

River Port Services

Municipal Service Review (MSR) and Sphere of Influence (SOI) Study

LAFCo No. 25-02



Sacramento-Yolo Port District

Prepared by:
Yolo Local Agency Formation Commission



Public Review Draft July 3, 2025

SUBJECT AGENCY:

This MSR/SOI includes the:

Sacramento-Yolo Port District
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West Sacramento, CA 95691
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The District's last MSR/SOI was adopted May 23, 2019.

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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:

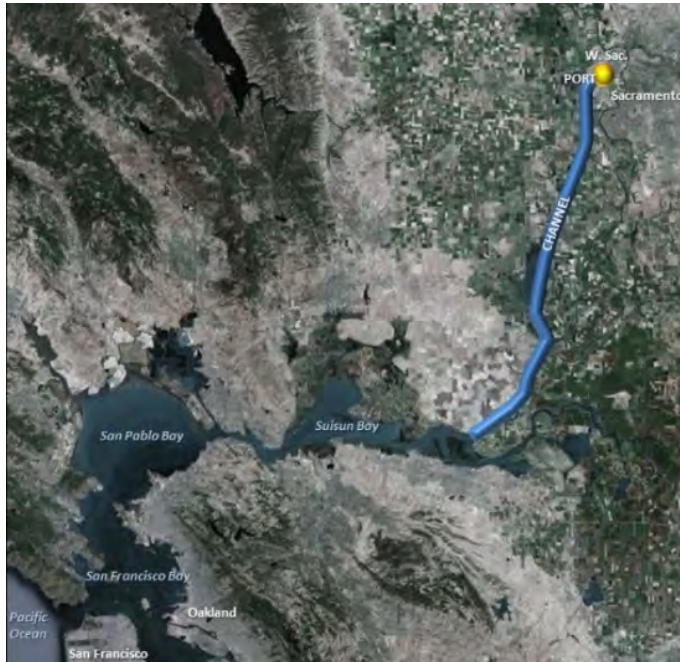
- Provides a description of the subject agency;
- Provides any new information since the last MSR and a determination regarding the need to update the SOI;
- Provides MSR and SOI draft determinations for public and Commission review; and
- Identifies any other issues that the Commission should consider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

DRAFT

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.



Deep Water Channel Route

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 Supervisorial 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

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. Most of the Port's facilities and operations are in the City of West Sacramento, other than the Deep-Water Channel itself which extends into Solano County.

Operation

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 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 for a regional park facility.



Unloading Cement Imported From Vietnam

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 channel depth is a limiting factor to the size of ships that can access the Port.

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.

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 strengths is its trucking access to regional highways to help move cargo. Truck access is provided by 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. Port maritime operations do not currently generate any rail activity, but Port-owned track is used by Sierra Northern Railroad for storage of empty railcars.



View of Port Across Lake Washington

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 revenues. 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, a portion of which has recently been sold and developed. The Seaway property is currently zoned for industrial and commercial development.

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 5,000 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.

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.

- Growth and Population
- Disadvantaged Unincorporated Communities
- Capacity, Adequacy & Infrastructure to Provide Services
- Financial Ability
- Shared Services
- Accountability
- Status of Previous MSR Recommendations

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			
	Significant Issue	Potentially Significant	No Issue
Growth and population projections for the affected area.			
a) <i>Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) <i>Do changes in demand suggest a change in the agency's services?</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

The Port of West Sacramento has the lowest volume of known transported cargo volumes among other California ports as illustrated in the table below based on 2020 data. There have been federal and state initiatives to better utilize port infrastructure to create more efficient freight operations statewide, but action plans and investments so far have not been successful. California ports compete with each other on pricing, market share, and funding opportunities for modernization and infrastructure upgrades. The Port of West Sacramento competes with other bulk ports in Northern California, particularly with the Port of Stockton, and has structural disadvantages (e.g. a 30' deep ship channel) which constrain its ability to grow and diversify its cargo operations. While the Port's 2013 Business Plan and transition to a landlord operating model has stabilized the port's cash flow, the port does not generate enough operating revenue to re-capitalize its aging facilities which further erodes its ability to compete and maintain long-term sustainability.

