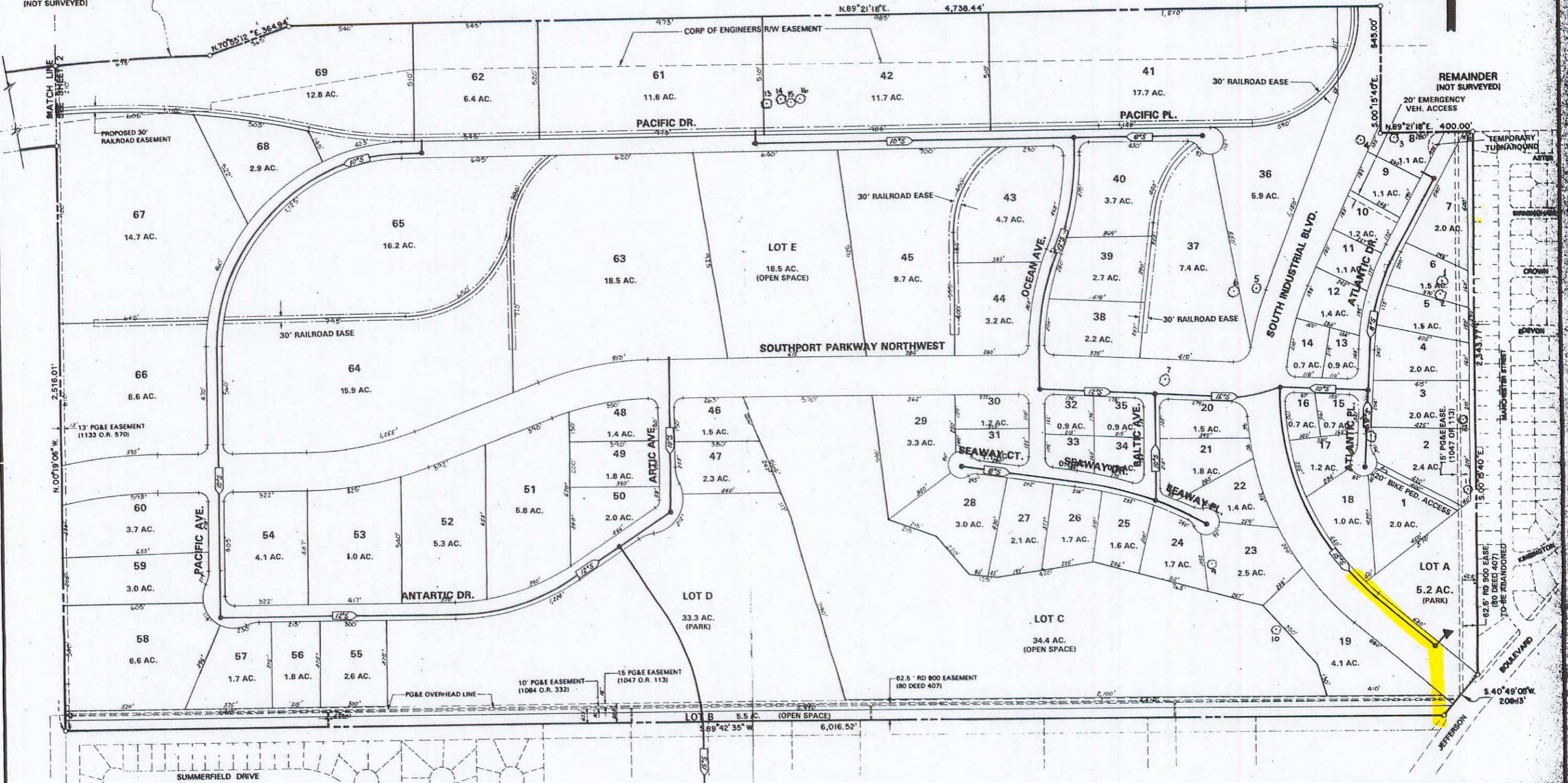
LEGEND:
 (Solid line) PROPOSED WATER MAIN
 (Dashed line) EXISTING WATER MAIN

NK ENGINEERING AND SURVEYING CO., INC. DARTIS, CALIFORNIA	
VESTING TENTATIVE SUBDIVISION NO. 4000 SACRAMENTO - YOLO PORT DISTRICT	
DESIGNED BY: <i>PKC</i>	SCALE: 1" = 200'
DRAWN BY: <i>ELC</i>	
DATE: JAN. 25, 1993	APPROVED: <i>PKC</i>
SHEET 3 OF 5 SHEETS	DRAWING NO. 830123

REMAINDER (NOT SURVEYED)
 R=7,720.00'
 Δ=04°59'55"
 L=673.44'
 Ch=N.86°50'45"E
 673.22'

REMAINDER (NOT SURVEYED)

SCALE 1" = 200'



SANITARY SEWER PLAN
 SEAWAY INTERNATIONAL
 TRADE CENTER
 PD-37

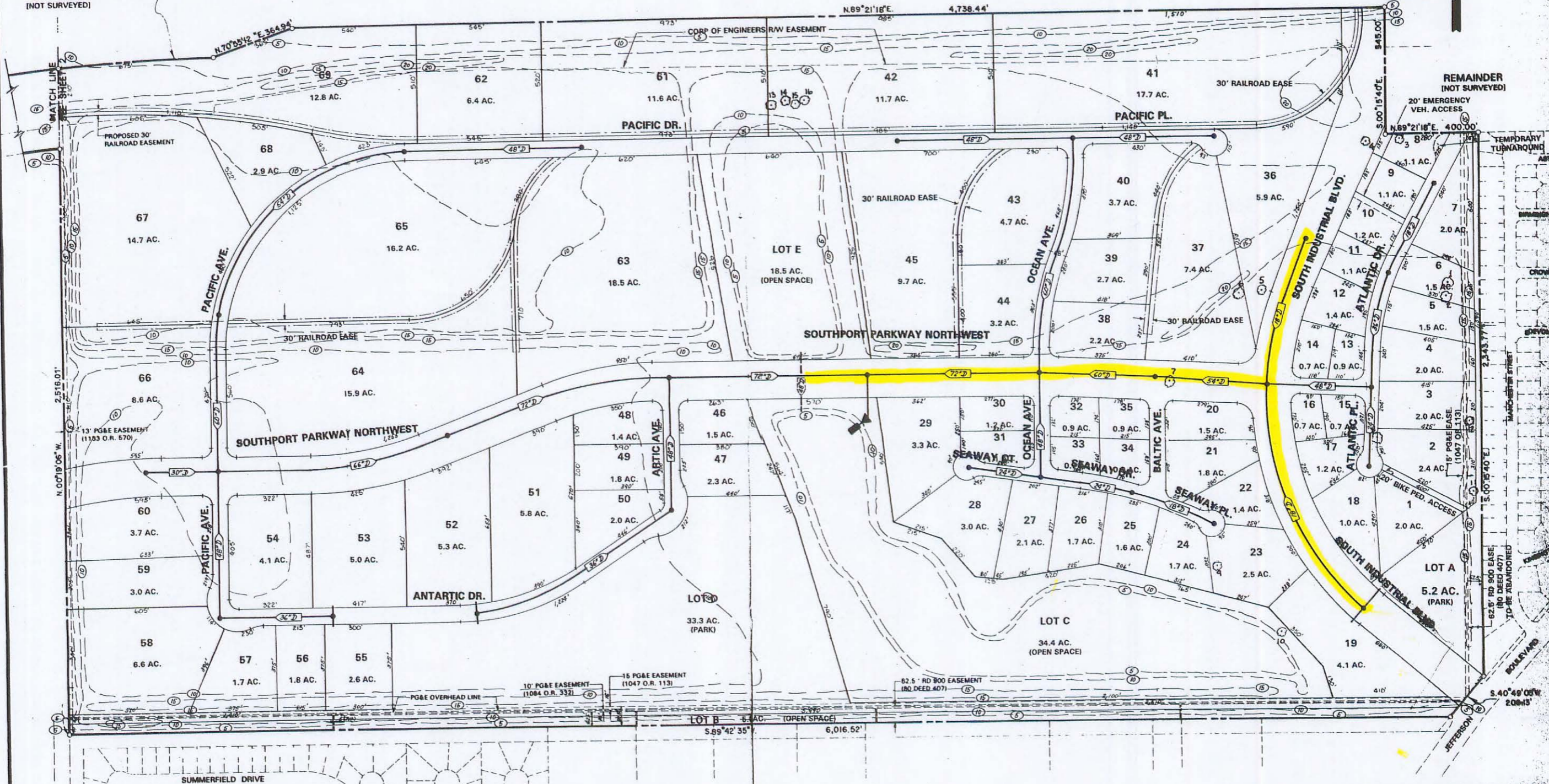
LEGEND:
 —S— PROPOSED SEWER MAIN
 - - - - EXISTING SEWER MAIN
 ▲ SEWAGE LIFT STATION
 ● MANHOLE