Overview of California’s Ports

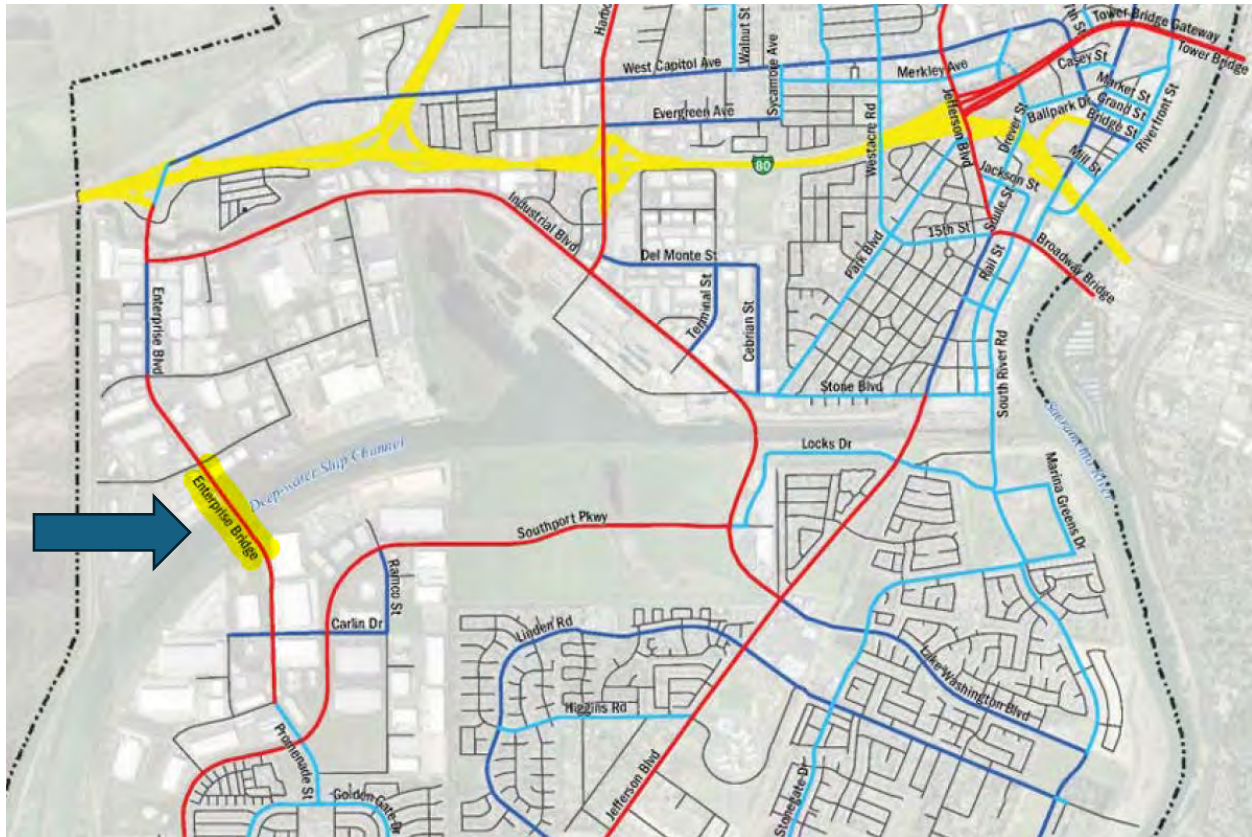
Port	Operating Entity	Total Tons of Cargo Transported (2020)	Highest-Value Exports	Highest-Value Imports
Port of Long Beach	City of Long Beach Harbor Department	79,178,087	Petroleum Coke, Waste Paper, Chemicals, Scrap Metal	Crude Oil, Electronics, Plastics, Furniture,
Port of Los Angeles	City of Los Angeles Harbor Department	59,452,139	Wastepaper, Animal Feeds, Scrap Metal, Fabric, Soybeans	Furniture, Clothing, Automobile Parts, Electronic Products
Port of Richmond	City of Richmond	21,050,741	Vegetable Oils, Scrap Metal, Coke, Coal	Autos, Petroleum, Minerals, Vegetable Oils
Port of Oakland	City of Oakland	19,439,762	Fruits and Nuts, Meats, Machinery, Wine and Spirits	Machinery, Electronics, Furniture, Plastics
Port of Stockton	Stockton Port District	4,613,258	Iron Ore, Sulfur, Coal, Wheat, Rice	Liquid Fertilizer, Molasses, Bulk Fertilizer, Cement
Port of San Francisco	City and County of San Francisco	2,188,681	Tallow, Vegetable Oil	Steel Products, Boats, Wind Turbines, Aggregate
Port of Redwood City	City of Redwood City	1,934,358	Iron Scrap	Aggregates, Sand, Gypsum
Port of Hueneme	Oxnard Harbor District	1,844,182	Autos, Produce, General Cargo	Autos, Produce, Liquid Fertilizer, Bulk Liquid
Port of San Diego	San Diego Unified Port District	1,542,384	Machinery, Metals, Autos, Heavy Equipment	Vehicles, Perishables, Construction Materials, Heavy Equipment
Port of West Sacramento	City of West Sacramento	1,200,184	Agricultural and Industrial Products	Agricultural and Industrial Products
Humboldt Bay Harbor District	Humboldt Bay Harbor, Recreation and Conservation District	Unknown	Logs, Wood Chips	Logs, Petroleum, Wood Chips
Port of Benicia	Amports	Unknown	Petroleum Coke	Automobiles

Source: U.S. Army Corps of Engineers Waterborne Commerce Statistics Center, California Freight Mobility Plan 2020.

City of West Sacramento Growth

The City of West Sacramento 2035 General Plan Mobility Element Goal M-9 provides for efficient goods movement while protecting residents from potentially adverse impacts. The policies under this goal discuss evaluating conflicts between the Port operations and City’s mobility network and reconciling conflicts to the extent possible. These policies also note developing a strategy for rail lines including a schedule for abandonment of certain lines. Policy M-9.8 supports channel dredging to maintain the current depth to support existing Port-related business.

The City’s Mobility Element includes Figure M-1 identifying the need for a future “Enterprise Bridge” major arterial crossing of the deep-water ship channel when warranted by traffic level of service standards.



Excerpt from City of West Sacramento General Plan Mobility Element Figure M-1 Highlighting Enterprise Bridge Channel Crossing

On March 20, 2024, the West Sacramento City Council approved a contract in collaboration with the Port District to conduct a comprehensive study for the Enterprise Bridge project to consider three preliminary options to optimize the bridge’s design: a high fixed bridge, a low moveable bridge, and a low fixed bridge¹. The Port District General Manager indicates that preliminary estimates of the bridge construction costs are roughly four times higher if the bridge is designed to accommodate cargo ship traffic². These options will be thoroughly evaluated through the public hearing process to ensure alignment with community priorities and long-term objectives.

Preliminary renderings of the design options from the City’s March 2024 press release are shown below.

¹ City of West Sacramento press release “Council Approves Study for Enterprise Bridge Project” March 21, 2024

² Meeting with the Sacramento-Yolo Port District General Manager March 26, 2025

High Fixed-Bridge Design Option



Low Moveable-Bridge Design Option



Low Fixed-Bridge Design Option



State and Federal Efforts to Maximize Freight Infrastructure Utilization

In 2007, the Energy Independence and Security Act (Energy Act), directed the Secretary of Transportation to establish a short sea transportation program and designate short sea shipping routes. The Maritime Administration (MARAD) implemented “America’s Marine Highway Program” (the Program) pursuant to this mandate. The Program is intended to expand the use of our inland, Great Lakes Saint Lawrence Seaway System, intracoastal, and coastal waterways for the transportation of freight (loaded in containers and trailers) and passengers to mitigate landside congestion, reduce greenhouse gas emissions per ton-mile of freight moved, etc. USDOT initiated a program to encourage the use of navigable waters to move goods and alleviate traffic and maintenance issues caused by trucks. California has access to two of the designated marine highways: (1) M-5 along the Pacific Coastline from San Diego to Seattle, and (2) the M-580 from Port of Oakland to the Sacramento River and San Joaquin River connecting to the Ports of Stockton and West Sacramento.³

In February 2010, USDOT awarded a \$30 million TIGER grant to the Ports of Oakland, Stockton, and West Sacramento to establish a container-on-barge service between the Central Valley and the San Francisco Bay area. The Port of West Sacramento received \$8.5 million for the purchase of a mobile harbor crane, which can load and unload shipping containers, and a new freight handling warehouse. The Port of Stockton received \$13 million for infrastructure and equipment, which it applied towards the purchase of two 140-ton mobile harbor cranes and infrastructure improvements at the Port to support the project. The Port of Stockton also purchased two barges to support the new service (a portion of West Sacramento’s grant award was applied to the two barges).