NK ENGINEERS AND SURVEYING CO., INC. DAVIS, CALIFORNIA	
VESTING TENTATIVE SUBDIVISION NO. 4000 SACRAMENTO - YOLO PORT DISTRICT	
DESIGNED BY: <i>EMC</i>	SCALE: 1" = 200'
DRAWN BY: <i>EAJD</i>	
DATE: JAN. 25, 1993	APPROVED: <i>AW</i>
SHEET 4 OF 5	DRAWING NO.: 830124

REMAINDER (NOT SURVEYED)
 R=7,720.00'
 Δ=04°59'53"
 L=673.44'
 Ch=N.86°50'45"E
 673.22'

REMAINDER (NOT SURVEYED)

SCALE: 1" = 200'



STORM DRAINAGE PLAN
 SEAWAY INTERNATIONAL
 TRADE CENTER
 PD-37

- LEGEND:**
- PROPOSED STORM DRAIN
 - EXISTING STORM DRAIN
 - OUTFALL STRUCTURE
 - MANHOLE
 - LIFT STATION

ENGINEERS AND SURVEYORS CO., INC.
 DAVIS, CALIFORNIA

VESTING TENTATIVE SUBDIVISION NO. 4000
 SACRAMENTO - YOLO PORT DISTRICT

DESIGNED BY: *EMC* SCALE: 1" = 200'
 DRAWN BY: *EMC*

DATE: JAN. 25, 1992 APPROVED: *EMC*
 SHEET 5 OF 6 SHEETS DRAWING NO.: 839124

PRELIMINARY INFRASTRUCTURE COST ESTIMATE

Item Description	Unit of Measure	Estimated Quantity	Unit Cost	Total Price
STREETS				
Roadway Section (Inc. traffic control & striping)	SF	790,804	\$7.00	\$5,535,628.00
Curb and Gutter	LF	35,849	\$40.00	\$1,433,960.00
Sidewalk	SF	116,370	\$10.00	\$1,163,700.00
Landscaping and Irrigation	SF	213,356	\$7.50	\$1,600,170.00
Street lighting	EA	40	\$5,000.00	\$200,000.00
Joint Trench	LF	19,395	\$150.00	\$2,909,250.00
signalized intersection	EA	3	\$250,000.00	\$750,000.00
SUBTOTAL STREETS				\$13,592,708.00
WATER				
10" WM pipe	LF	600	\$85.00	\$51,000.00
12" WM pipe	LF	6,700	\$95.00	\$636,500.00
16" WM pipe	LF	4,700	\$115.00	\$540,500.00
10" valve	EA	10	\$2,000.00	\$20,000.00
12" valve	EA	10	\$2,400.00	\$24,000.00
16" valve	EA	10	\$4,500.00	\$45,000.00
FH	EA	35	\$5,000.00	\$175,000.00
SUBTOTAL WATER				\$1,492,000.00
SEWER				
8" Sewer pipe	LF	1,700	\$58.00	\$98,600.00
10" Sewer pipe	LF	5,300	\$60.00	\$318,000.00
12" Sewer pipe	LF	3,400	\$62.00	\$210,800.00
15" Sewer pipe	LF	2,900	\$65.00	\$188,500.00
SSMH	EA	25	\$4,500.00	\$112,500.00
SUBTOTAL SEWER				\$928,400.00
STORM DRAIN				
15" Storm pipe lateral	LF	2,600	\$50.00	\$130,000.00
18" Storm pipe	LF	400	\$65.00	\$26,000.00
24" Storm pipe	LF	750	\$90.00	\$67,500.00
30" Storm pipe	LF	300	\$108.00	\$32,400.00
36" Storm pipe	LF	1,500	\$137.00	\$205,500.00
48" Storm pipe	LF	3,850	\$178.00	\$685,300.00
54" Storm pipe	LF	1,200	\$219.00	\$262,800.00
60" Storm pipe	LF	1,700	\$236.00	\$401,200.00
66" Storm pipe	LF	1,100	\$261.00	\$287,100.00
72" Storm Pipe	LF	1,600	\$345.00	\$552,000.00
SDMH	EA	80	\$4,500.00	\$360,000.00
Pump Station	EA	1	\$3,000,000.00	\$3,000,000.00
Lake Washington Expansion	LS	1	\$2,500,000.00	\$2,500,000.00
SUBTOTAL STORM DRAIN				\$8,509,800.00
Subtotal				
				\$24,522,908.00
Soft Costs 25%				\$6,130,727.00
15% Contingency				\$3,678,436.20
TOTAL ESTIMATED COST				\$34,332,071.20

Public Hearings 8.

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

Consider adoption of the Final LAFCo Budget for FY 2019/20

RECOMMENDED ACTION

1. Receive staff presentation on the Final Budget for FY 2019/20 and open the Public Hearing for public comments on the item.
2. Close the Public Hearing and adopt the Final LAFCo Budget for FY 2019/20.

FISCAL IMPACT

The attached LAFCo budget includes proposed revenues and expenditures for LAFCo for FY 2019/20. This budget maintains resources for the Commission to meet its responsibilities under the Cortese-Knox-Hertzberg (CKH) Act and the Shared Services Program for FY 2019/20. Adopting a final budget will ensure LAFCo is adequately funded to meet its legal obligations and maintain the shared services program.

REASONS FOR RECOMMENDED ACTION

Each year Yolo County LAFCo adopts an annual budget with notice to the four cities and Yolo County. In accordance with the CKH Act, a proposed budget must be adopted by May 1 and final budget by June 15 of each year. Following approval of the final budget and no later than July 1, the auditor requests payment from each agency.

In accordance with the CKH Act, the cities and County split the cost of LAFCo funding 50/50. A formula for the split of the cities' share is outlined in Government Code Section 56381 (b)(1); which would be in proportion to a city's tax revenue or an alternative method approved by a majority of the cities. Beginning in FY 2007/08, the cities of Yolo County developed an alternative formula to apportion their 50% of LAFCo funding by averaging a city's general tax revenue (less grant monies) and population.

In summary, each agency's portion of the overall LAFCo budget is listed below, with the change relative to last year noted:

City of Davis	16.95%
City of West Sacramento	16.34%
City of Winters	1.63%
City of Woodland	15.08%
County of Yolo	50.00%

BACKGROUND

The draft budget was heard and discussed at the April 25, 2019 meeting. There have been no issues raised or changes to the budget since it was presented at the draft hearing.

The budget is relatively "flat" compared to last year with a total appropriation of \$472,476. Although salaries and pension costs continue to rise, there is a compensating offset due to the Executive Officer's house exchange and reduced hours this fall which results in 85% of the position's typical salary costs. However, this offset will occur this fiscal year only and may feel like a "bump" in the following fiscal year (FY 20/21) when this position is back at 100%. The Services and Supplies costs are also very similar to last year reducing somewhat because LAFCo budgeted for an audit last fiscal year that is only done every three years.