The M-580 barge service operated for 14 months as a pilot project with the intent of shifting truck trips to barge by using the M-580 inland waterway to move containers between the Ports of Oakland and Stockton. This barge service focused on reducing port trucks on the I-80, I-205, I-580, I-238, I-880, and I-980 corridors. Due to operational issues that led to significant cost overruns of approximately \$1 million per month, the service was cancelled and the anticipated second phase of the project at West Sacramento was never initiated. In 2021, West Sacramento’s mobile harbor crane was transferred to the Port of Bellingham, WA by MARAD. The Port of West Sacramento continues to use the TIGER-funded warehouse facility to serve its rice business.

In an effort to reinstate the M-580 barge service, Caltrans completed the M-580 Corridor Multimodal Freight Network Optimization Study¹⁵⁷ in Spring 2021. The study looked at several different modal scenarios which included short haul rail but placed more emphasis on possible barge service options from the Port of Oakland to both the Port of Stockton and the Port of West Sacramento. The study’s model predicted that the only potentially profitable service would depend on a large barge going to either Stockton or West Sacramento and the service would operate at a loss during its initial stages and need to be subsidized for the first several years. According to the model, it could take 10 years for a barge service to generate profits. Any potential service would require infrastructure improvements at the smaller ports and potentially designated cargo scanning areas at the Port of Oakland to ensure the security of containers moving further inland.

There is a Freight Policy Team at CalSTA in a coordinating role, however no State funding has been identified to either accelerate the adoption of this barge service concept through capital cost grants for terminal improvements, or fund operating subsidies where reduction in congestion and emissions provide appropriate levels of public benefit⁴.

³ <https://dot.ca.gov/-/media/dot-media/programs/transportation-planning/documents/cfmpjuly2023finala11y.pdf>

⁴ California Sustainable Freight Action Plan (CSFAP) 2016

Growth and Population MSR Determination

The City of West Sacramento 2035 General Plan Mobility Element Goal M-9 provides for efficient goods movement while protecting residents from potentially adverse impacts and its policies discuss evaluating conflicts between Port operations and the City’s mobility network and reconciling conflicts to the extent possible. The City’s Mobility Element identifies the need for a future “Enterprise Bridge” major arterial crossing of the deep-water ship channel which will be warranted by traffic level of service standards in the next 5-10 years.

The Port of West Sacramento has the lowest volume of known transported cargo volumes among other California ports based on 2020 US Army Corps of Engineers data. The Port of West Sacramento competes with other bulk ports in Northern California, particularly with the Port of Stockton, and has structural disadvantages (e.g. a 30’ deep ship channel) which constrain its ability to grow and diversify its cargo operations. The Port of West Sacramento is included in the federal “Marine Highway Program” to encourage the use of navigable waters to move goods and alleviate traffic and maintenance issues caused by trucks. However, Caltrans has studied statewide freight network optimization, and its model predicted that the only potentially profitable barge service to shift truck traffic off the highway network would depend on a large barge going to either Stockton or West Sacramento, not both. Pilot services operated at significant cost overruns of \$1 million per month and the service was cancelled. The Port of Stockton has competitive advantages, operates at roughly a 4x higher cargo volume, and would be the tactical choice for any future subsidized investment. As the City of West Sacramento continues to grow, there will be an increased conflict with and need to protect residents from potentially adverse impacts from Port operations and rail/truck distribution.

Recommendation(s)

- Conflicts between the District’s port operations and the City of West Sacramento’s mobility network and public health will need to be reconciled with the need to construct the major arterial Enterprise Bridge crossing over the deep-water ship channel. The Enterprise Bridge Project Comprehensive Study currently underway should inform whether maintaining Port operations is worth the higher bridge construction cost and other potentially adverse impacts to residents.

2. Disadvantaged Unincorporated Communities

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

	Significant Issue	Potentially Significant	No Issue
a) <i>If the subject agency provides services related to sewers, municipal and industrial water, or structural fire protection, 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?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>If “yes” to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community? If “no” to a), this question is marked “no” because it is either not needed or not applicable.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

None.