Even though the total apportionment is "flat", there is additional carryover fund balance as compared to last year, therefore, total agency cost goes down by 4.34%. The following itemizes the draft budget cost for each agency (and net increase as compared to the previous fiscal year).

City of Davis	\$70,423 (decrease of \$5,568)
City of West Sacramento	\$67,863 (decrease of \$2,022)
City of Winters	\$6,787 (decrease of \$291)
City of Woodland	\$62,627 (decrease of \$1,131)
County of Yolo	\$207,700 (decrease of \$9,013)

Following the April meeting, staff sent the proposed budget to the city/county managers for their review and comment via email on April 25th, 2019. Staff has only heard back from the City of Woodland City Manager indicating he has no issues with the proposed budget.

Attachments

LAFCo 2019/20 FINAL Budget

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 05/14/2019

Reviewed By

Christine Crawford

Date

05/14/2019 12:58 PM
Started On: 05/13/2019 04:46 PM

PROPOSED FINAL LAFCO BUDGET - FINANCING SOURCES - SCHEDULE A

Item 8-ATT A FISCAL YEAR 2019/20
 ACCOUNTING UNIT: 69405229816991

Account #	Account Name	FY 18/19 Revenue Budgeted	FY 19/20 Revenue Budgeted	Net Change	Agency Apportionment FY 19/20
REVENUES					
400700	INVESTMENT EARNINGS-POOL	\$ 1,500	\$ 3,000	\$ 1,500	
402010	OTHER GOVT AGENCY-COUNTY	\$ 216,713	\$ 207,700	\$ (9,013)	50.00%
402030	OTHER GOVT AGENCY-WEST SACRAMENTO	\$ 69,885	\$ 67,863	\$ (2,022)	16.34%
402040	OTHER GOVT AGENCY-WOODLAND	\$ 63,758	\$ 62,627	\$ (1,131)	15.08%
402050	OTHER GOVT AGENCY-WINTERS	\$ 7,078	\$ 6,787	\$ (291)	1.63%
402060	OTHER GOVT AGENCY-DAVIS	\$ 75,991	\$ 70,423	\$ (5,568)	16.95%
403460	CHARGES FOR SERVICES - LAFCO	\$ 4,000	\$ 4,000	\$ -	
	CARRYOVER FUND BALANCE	\$ 34,388	\$ 50,076	\$ 15,688	
	TOTAL AGENCY COST	\$ 433,425	\$ 415,400	\$ (18,025)	
	TOTAL OTHER SOURCES	\$ 5,500	\$ 7,000	\$ 1,500	
	TOTAL FINANCING SOURCES	\$ 473,313	\$ 472,476	\$ (837)	
FUND BALANCE AT END OF PREVIOUS FY					
	FUND BALANCE (AT CLOSE OF FY 18/19)	\$ 120,376			
	RESERVE (AUDITS EVERY 3 YRS)	\$ -			Monies held for audits every 3 years
	RESERVE (COMPUTER REPLACEMENT 4 YRS)	\$ (2,800)			Monies held for computer replacement
300600	FUND BALANCE ASSIGNED (CONTINGENCY)	\$ (67,500)			Contingency 15% held in fund balance (per policy)
	TOTAL TO REMAIN IN FUND BALANCE	\$ 70,300			
	"EXTRA" FUND BALANCE TO OFFSET COSTS	\$ 50,076			Extra fund balance applied to offset agency costs

PROPOSED FINAL LAFCO BUDGET - FINANCING USES - SCHEDULE B

FISCAL YEAR 2019/20
ACCOUNTING UNIT: 69405229816991

Account #	Account Name	FY 18/19 Budget	FY 19/20	Net Change	Explanation of Change
SALARIES AND BENEFITS					
500100	REGULAR EMPLOYEES	\$ 201,567	\$ 189,431	\$ (12,136)	EO@ 85% FTE this FY only
500110	EXTRA HELP	\$ 20,000	\$ 30,000	\$ 10,000	
500310	RETIREMENT (CALPERS)	\$ 50,904	\$ 60,065	\$ 9,161	
500320	OASDI	\$ 13,360	\$ 13,602	\$ 242	
500330	FICA/MEDICARE TAX	\$ 3,516	\$ 3,655	\$ 139	
500340	HEALTH INSURANCE (EAP & Life Insurance)		\$ 160	\$ 160	
500360	OPEB - RETIREE HEALTH INSURANCE	\$ 18,141	\$ 17,953	\$ (188)	
500380	UNEMPLOYMENT INSURANCE	\$ 350	\$ 350	\$ -	
500390	WORKERS' COMPENSATION INSURANCE	\$ 500	\$ 500	\$ -	
500400	OTHER EMPLOYEE BENEFITS	\$ 40,894	\$ 40,894	\$ (0)	
	TOTAL SALARY & BENEFITS	\$ 349,231	\$ 356,610	\$ 7,379	
SERVICES AND SUPPLIES					
501020	COMMUNICATIONS	\$ 2,500	\$ 2,500	\$ -	
501030	FOOD	\$ 350	\$ 350	\$ -	
501051	INSURANCE-PUBLIC LIABILITY	\$ 500	\$ 500	\$ -	
501070	MAINTENANCE-EQUIPMENT	\$ 750	\$ 750	\$ -	
501071	MAINTENANCE-BLDG IMPROVEMENT	\$ -	\$ 500	\$ 500	
501090	MEMBERSHIPS	\$ 3,600	\$ 4,020	\$ 420	CALAFCO 16.25% dues increase
501100	MISCELLANEOUS EXPENSE	\$ 250	\$ 250	\$ -	
501110	OFFICE EXPENSE	\$ 1,250	\$ 1,250	\$ -	
501111	OFFICE EXP-POSTAGE	\$ 250	\$ 300	\$ 50	
501112	OFFICE EXP-PRINTING	\$ 800	\$ -	\$ (800)	County print shop costs no longer needed (see below)
501125	IT SERVICES-DPT SYS MAINT (Dept System Maint.)	\$ 2,000	\$ 2,000	\$ -	
501126	IT SERVICES-ERP (Enterprise/Resource/Planning)	\$ 2,879	\$ 3,087	\$ 208	
501127	IT SERVICES-CONNECTIVITY	\$ 3,629	\$ 4,719	\$ 1,090	
501151	PROF & SPEC SVC-AUDITG & ACCTG	\$ 15,000	\$ 5,000	\$ (10,000)	Budgeted for audit FY 18/19. Build reserve for next in 3 yrs.
501152	PROF & SPEC SVC-INFO TECH SVC	\$ 1,300	\$ 1,200	\$ (100)	
501156	PROF & SPEC SVC-LEGAL SVC	\$ 7,000	\$ 7,000	\$ -	
501165	PROF & SPEC SVC-OTHER	\$ 30,000	\$ 30,000	\$ -	
501165	PROF & SPEC SVC-OTHER (Shared Services) (6992)	\$ 10,000	\$ 10,000	\$ -	
501180	PUBLICATIONS AND LEGAL NOTICES	\$ 1,500	\$ 1,500	\$ -	
501190	RENTS AND LEASES - EQUIPMENT	\$ 2,000	\$ 2,500	\$ 500	Leased high capacity printer at net cost savings
501192	RENTS & LEASES-RECRDS STRGE (Archives)	\$ 925	\$ 840	\$ (85)	
501205	TRAINING	\$ 4,200	\$ 4,200	\$ -	
501210	MINOR EQUIPMENT (COMPUTERS)	\$ 1,400	\$ 1,400	\$ -	
501250	TRANSPORTATION AND TRAVEL	\$ 8,500	\$ 8,500	\$ -	
502201	PAYMENTS TO OTHER GOV INSTITUTIONS	\$ 1,000	\$ 1,000	\$ -	
	TOTAL SERVICES & SUPPLIES	\$ 101,583	\$ 93,366	\$ (8,217)	
OTHER FINANCING USES					
503300	APPROP FOR CONTINGENCY	\$ 22,500	\$ 22,500	\$ -	20% Total - 5% Appropriated/15% in Fund Balance
	TOTAL APPROPRIATIONS	\$ 473,314	\$ 472,476	\$ (838)	

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

Consider adopting amendments to the Yolo LAFCo Administrative Policies and Procedures

RECOMMENDED ACTION

Consider and adopt recommended amendments to the Yolo LAFCo Administrative Policies and Procedures.