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. Although port-related air pollution is generally understood to disproportionately impact disadvantaged communities.

Recommendation(s)

None.

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.

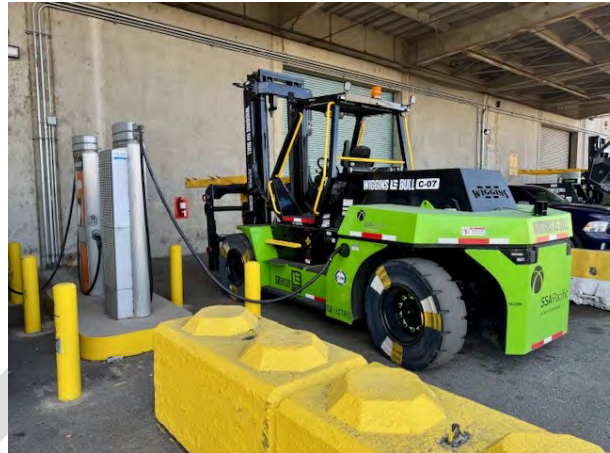
	Significant Issue	Potentially Significant	No Issue
a) <i>Are there any deficiencies in the infrastructure, equipment, and capacity of agency facilities to meet <u>existing</u> service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>Are there any issues regarding the agency's capacity and ability to meet the service demand of reasonably foreseeable <u>future</u> needs?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) <i>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?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) <i>Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

The Port is 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 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.

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 financially viable option.

The Port of West Sacramento provides rail service to Cemex and Farmers' Rice Cooperative, through an operating agreement with Sierra Northern Railroad, on tracks owned by the Port in West Sacramento. 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 real estate assets and it has successfully executed several leases to bolster and diversify revenues. The maritime facilities include obsolete warehouses and conveyor systems which are not planned for re-capitalization. Some facilities have been demolished over time in coordination with the Terminal Operator to repurpose these sites.



Electric Heavy Forklift Being Charged

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 has worked 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 re-purposed high-voltage electrical infrastructure (previously used to power conveyor systems) to fast-charging stations.

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

There are no concerns regarding services provided by the District being adequate and there is no plan to hire additional staff. The Port is 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. Although recent tariffs have already had a huge effect on California ports with a significant drop in activity⁵.

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 District's focus has been on generating revenues from non-maritime real estate assets.

Recommendation(s)

None.

⁵ CalMatters article: Trump trade war has already had huge effect on California ports, May 28, 2025

4. Financial Ability

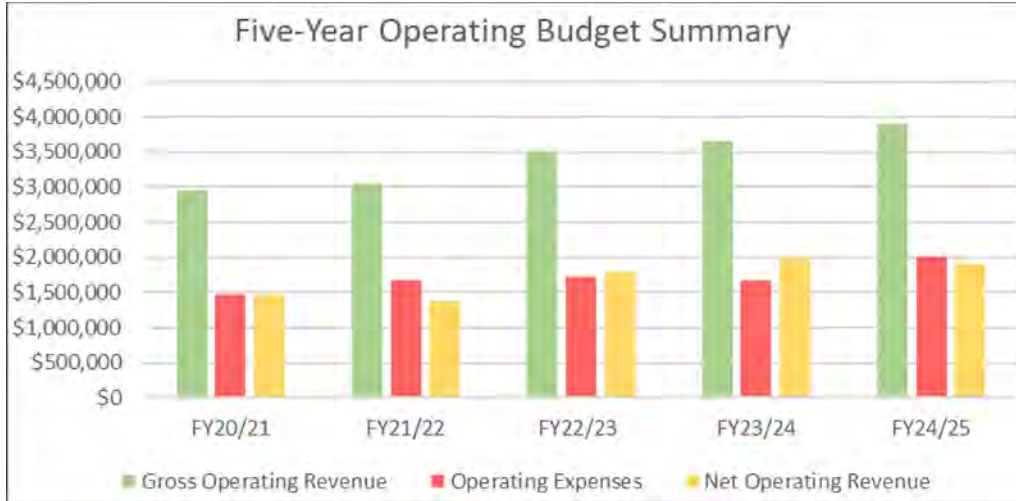
Financial ability of agencies to provide services.

	Significant Issue	Potentially Significant	No Issue
a) <i>Is the subject agency in a stable financial position, i.e. does the 5-year trend analysis indicate any issues?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>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?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) <i>Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar local agencies</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) <i>Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) <i>Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear debt management policy, if applicable?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) <i>Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) <i>Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) <i>Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion⁶:

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 like 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.



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 General Manger limit is \$50K and the Port CEO is \$100K. 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 Annual Comprehensive Financial Report (ACFR) as a major enterprise fund and as such is presented in a separate column. The City’s ACFR is audited annually.

⁶ This section heavily sources reference information from the Sacramento-Yolo Port Commission Staff Report Consideration of Resolution P25-3 Approving the Port Budget for FY 2025-26 dated June 4, 2025.

**SACRAMENTO - YOLO PORT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**

	2020	2021	2022	2023	2024
Revenue					
Charges for services	\$ 1,896,298	\$ 2,752,080	\$ 2,093,466	\$ 1,697,372	\$ 1,453,327
Other operating revenue	138,394	274,239	68,755	378,385	220,953
Intergovernmental	-	-	-	205,702	-
Interest revenue	85,911	13,528	(107,841)	40,548	3,349,081
Lease revenue	-	-	1,364,383	3,336,924	-
Other revenue	314,455	120,928	-	-	6,710,173
Total Revenue	2,435,058	3,160,775	3,418,763	5,658,931	11,733,534
Expenditures					
Salaries and benefits	367,025	428,626	500,920	530,777	531,338
Operations and maintenance	969,361	876,343	1,077,971	1,288,032	8,824,041
Capital assets	307,040	72,001	395,800	40,497	-
Other operating	-	-	-	-	-
Debt repayment	181,932	757,388	505,620	593,559	191,030
Interest expense	146,323	56,482	58,143	93,724	123,112
Total Expenditures	1,971,681	2,190,840	2,538,454	2,546,589	9,669,521
Net transfers	(112,591)	(146,023)	(133,466)	(129,342)	(1,501,587)
Net Change in Fund Balance	350,786	823,912	746,843	2,983,000	562,426
Fund Balance, Beginning	4,155,158	4,505,944	5,329,856	6,076,699	9,059,699
Fund Balance, Ending	\$ 4,505,944	\$ 5,329,856	\$ 6,076,699	\$ 9,059,699	\$ 9,622,125

In the 5-year trend above, the \$6.7 million of revenue in 2024 and corresponding \$8.8 million in maintenance expenses relate to the sale of the Seaway property. The transfer to the City Capital Fund was for streets and utilities infrastructure costs.

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. For FY 2024-25, the net operating income is projected to reach approximately \$1.9 million, as summarized in below. Some of the factors contributing to this financial performance include:

- Growing revenue share from SSA Lease
- Renewal of the West Dock lease (Yara to Greencycle)
- Stable/growing non-maritime revenues (licenses/leases)
- Stable overall operating expense profile
- Growing interest income on cash reserves

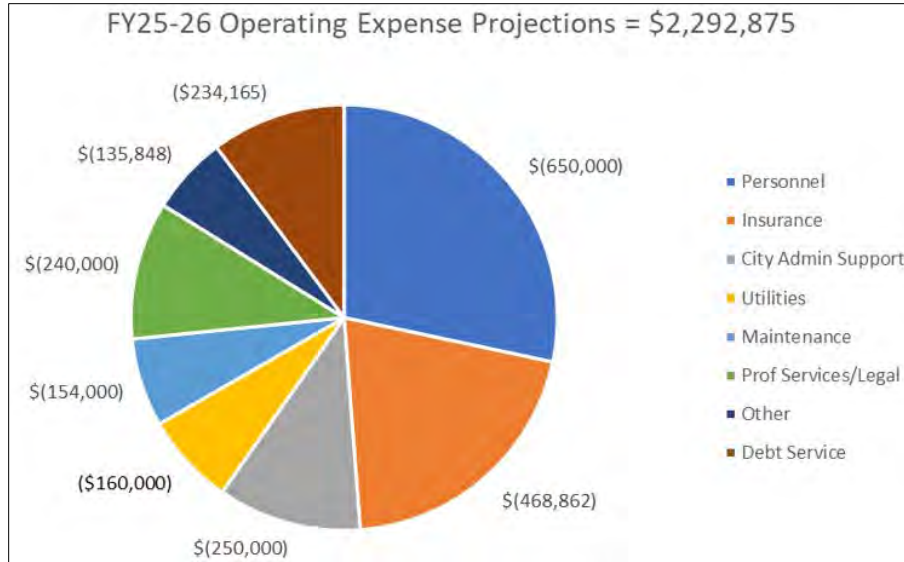


Operating profits over the past several years is estimated to generate a high cash balance of \$10.1 million as of June 30, 2025, which enabled debt reduction and a robust capital program in FY2024-25.