FISCAL IMPACT

No fiscal impacts.

BACKGROUND

During the process of a recent proposal, staff realized it was necessary to update its political contribution disclosure policy. While updating the policy staff recognized the need to add two additional policies, an ethics training policy and a legislative ad hoc subcommittee policy. Since staff was doing significant changes to the LAFCo Administrative Policies and Procedures it was decided that a complete update was required.

The draft amendments to the Administrative Policies and Procedures are detailed in the attached document. Where staff has made additions or deletions to the previously adopted text, it has been illustrated as **added text** and ~~deleted text~~ for clarity. The Commission may direct staff to revise the draft language if desired. The changes recommended are summarized below:

1. Modify "2.5 Political Contribution Disclosure" policy to update and further explain contribution disclosures; and
2. Revise various sections of "3.0 Election, Powers and Duties of Members" to clarify Chair and Vice Chair conduct, and add two new policy sections, "3.8 Ethics Training" and "3.9 Legislative Ad Hoc Subcommittee"; and

3. Amend various sections of "5.0 Budget and Financial Operations" to: clarify approval of appropriation transfers between accounts in "5.6 Budget Adjustments"; change "5.10 Fixed Assets" to Capital Assets and add verbiage regarding physical inventory; modify "5.16 Reimbursement of Staff and Legal Counsel Expenses" to state that the Chair approve all reimbursement requests made by the Executive Officer; clarify, under "5.17 Reimbursement Policies", that meals and incidental expenses are paid at a fixed per diem rate, established by the U.S. GSA; and
4. Insertion of additional words and phrases throughout the document to further clarify a policy or procedure.

Attachments

DRAFT LAFCo Administrative Policies & Procedures Update

Form Review

Inbox	Reviewed By	Date
Christine Crawford	Christine Crawford	05/15/2019 03:08 PM
Form Started By: Terri Tuck		Started On: 05/10/2019 08:37 AM
Final Approval Date: 05/15/2019		

YOLO LAFCO

ADMINISTRATIVE POLICIES AND PROCEDURES

Adopted May 14, 2012

Revised May 23, 2013

Revised June 26, 2014

Revised March 24, 2016

Revised September 28, 2017

Revised July 26, 2018

Updated May 23, 2019

YOLO LAFCO

ADMINISTRATIVE POLICIES AND PROCEDURES

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1.0 GENERAL PROVISIONS

1.1 TITLE

The Yolo Local Agency Formation Commission hereby adopts the following Administrative Policies and Procedures. These policies and procedures shall apply to the Yolo Local Agency Formation Commission and are adopted pursuant to the authority vested in the Commission by Chapter 6.6 of Part 1, Division 2, Title 5 and Chapter 1 of Part 4, Division 1, Title 6 of the Government Code.

1.2 ADOPTION OF PERTINENT YOLO COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

For administrative polices not addressed herein, the Yolo Local Agency Formation Commission also adopts all the pertinent portions of the County of Yolo Administrative Policies and Procedures Manual as applicable to operations of the Local Agency Formation Commission including, but not limited to, procurement, personnel administration and accounting. If there are any conflicts between the Administrative Policies and Procedures of the Local Agency Formation Commission and the County of Yolo, the policies and procedures of the Local Agency Formation Commission shall prevail.

1.3 MISSION

The mission of the Yolo Local Agency Formation Commission is “to provide professional, innovative, and proactive leadership in the implementation of the policies of the Yolo County Local Agency Formation Commission (LAFCo) to enhance the quality of life for the community.”

1.4 CONFLICT OF INTEREST

The Political Reform Act, Government Code Sections 81000 et seq. requires each state and local government agency to adopt and promulgate a Conflict of Interest Code. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations Section 18730, which contains the terms of a standard Conflict of Interest Code. This standard Code is hereby incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act.

The following designated employees of the Yolo Local Agency Formation Commission shall file Statements of Economic Interests: the Executive Officer; the Assistant Executive Officer; and the Commission Counsel.

Members of the Local Agency Formation Commission shall file Statements of Economic Interests as required by Government Code Section 87200 or this Conflict of Interest Code.

Individuals or firms contracting with the Yolo Local Agency Formation Commission for the provision of goods and services are not required to file statements of Economic Interests unless the Executive Officer of LAFCo determines in writing that the ~~contractee~~contractor has been hired to perform a range of duties that falls within the scope of 2 California Code of Regulations Section 18730 (c). Any such written determination shall include a description of the ~~contractee's~~contractor's duties and, based upon that description, a statement of the extent of economic disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

Statements of Economic Interests shall be filed with the Yolo Local Agency Formation Commission.

2.0 COMMISSION MEETINGS

2.1 REGULAR MEETINGS

The regular meetings of the Yolo Local Agency Formation Commission shall be held on the fourth Thursday in every month except for August and November where there will be no regular meeting, and on the first Thursday in the month of December of each year. These regular meetings shall commence at the hour of 9:00 A.M., and shall be held in the Chambers of the Yolo County Board of Supervisors, 625 Court Street, Room 206, Woodland, California, or at the time and place as set and noticed by the Commission, Commission Chair or the Executive Officer of the Commission.

2.2 SPECIAL MEETINGS

All other meetings of the Yolo Local Agency Formation Commission shall be held as special meetings, at such times and places as are designated by the Commission, the Commission Chair, or the Executive Officer of the Commission. Special meetings of the Commission may be called in the manner provided by State law. The order calling the special meeting shall specify the time and place of the meeting and the business to be transacted at such meeting, and no other business shall be considered at that meeting.

2.3 RULES OF ORDER

Except as herein otherwise provided, the proceedings of the Commission shall be governed by "Rosenberg's Rules of Order" on all matters pertaining to parliamentary law. No resolution,

proceeding, or other action of the Commission shall be invalid or the legality thereof otherwise affected by the failure of the Commission to observe or follow such rules.

Motions made by any member of the Commission shall require a second. The roll need not be called in voting upon a motion except when requested by a member. If the roll is not called, in the absence of an objection, the Chair may order the motion unanimously approved. When the roll is called on any motion, any member present who does not vote in an audible voice shall be recorded as "aye". Each roll call of the Commission shall be in alphabetical order, except that the Chair shall be called last.

If a Commissioner is voting on a motion in which s/he has 1) a direct financial interest, 2) a direct real property interest, or 3) if a matter affects the direct financial or real property interests of the member's immediate family, business, employer or other source of income, the member may be required to recuse her/himself, and leave the room prior to any vote. The recused member still counts for purposes of establishing/maintaining a quorum and her/his vote is recorded in the minutes as "not present" for the particular item/vote in question. In matters where recusal is not required, if a Commissioner believes that s/he cannot vote in a fair manner due to a personal conflict or thinks that her/his vote would be perceived as a personal conflict, the Commissioner may abstain from the vote.

2.4 QUORUM

A majority of the members of the Commission constitutes a quorum for the transaction of business. No act of the Commission shall be valid or binding unless a majority of all the members concur therein. In the absence of a quorum, the members present shall adjourn the meeting to a stated time and place in accordance with Section 54955 of the Government Code. If all members are absent, the Executive Officer of the Commission may adjourn the meeting to a stated time and place in accordance with Section 54955 of the Government Code.

2.5 POLITICAL CONTRIBUTION DISCLOSURE

Pursuant to Government Code Sections 56100.1, 56700.1 and 57009, ~~effective January 1, 2008, contributions and~~ expenditures for political purposes related to a proposal or proceeding before LAFCo, including for a change of organization or reorganization ~~and contributions in support of or in opposition to or~~ any proposal at the conducting authority stage of the LAFCO process (Reportable LAFCo Proceeding), are subject to the reporting and disclosure to the same extent as required for local initiative measures under the Political Reform Act (PRA), Government

Code Section 81000 et seq., and the regulations of the Fair Political Practices Commission (FPPC) implementing that law.

Consistent with Government Code 56300, Yolo LAFCo adopts the following procedures requiring contributions disclosure which shall be included on the proposal form:

1. Any applicant, opponent, or participant to a Reportable LAFCo Proceedings shall submit to the LAFCo Executive Officer all disclosures required by the PRA of contributions or expenditures for political purposes related to that LAFCo Proceeding. The disclosures may be submitted to LAFCo up to 7 calendar days after filing with the FPPC, but in no event later than 9:00 a.m. of the hearing of the Reportable LAFCo Proceeding.
2. On every agenda of the Yolo LAFCo, the following statement shall be printed:

“All ~~parties and~~ participants on a matter to be heard by the Commission that have made campaign contributions totaling \$250 or more to any Commissioner in the past 12 months must disclose this fact, either orally or in writing, for the official record as required by Government Code Section 84308.”

~~“Any person, or combination of persons, who make expenditures for political purposes of \$1,000 or more in support of, or in opposition to, a matter heard by the Commission must disclose this fact in accordance with the Political Reform Act~~Contributions and expenditures for political purposes related to any proposal or proceedings before LAFCo are subject to the reporting requirements of the Political Reform Act and the Fair Political Practices Commission, and must be disclosed to the Commission prior to the hearing on the matter.”

3.0 ELECTION, POWERS AND DUTIES OF MEMBERS

3.1 ELECTION OF CHAIR AND VICE CHAIR

At the regular meeting of the Commission held in ~~May~~April each year, the members of the Commission shall elect, or re-elect, a Chair and Vice Chair to each serve a one-year term, commencing at the next meeting of the Commission, but in no event shall the term expire until his or her successor has been elected. Any vacancy in such office shall be filled by the Commission for the unexpired portion of the term of such office.

3.2 CHAIR CONDUCT

The Chair, when present, shall preside at all meetings of the Commission and shall conduct the business of the Commission in the manner prescribed by these rules. The Chair shall preserve order and decorum at all meetings, set time limits for speakers, and shall decide all questions of order and procedure, subject to the action of the majority of the Commission.

~~3.3 ELECTION OF VICE CHAIR~~

~~At the same meeting at which a Chair is elected, the members of the Commission shall elect, or re-elect, a Vice Chair to serve a one-year term, but in no event shall the term expire until his or her successor has been elected. Any vacancy in such office shall be filled by the Commission for the unexpired portion of the term of such office. In the absence of or the inability to act as the Chair, the Vice Chair shall act as Chair Pro Tem. The Chair Pro Tem shall have all of the powers and duties of the Chair during the absence of, or inability to act, of the Chair.~~

3.3 VICE CHAIR CONDUCT

In the absence of the Chair, or if for any reason the Chair is unable to act as Chair, the Vice Chair shall act as Chair and shall have all of the powers and duties of the Chair.

~~3.4 VICE CHAIR CONDUCT~~CHAIR PRO TEM

In the absence of the Chair or Vice Chair or if the Chair or Vice Chair is unable to participate in the proceedings, ~~the inability to act as the Chair Pro Tem~~, the members of the Commission present shall, by an order entered in the Minutes, select one of their members to act as Chair Pro Tem with all of the powers and duties of the Chair.

3.5 APPOINTMENT OF THE REGULAR PUBLIC MEMBER AND ALTERNATE

Whenever a vacancy occurs, or may occur, in the positions of regular public member or alternate public member, as a result of resignation, death, termination or expiration of term of office, or any other cause provided by law, it shall be the policy of the Local Agency Formation Commission to advertise that a vacancy exists or may exist in either or both of these positions and solicit all interested persons to apply for consideration as appointee(s). Final appointment to the vacant position(s) shall not be made for at least 40 days after an announcement of vacancy(ies) occur(s). The Yolo LAFCo may reappoint the incumbent at its pleasure.

3.6 CRITERIA FOR THE REGULAR PUBLIC MEMBER AND ALTERNATE

The applicants and successful candidate(s) shall meet the criteria set forth in the applicable provisions of the Government Code. No person appointed as a public member or alternate public

member shall be an officer or employee of the county or any city or district with territory in the county (Government Code Section 56331). Both the regular and alternate public member of the Yolo LAFCo shall be a registered voter in Yolo County.

3.7 PROCEDURES FOR APPOINTMENT OF THE REGULAR PUBLIC MEMBER AND ALTERNATE

Whenever a vacancy occurs, or may occur, in either or both the positions of regular public member or alternate public member, as a result of resignation, death, termination or expiration of term of office, or any other cause provided by law,¹ the Chair shall direct the Executive Officer to prepare and post a special vacancy notice advertising that such a vacancy(ies) currently exist(s) or may exist and solicit interested persons to submit their résumés for consideration to the Executive Officer within 30 days after the announcement of the vacancy occurs. The special vacancy notice shall be posted at the following locations:

1. At the LAFCo staff office, and
2. On the bulletin board outside the Board of Supervisors' hearing room, and
3. On the bulletin board outside the County Administration Building, and
4. Any other place as directed by the Commission.

The Executive Officer shall mail a copy of the special vacancy notice to all city clerks; to all independent special districts; and to the clerk of the Board of Supervisors.

The Executive Officer shall have an announcement prepared and released to the press to the effect that a vacancy exists or may exist in either or both position(s) of regular public member or the alternate public member and all interested persons are encouraged to apply by submitting their résumés to the Commission's Executive Officer within 30 days after the announcement occurs.

¹ In any Calendar year in which the term of office of the regular public member or alternate member is to expire, the Executive Officer will inform the commission at the first regular meeting in March that such expiration is effective the first Monday in May. The Commission may decide to advertise this fact in advance and encourage persons to submit their résumés for consideration prior to the expiration of the respective term. In such event, notice and selection will be in the manner specified in these procedures.

30 days after the announcement occur(s), no further applications for the vacant position(s), shall be accepted by the Executive Officer, who then shall place on the agenda at the Commission's next regular scheduled meeting for discussion the consideration of these same applications for appointment to the vacant position(s).

The Commission may select a personnel committee from their membership for the purposes of reviewing all applications and nominating the best-qualified candidates for the Commission's consideration. If a personnel committee is used, then the personnel committee may recommend to the commission the name or names of applicants for nomination(s) to the vacant position(s) at the next regularly scheduled meeting. However, any eligible commissioner may nominate a candidate from the applications submitted. If a personnel committee is not used, then any eligible commissioner may nominate a candidate from the applications submitted to the vacant position(s).

Upon receipt of the names of the nominees for consideration to the vacant position(s), the Chair shall declare the nominations closed and shall direct the Commission Clerk to call a vote of members eligible first for one candidate, then the other. The nominee(s) receiving a majority shall be appointed to the vacant position(s) for the un-expired term of the regular public member or alternate public member, except when the vacancy is the result of expiration of term of office, then the appointment shall be for four-years and until the appointment and qualification of his/her successor. The expiration date of the term of office of each member shall be the first Monday in May in the year in which his /her term is to expire.

In the event no candidate from the applicants submitted receives a majority, the Commission shall direct the Executive Officer to re-advertise that a vacancy(ies) exist(s) in the manner set forth in these procedures.