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.



Capital Improvement Plan

Over the last five years, the Port’s average annual capital expenditure has approximately been \$769,000. In FY 2024-25, the Port’s cash balance was sufficient to fund a capital improvement program (CIP) of about \$1.4 million dollars. The table below summarizes the funded projects and the associated costs.

Project Name	Project Description	Project Cost
North Terminal Major Repairs	<ul style="list-style-type: none"> • Replacement of Shed 7 roof, a primary rice storage facility at the North Terminal • Emergency electrical repairs • Road restriping for rail safety improvements • Sewer line repairs • Groundwater retention pond repairs 	\$882,737
Fire Training Site Demolition	<ul style="list-style-type: none"> • Demolition of dilapidated portables at the North Terminal, used for fire training classrooms, to support the construction of a new City-funded fire training facility located at the North Terminal. 	\$35,000
North Terminal Modernization	<ul style="list-style-type: none"> • Tidal sensor installation for transmitting precise data via satellite to enable accurate tidal forecasts by National Oceanic and Atmospheric Administration (NOAA) for use by maritime pilots and vessel planners, supporting the Port’s maritime partners, including Two Rivers Cement, SSA Pacific, and Cemex • Electrical engineering analysis to support future phases of EV charging stations • Demolition of obsolete facilities include conveyor system and Warehouse E. 	\$507,055
Total CIP:		\$1,424,792

The Shed 7 is one of the Port’s primary rice storage facilities, and its roof is at the end of its useful life and its replacement is the responsibility of the Port per the terms of the SSA master lease. The North Terminal modernization project is a joint venture with SSA; initial expenditures for design of new warehouse

facilities and evaluation of the Port’s 60-year-old high voltage electrical network are proposed to be split 50/50 with SSA. These expenditures are necessary to generate accurate project descriptions and cost estimates for potential grant applications in 2025. Demolition of obsolete facilities is part of the modernization project, and the Port will bear 100% cost responsibility for this activity. The Port is also responsible for repairs of underground utilities and pavement replacement (major repairs).

Port Long-Term Liabilities

The Port has various long-term debt and accrued liabilities, they include a construction note, service concession arrangement, pension liability, OPEB liability and accrued compensated absences. The total balance of these long-term liabilities has decreased over time.

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.

The Port’s financial statements are incorporated within the City’s Annual Comprehensive Financial Report (ACFR) as a major enterprise fund and as such is presented in a separate column. All 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.

Financial Ability MSR Determination

The Sacramento-Yolo Port District is in a stable financial position with reliable revenues. It has sufficient funds for infrastructure maintenance, needed demolitions, upgrades, and expansions. The District has a capital improvement plan (CIP) that is well-funded.

The Port has various long-term debt and accrued liabilities, which are manageable and have decreased over time. They include a service concession arrangement, pension liability, OPEB liability and accrued compensated absences. The District’s fund balance has steadily increased over the last five years and its 2025 ending balance is projected to be \$10.1 million. The District uses the City of West Sacramento as its treasury and is audited every year with the City’s Annual Comprehensive Financial Report, although it doesn’t offer much District detail.

Recommendation(s)

None.

5. Shared Services and Facilities

Status of, and opportunities for, shared facilities.

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

Discussion:

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

As a dependent district, 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.

Recommendation(s)

None.

6. Accountability, Structure, and Efficiencies			
Accountability for community service needs, including governmental structure and operational efficiencies.			
	Significant Issue	Potentially Significant	No Issue
a) <i>Are there any recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) <i>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 <u>not</u> reviewed in an open meeting?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) <i>Is the agency insured or in a risk management pool to manage potential liabilities?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) <i>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?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) <i>Are there any issues with staff capacity and/or turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) <i>Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) <i>Does the organization need to improve its public transparency via a website (see https://www.yololaftco.org/yolo-local-government-website-transparency-scorecards/)?</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

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.