Final appointment to fill any vacancy in either the position of regular public member or alternate public member shall not be made by the Commission for at least 40 days after the announcement occurs.

Any other provision of this Policy notwithstanding, the Commission may, by a majority vote of its then-existing membership, waive any provision of this Policy as it deems necessary or appropriate in its sole discretion.

3.8 ETHICS TRAINING

The California Government Code (GC) requires that all legislative body or local agency officials who receive compensation, salary, stipends of reimbursement for expenses, receive ethics training as specified in GC sections 53234-53235.2. LAFCo is not one of the legislative bodies or local agencies covered by these statutes, so service on LAFCo alone does not trigger the statutory requirement for ethics training. Commissioners who are county supervisors or city council members are required to receive this training in their respective roles as county/city officials and should file a copy of their certificate of training with the LAFCo Clerk. LAFCo Public Members are required by this policy to receive ethics training. LAFCo staff will advise the Public Members of opportunities to receive this training. Commissioners who receive this training shall file their certificate of training with the LAFCo Clerk.

3.9 LEGISLATIVE AD HOC SUBCOMMITTEE

For situations when proposed legislation affecting LAFCo cannot be considered by the full Commission, Yolo LAFCo may appoint a legislative ad hoc subcommittee (Committee). If established, the Committee shall be comprised of two regular members including not more than one member from each category (i.e. city, county, or public member). The Committee shall review and approve legislation position letters prior to being submitted to the legislature. One of the Committee members shall be authorized to sign the position letter.

Copies of legislative position letters shall be included on the next regular LAFCo meeting agenda as either informational or for discussion purposes.

3.810 CALAFCO VOTING MEMBER

The most senior tenured regular commissioner at the CALAFCO conference will be the voting member at the appropriate session. If there are two of the regular commissioners present with the same tenure and both are most senior, the choice of who will be the voting member will be determined by who wins the toss of a coin.

4.0 LAFCO STAFF

4.1 EXECUTIVE OFFICER

The Commission shall appoint an Executive Officer who shall conduct and perform the day-to-day business of the Commission. The Executive Officer shall serve at the pleasure of the Commission in an “at will” capacity. If the appointed Executive Officer has a conflict of interest

on a matter before the Commission, the Commission shall appoint an alternate Executive Officer for that matter. The Executive Officer shall be the primary staff person to advise the Commission on actions to be taken pursuant to the Local Government Reorganization Act of 2000.

The Executive Officer may hire employees to provide the staff resources necessary to implement the adopted work plan as consistent with the adopted annual budget. The LAFCo Executive Officer shall consult with the Commission prior to significant staff changes under his/her purview including hiring/terminations, promotions/demotions and reclassifications. The fiscal impacts of any recommended staff changes shall be provided to the Commission as part of this consultation.

4.2 POLCY REGARDING SPECIAL DISTRICT APPOINTMENT TO THE CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD²

Effective July 1, 2018, the redevelopment oversight boards in each county will be consolidated into one seven-member board. See Health & Safety Code § 34179(j). One of the members of the consolidated board “may be appointed by the independent special district selection committee established under [Cortese-Knox-Hertzberg] for the types of special districts that are eligible to receive property tax revenues pursuant to [the redevelopment agency dissolution law].” Id. §34179(j)(13); see also Gov. Code § 56332(a).

Only the agencies that receive RDA funding are deemed eligible agencies for the purposes of appointing a special district representative to a countywide redevelopment oversight board per Health and Safety Code Section 34179(j)(3). Eligibility requires special districts that have territory in the territorial jurisdiction of a former RDA and are eligible to receive property tax residual for the Redevelopment Property Tax Trust Fund (RPTTF). In Yolo County, the committee members for the RPTTF-qualifying districts are: (i) the Davis Cemetery District, (ii) the Winters Cemetery District, (iii) the Yolo County Flood Control and Water Conservation District; and (iv) the Yolo Resource Conservation District.

The Executive Officer is responsible for calling a meeting of the RPTTF-qualifying committee members, or may conduct the business of the committee by mail, to nominate and appoint a representative. Elections by mail shall be conducted in accordance with Government Code Section 56332(f). The independent special district member appointed to the consolidated

² Adopted by the Commission on September 28, 2017

redevelopment oversight board is appointed by a majority of those RPTTF-qualifying committee members voting. An alternate representative may also be appointed.

4.3 ASSISTANT EXECUTIVE OFFICER

The Executive Officer may appoint an Assistant Executive Officer. In accordance with Government Code Section 1190 et. seq., the Assistant Executive Officer shall be subordinate to and have the powers and duties of the Executive Officer. The Assistant Executive Officer shall also have the powers and duties of the Executive Officer whenever there is a vacancy in that office. The Assistant Executive Officer shall be responsible to work on special studies, sphere of influence studies, reorganization reports and other duties as designated by the Executive Officer.

4.4 COMMISSION CLERK

The Executive Officer may appoint the Clerk of the Commission. The Clerk shall prepare and distribute to Commission members and the newspapers of the County and post in the manner required by law, an agenda for each meeting which shall include all matters which have previously been set for hearing at such meeting; shall keep minutes of all meetings; shall provide Commission members with a copy of the minutes prior to the next succeeding meeting; shall maintain a record of all proceedings; shall make all public notices; and shall receive all matters or information to be filed for action by the Commission. The Clerk shall also insure that, at a minimum, notice of all public hearings for the Commission shall be available in electronic format on the Commission web site. The Clerk shall also be responsible for other duties as required and assigned by the Executive Officer to maintain the office of the Commission.

4.5 LEGAL COUNSEL

The Commission shall appoint legal counsel to advise it. If the appointed legal counsel has a conflict of interest on a matter before the Commission, the Commission shall appoint an alternate legal counsel for that matter. Legal counsel shall provide the Executive Officer and Commission necessary legal advice as necessary on any matter before the Commission or business of the Commission.

5.0 BUDGET AND FINANCIAL OPERATIONS

5.1 AUTHORITY TO DEVELOP AND ADOPT THE BUDGET

Each year, following noticed public hearings, the Commission adopts proposed and final budgets. In accordance with the Cortese-Knox-Hertzberg Act, the proposed budget must be adopted by May 1 and the final budget by June 15. The budget is based on a July 1 to June 30 fiscal year.

The County ~~Auditor~~Chief Financial Officer is responsible for apportioning the Commission's net operating costs to the County and the cities according to a formula established pursuant to Government Code Section 56381.

If the County or a city does not remit its required payment within 60 days, the Executive Officer shall request that the County ~~Auditor~~Chief Financial Officer collect an equivalent amount from the property tax, or any fee or eligible revenue owed to that county or city pursuant to §56381(4)(c).

5.2 CITY/COUNTY APPORTIONMENT

In accordance with the Cortese-Knox-Hertzberg Act, the cities and County split the cost of LAFCo funding 50/50. A formula for the split of the cities' share is outlined in Government Code Section 56381 (b)(1); which would be in proportion to a city's tax revenue or an alternative method approved by a majority of the cities. Beginning in FY 2007-08, the cities of Yolo County have developed an alternative formula to apportion their 50% of LAFCo funding in proportion to the average of a city's general tax revenue (per the latest State Controller's Cities Annual Report) and population (per the latest Department of Finance Projections).

5.3 ANNUAL WORK PLAN

Before May 1, the LAFCo Executive Officer shall prepare for the Commission's review and approval an annual work plan. The work plan is prepared in conjunction with the annual budget. The work plan identifies the purposes and programs of State law and local policy, including requirements for service reviews, sphere of influence updates and other mandated functions. The work plan will correspond to the adopted fiscal year budget.

5.4 PREPARATION AND ADMINISTRATION

The LAFCo Executive Officer shall serve as the budget administrator, to prepare, present, transmit, review, execute and maintain the LAFCo budget consistent with State law. The Executive Officer shall provide the Commission with quarterly budget updates comparing expenditures to the adopted budget as amended, if applicable. Receipt of the budget reports by the Commission shall be documented in the meeting minutes.

5.5 LAFCO AS A SEPARATE FUND

For administrative purposes, the LAFCo budget is a separate fund within the County's financial accounting system. ~~Unspent-Unexpended~~ appropriations are retained in the fund as available financing for the following year.

5.6 BUDGET ADJUSTMENTS

The Commission may make adjustments to its budget at any time during the fiscal year, as it deems appropriate. Subsequent to the adoption of the budget, the Executive Officer may transfer appropriations between accounts (i.e. sub-objects) with major categories (i.e. objects) such as salaries and benefits, services and supplies, etc., without approval from the Commission. Transfers of appropriations between major categories/objects and appropriation of unanticipated revenue or from any fund balance category requires approval of the Commission.

5.7 CONTINGENCY AND RESERVE

The annual budget should strive to include a contingency equal to 5% of the overall budget, as determined by the Commission. An amount equal to 15% of the budget should be held in reserve. Funds budgeted-appropriated in the contingency and set aside in reserves shall not be used or transferred to any other expense-expenditures account without prior approval of the Commission.

5.8 EXPENDITURES AND DISBURSEMENTS

Yolo County currently administers LAFCo's cash and investments. The Commission Clerk and Executive Officer shall follow adopted policies and procedures for invoices, claims, disbursements, receipts and deposits of revenues. The Commission Clerk shall initiate transactions such as purchase orders and payment of invoices and claims.

The Executive Officer shall review all claims and invoices received by LAFCo and may authorize payment, as appropriate, within the framework and limitations of the budget as adopted by the Commission. The Commission Clerk and Executive Officer shall maintain and reconcile records of all financial transactions. Detailed procedures for processing invoices for review and payment shall be created and maintained as an attachment to this policy manual.

The primary objectives for-of accounts payable and cash disbursements are to ensure disbursements are properly authorized, invoices are processed in a timely manner, and invoice charges do not exceed the purchase order or contract amounts. Purchases shall be made in accordance with the Yolo County purchasing policies and procedures.

Quarterly financial updates and budget status reports including expenditure detail per account shall be presented to the Commission.

5.9 PAYROLL AND BENEFITS ADMINISTRATION

Yolo County currently administers payroll and benefits for LAFCo. The Clerk shall review each payroll report and the entry of the payroll posted by the County Auditor-Controller's

~~Office~~Department of Financial Services into the general ledger on a monthly basis to ensure the payroll is complete and accurate. Payroll information will be included in the expenditure detail per account provided to the Commission. Detailed procedures for payroll review shall be created and maintained as an attachment to this policy manual.

5.10 ~~FIXED-CAPITAL ASSETS~~

Capital assets include furniture, fixtures and equipment with a useful life of three or more years and a value of \$5,000 or more. Capital assets owned by LAFCo are accounted for at their historical cost, or estimated historical cost, if actual cost is not available. LAFCo will maintain an inventory of capital assets and will ~~be maintained by staff on a periodic basis~~conduct a physical inventory once every three years (i.e. coinciding with LAFCo's audit cycle) and reconcile the physical inventory to equipment records. In the event a capital asset is sold, scrapped, donated or stolen, adjustments will be made to the capital asset inventory.

Capital assets are depreciated using the straight line method over the estimated useful life. Estimated useful lives of ~~fixed-capital~~ assets shall be determined by the Executive Officer in consultation with the County ~~Auditor-Chief Financial Officer~~ and in accordance with standard accounting policies and procedures. Furniture and fixtures will typically be assigned a useful life of up to 10 years and most office equipment (including computers) will be assigned a useful life of 3-5 years and leased assets will be designated "life of lease". Repairs to capital~~ized~~ assets do not materially extend the useful life or add additional functionality to the ~~value of the asset or prolong its estimated useful life~~are not capitalized.

5.11 CONTRACT APPROVAL AND EXECUTION

The Commission delegates to the Executive Officer the authority to approve and execute contracts, agreements and amendments for \$5,000 or less, provided sufficient funds are contained in the appropriate line item in the LAFCo budget.

Any contract, agreement or amendment greater than \$5,000, or any contract agreement or amendment for which there are not sufficient funds contained in the appropriate line item of the LAFCo budget, shall be presented to the Commission for approval and execution.

For other policies including, but not limited to, pricing and contractual solicitations and contract documents, LAFCo defers to the County of Yolo Contracting and Purchasing Polices.

5.12 FRAUD POLICY

It is the policy of the Yolo LAFCo to follow ethical, responsible, and reasonable procedures related to purchasing, claims, money management and other financial matters. Fraud is defined as the

intentional, false representation or concealment of a material fact for the purpose of personal gain or for the purpose of inducing another to act upon it to his or her injury. Each LAFCo employee and Commissioner should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is suspected or detected shall be reported to the Chair of the Commission and, alternatively, to the Executive Officer. The terms fraud, defalcation, misappropriation and other fiscal irregularities refer, but are not limited, to:

- a) Any dishonest or fraudulent act
- b) Forgery or alteration of any document or account belonging to LAFCo
- c) Forgery or alteration of a check, bank draft, or any other financial document
- d) Misappropriation of funds, securities, supplies, equipment, or other assets of LAFCo
- e) Impropriety in the handling or reporting of money or financial transactions
- f) Disclosing confidential or proprietary information to outside parties
- g) Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to LAFCo
- h) Destruction, removal or inappropriate use of records, furniture, fixtures and equipment
- i) Any similar or related irregularity
- j) Personal use of the County purchasing card

Responsibility for investigating suspected fraudulent acts as defined in the policy is dependent upon the suspected fraudulent act, and may be conducted by the Executive Officer, County ~~Auditor~~Chief Financial Officer, LAFCo Legal Counsel, and/or other internal or external party as necessary to conduct an investigation. If an investigation substantiates that fraudulent activity has occurred, the investigating authority will issue a report to the appropriate party (i.e., Executive Officer, LAFCo Legal Counsel, Commission Chair, etc.). Further action will be taken in conjunction with the appropriate parties.

Investigation results are confidential and will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the

reputations of persons who may be suspected, but subsequently found innocent of wrongful conduct and to protect LAFCo from potential civil liability.

5.13 FEES

LAFCo shall establish a fee schedule for the costs of proceedings pursuant to state law. LAFCo generally will review its fee schedule at least every two years. Payment of all application deposits/fees pursuant to the most recent fee schedule is required for any application to be deemed complete and before issuing a certificate of filing. The Commission may waive fees as provided in state law.

The costs for legal defense of a LAFCo action are considered part of the processing fees. A fully executed indemnification agreement, as approved by LAFCo Legal Counsel, shall be required for any application approved by the Commission and before a certificate of completion is issued.

5.14 FINANCIAL STATUS REPORTS

The budget adopted by LAFCo is an estimate of expenditures and revenues. The staff keeps the Commission informed of aspects of the financial program that deserve review and adjustment through periodic financial status reports.

5.15 REIMBURSEMENT OF COMMISSIONER EXPENSES

Commission members do not receive any compensation to attend LAFCo meetings. Commission members and alternates may claim reimbursement for reasonable and necessary expenses incurred in attending LAFCo sponsored or related events and in performing the duties of their office. The Executive Officer is responsible for reviewing and approving each request for Commission reimbursement.

5.16 REIMBURSEMENT OF STAFF AND LEGAL COUNSEL EXPENSES

The Executive Officer, Legal Counsel and other LAFCo staff shall be reimbursed for all reasonable and necessary expenses in connection with the conduct of LAFCo business including but not limited to office expenses, training, travel, lodging, meals, gratuities and other related costs. The Executive Officer is responsible for reviewing and approving requests for reimbursement of staff and Counsel. Requests for reimbursement of the Executive Officer shall be approved by the Commission Chair. LAFCo reimbursements shall be periodically reported to the Commission in the quarterly update to provide an additional layer of review for any irregularities.