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 Operations in the City's financial statements. The Port's finances are presented in the City of West Sacramento's Annual Comprehensive Financial Report (ACFR), which is designed to fairly present the City's financial position and fund operations. Port activities are reported as the Port Operations in the City's financial statements.

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 General Manager. 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. The Commission does not receive a presentation of audited financial statements nor quarterly or mid-year budget reviews.

The District operates under a landlord-lessee operating model and currently the District's staff includes: one full-time General Manager, one full-time Senior Program Manager, one part-time retired annuitant, plus part-time administrative support from City Manager's Office staff. The City Manager serves as the Port CEO, the Deputy City Clerk serves as the clerk to Port Commission meetings, the Executive Assistant to the City Manager provides general administrative support to the Port for accounts payable functions, and the Assistant City Manager provides additional executive level support as back-up to the City Manager. The Port's personnel budget includes salary and benefits for the 2 FTEs and contributions to the salary and benefits to the positions listed above. Port operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. In June 2023, the Commission approved an Amendment to the SSA Lease and Terminal Operations Management Agreement which will extend its term for at least 5 years through Fiscal Year 2027-28. SSA Marine employs 50 full-time, local longshore workers plus additional part-time labor as necessary to perform vessel and terminal operations, and 5 additional management staff. Longshore workers belong to the ILWU Longshore union which has jurisdiction over all West Coast public ports, and these workers can travel between ports as workloads fluctuate. 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.⁷

The District was the subject of a 2024 Grand Jury Report⁸ that found the District's Policies Manual of 1997 is out-of-date, does not include guidance on the sale of surplus land, and does not address strategies and policies for the sale and use of real estate properties. The District agreed with this finding and indicated it would complete review for updating in December 2024. The General Manager reports that review has been completed, and implementation is pending legal review of the Surplus Land Act and potential changes to this state law.

The District received a 78% transparency score for 2024, which is a significant improvement from the last MSR which was only 28% in 2018. The District's information deficiencies can be viewed here: <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>

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; therefore, the District board and staff are stable. 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's only full-time staff is a General Manager and a Senior Program Manager, with additional support from the City Manager's Office staff. Port operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. SSA Marine employs 50 local longshore workers that operate the facility.

⁷ Port of West Sacramento Business Plan, March 2013

⁸ <https://www.yolocounty.gov/living/grand-jury/yolo-county-grand-jury-reports>

In 2024, the Yolo County Grand Jury found that the District’s Policies Manual of 1997 needs updating, which has been completed, and implementation is pending legal review. There is also the need for the District to improve its public transparency via its webpage on the City’s website.

Recommendation(s)

1. Implement the District’s Policy Manual of 1997 update per the 2024 Yolo County Grand Jury findings following District legal review.
2. The District has improved its website transparency since its last review, but there is room for improvement on its page on the City’s website (the District received a 78% transparency score for 2024). 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			
	Significant Issue	Potentially Significant	No Issue
a) <i>Are there any recommendations from the agency’s previous MSR that have not been implemented?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Below is a table listing the LAFCo recommendations from the Sacramento-Yolo Port District’s previous 2019 MSR and status.

2019 MSR Recommendations	Status
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.	Done. The Port GM monitors actual revenues and expenses monthly and maintains a working draft budget. Any discrepancies are communicated to City Finance staff.
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.	Done. The Port’s cash reserves have grown to a very healthy level relative to operating expenses (4x), which has enabled an expanded CIP to address deferred maintenance and new projects.
3. The City finance staff should collaborate with the Port Chief Operating Officer when preparing the ACFR 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.	Done.
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	All City debts paid back.

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. 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.	The General Manager indicates a time study is not realistic given the qualitative nature of the Port CEO's executive support. 25% is realistic, it was never 50% - this was an error in the previous MSR.
6. 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 .	The 2024 website transparency scorecard rated the District's website at 78% for transparency information, which is a significant improvement.

Status of Previous MSR Recommendations Determination

The LAFCo recommendations from the Sacramento-Yolo Port District's previous 2019 MSR have generally been completed.

Recommendation(s)

None.

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.