5.17 REIMBURSEMENT POLICIES

Expense reimbursement requests should be submitted monthly, although flexibility is permitted if the claimable amount is not deemed to be significant. Expense claims for costs incurred in one fiscal year should be, whenever practical, submitted for reimbursement during the same fiscal year.

Claims for reimbursement of costs related to LAFCo meetings, conferences and seminars should be submitted not later than 60 days following completion of the event for which reimbursement is being claimed. Reimbursement for meals in conjunction with attendance at conferences and workshops shall not exceed the established IRS thresholds for the County where attendance occurred. Alcoholic beverages are not reimbursed. Cancellation of attendance at CALAFCO conferences and workshops shall be made in accordance with CALAFCO cancellation policies.

Use of private automobiles to conduct LAFCo business shall be reimbursed at the current IRS allowable rate. Individuals receiving a monthly automobile allowance will be reimbursed for authorized travel mileage beyond the County of Yolo and the City of Sacramento. Travel for commuting between home and office is not reimbursable. For the purposes of this policy, the LAFCo “office” location is deemed to be the County Administration Building in Woodland. Travel between home and a LAFCo business destination is reimbursable to the extent that the total mileage exceeds the normal round-trip commute between the home and the office. This rate shall be considered full and complete payment for actual expenses for use of private automobiles, including insurance, maintenance and all other automobile-related costs. LAFCo does not provide insurance for private automobiles used for LAFCo business. The owner is responsible for personal liability and property damage insurance when vehicles are used on LAFCo business.

Meals and incidental expenses are paid at a fixed per diem and paid per the per diem rate guide established by the U.S. General Services Administration. Receipts or vouchers ~~that verify the claimed expenses are~~ may be required for reimbursement of all other items of expense except private automobile mileage and taxis or streetcars, buses, bridge and road tolls and parking fees. Reimbursement of expenses is not allowed for personal items such as, but not limited to, entertainment, clothing, laundering, etc. The general rule for selecting a mode of transportation for reimbursement is that method which represents the lowest reasonable expense to LAFCo and the individual Commissioner or staff member.

5.18 AUDITS

LAFCo shall have financial audits performed on a three-year cycle (i.e. the auditor reviews the prior three fiscal years at one time). For those interim years when a formal audit has not yet been performed, ~~LAFCo shall have an unaudited staff from the County Auditor Controller's Office shall prepare a~~ financial statement prepared for Commission review following the close of the fiscal year.



Executive Officer Report 10.

LAFCO

Meeting Date: 05/23/2019

Information

SUBJECT

A report by the Executive Officer on recent events relevant to the Commission and an update of Yolo LAFCo staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.

- A. CALAFCO Member Dues Update
 - B. Long Range Planning Calendar
 - C. EO Activity Report - April 22 through May 17, 2019
-

Attachments

[ATT A-Memo to Commission Re Member Dues Proposal 2019](#)

[ATT B-Long Range Planning Calendar](#)

[ATT C-EO Activity Report Apr22-May17](#)

Form Review

Form Started By: Terri Tuck
Final Approval Date: 05/09/2019

Started On: 05/09/2019 08:10 AM

YOLO
LOCAL
AGENCY
FORMATION
COMMISSION



COMMISSION
CHAIR
OLIN WOODS
Public Member

VICE CHAIR
DON SAYLOR
Supervisor – 2nd District

WILL ARNOLD
Councilmember
City of Davis

GARY SANDY
Supervisor – 3rd District

TOM STALLARD
Councilmember
City of Woodland

ALTERNATES
RICHARD DELIBERTY
Public Member

JIM PROVENZA
Supervisor – 4th District

BABS SANDEEN
Councilmember
City of West Sacramento

STAFF
CHRISTINE M. CRAWFORD, AICP
Executive Officer

TERRI TUCK
Clerk to the Commission

MARK KRUMMENACKER
Financial Analyst

COUNSEL
ERIC MAY

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To: Commissioners

From: Christine M. Crawford AICP, Executive Officer

Re: CALAFCO Member Dues – Proposal Bylaws Change for Annual Conference Election

Date: May 16, 2019

The CALAFCO Board has been wrestling with how to deal with a structural deficit in its budget for over a year. Up until now, it has relied on revenue from the Annual Conferences (often including unrealistic projections) which is highly variable and uncertain. As an example, last year's conference in Yosemite was at risk of being cancelled due to a nearby forest fire.

At the Annual Conference Regional Roundtables, board members facilitated a discussion on ideas to close the structural gap. As an interim measure, the CALAFCO Board approved a 16.25% dues increase for fiscal year 19/20 "across the board". The Board created an ad hoc committee to look at options and after much consideration has recommended the formula for the dues structure be changed from rural, suburban and urban categories to a more population based method.

On May 10, 2019 the CALAFCO Board approved a bylaws change that would need to be voted on by the membership at the Annual Conference. It creates a base dues of \$1,000 plus per capita dues that are capped over 700,000 in population. The proposed dues structure would range from \$1,015 (Alpine County) to \$10,249 (for the 15 counties with a population over 700k).

Under this proposed formula member dues for Yolo LAFCo are proposed to change in FY 20/21 as follows (dues for FY 18/19 and FY 19/20 are already set):

<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
\$2,805	\$3,621	<u>\$4,026</u>

Dues would continue to increase thereafter with Department of Finance population projections and CPI.

Please let me know if the Commission would like to schedule this at a future meeting for a more in depth discussion.



Long Range Meeting Calendar – Tentative Items

Meeting Date	Tentative Agenda Items	Location
June 27, 2019	<ul style="list-style-type: none"> Protest Hearing for Lower Elkhorn Basin Reclamation District Reorganization (LAFCo #928) Executive Officer Performance Evaluation 	Woodland
July 25, 2019	<ul style="list-style-type: none"> West Sacramento Basin Reclamation District Reorganization Proposals (City proposals #925/#926 and RD 900 alternative proposal #930) * JPA Service Review for YCPARMIA (Yolo County Public Agency Risk Management Insurance Authority) 	West Sacramento
Aug 22, 2019	<ul style="list-style-type: none"> Protest Hearing for West Sacramento Basin Reclamation District Reorganization Proposals (assuming either #925/#926 OR #930 is approved) 	West Sacramento
Sept 26, 2019		
Oct 24, 2019		
Dec 18, 2019		

* *RD 900 requested this meeting get moved to July due to board member vacations already scheduled in June.*

New Proposals Received Since Last Meeting

Date Received	Proposal
	None submitted

LAFCo EO Activity Report

April 22 through May 17, 2019

Date	Meeting/Milestone	Comments
04/23/2019	Streamline Special District Website Demo	Hosted
04/23/2019	Meeting w/Colleen Haley (CSDA)	Special District LAFCo Representation
04/24/2019	Yolo Leaders Forum	YEDSpring2019 Summit – Positioning Our Local Agencies for the New Governor's Priorities: What Local Leaders Need to Know
04/23/2019	Shared Services – City of Davis Broadband Task Force Meeting	Citywide Fiber Optic Network
05/02/2019	Meeting w/Ric Reinhardt (MBK Engineers)	Discuss LAFCo Proposal #928-Lower Elkhorn RDs
05/06/2019	Meeting w/Greg Santoro, Senior VP of National Rural Telecommunications Cooperative (NRTC)	Invited to attend a rural broadband meeting at UCD.
05/09/2019	Meeting w/Olin Woods	LAFCo Agenda Review
05/10/2019	CALAFCO Board Meeting-Sacramento	Attended
05/14/2019	Meet w/West Sacramento Chamber of Commerce	Presentation on West Sacramento Reclamation District Reorganization Proposals
05/15/2019	Willowbank CSA meeting	Presentation regarding broadband efforts