

**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 and Facilities                        |
| <input type="checkbox"/> Disadvantaged Unincorporated Communities                | <input checked="" type="checkbox"/> Accountability, Structure and Efficiencies |
| <input type="checkbox"/> Capacity and Adequacy of Public Facilities and Services | <input type="checkbox"/> Other   |
| <input type="checkbox"/> Financial Ability                                       |  |

**1. GROWTH AND POPULATION**

Growth and population projections for the affected area.	YES	MAYBE	NO
a) Is the agency’s territory or surrounding area expected to 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 population changes 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 boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a) – c) According to the State Department of Finance population projections<sup>1</sup>, the City of West Sacramento population increased from 51,963 as of January 1, 2015 to 53,082 in 2016, an increase of 2.2 percent. The City of West Sacramento completed a comprehensive General Plan Update in December 2016

<sup>1</sup> State of California Department of Finance Population Estimates for Cities, Counties and the State – January 1, 2015 and 2016

and has ample space within its current boundaries to accommodate planned growth through 2035. The City is not anticipating any sphere of influence changes during this planning horizon.

**Growth and Population MSR Determination**

There is no population growth or development proposed that would have an impact on the City's service demands and require an update to the City's SOI.

**2. DISADVANTAGED UNINCORPORATED COMMUNITIES**

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

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) 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?	<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) The City of West Sacramento provides water, sewer and fire protection services. A "yes" response indicates that the agency provides a service that may trigger the provisions of SB 244 and a LAFCo determination regarding any disadvantaged unincorporated communities within or adjacent to the agency's sphere of influence is required. A "no" response indicates that the provisions of SB 244 would not apply to a SOI update, if applicable.

b) The term "Inhabited Unincorporated Communities" is defined per Commission adopted policy as those areas on the County of Yolo 2030 General Plan Land Use Map (see Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. The communities of Rumsey and West Kentucky are also included in this definition (even though the current land use designations are Agriculture (AG) and Commercial Local (CL) respectively) because their existing uses are residential. These communities are as follows:

- |               |                 |                     |
|---------------|-----------------|---------------------|
| Binning Farms | El Rio Villa    | Monument Hills      |
| Capay         | Esparto         | North Davis Meadows |
| Clarksburg    | Guinda          | Patwin Road         |
| Dunnigan      | Knights Landing | Royal Oak           |
| El Macero     | Madison         | Rumsey              |

West Kentucky  
West Plainfield

Willow Oak  
Willowbank

Yolo  
Zamora

There are no inhabited unincorporated communities per adopted Commission policy within, adjacent to, or nearby the City of West Sacramento.

c) n/a

**Disadvantaged Unincorporated Communities MSR Determination**

There are no inhabited unincorporated communities per adopted Commission policy within, adjacent to, or nearby the City of West Sacramento.

**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.

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<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 concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) 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) – d) The City provides police, fire, parks and recreation, water, wastewater, storm water, flood protection, solid waste/recycling, and streetlight services. Generally, the City's infrastructure master plans are current and are posted on the City's website:

- The City's Sewer Master Plan Update began in 2014 and is in process

- The City's Water Master Plan was last updated in December 2016
- The City's Bicycle, Pedestrian & Trails Master Plan was last updated in May 2013
- The City also performs water quality reports every year.
- The City's Storm Water Master Plan Update began in 2016 and is in process.

There are no known capacity and services issues related to City public facilities and services.

- e) There may be new state regulations for tertiary treatment that will affect the City's wastewater treatment plant, but these new state standards are more speculative at this time.
- f) See 2 b) and 2 c).

**Capacity and Adequacy of Public Facilities and Services MSR Determination**

Generally, the City's infrastructure master plans are current and are posted on the City's website. There are no known capacity and services issues related to City public facilities and services.

**4. FINANCIAL ABILITY**

Financial ability of agencies to provide services.

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a)-c), e)-f) The City of West Sacramento prepares comprehensive annual financial reports, which are posted on its website. The audits are available through fiscal years ending June 30, 2016. The City's audits have consistently been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer Association (GFOA) for the last 20 years in a row. In order to be awarded a

Certificate of Achievement, the City of West Sacramento published an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements. The City performs sound financial management practices, adopting an annual budget, spending within its budget and performing independent audits. The City's reserve and debt is at management levels.

It is the policy of the City and the Treasurer of the City to invest idle funds in a manner that provides the highest safety and security while matching maturities to future liabilities and daily cash flow demands. Investments are made according to California Government Code section 53600, et seq., and the adopted City Investment Policy. The City's cash management practices include the establishment of reserves and designations to 1) stabilize the City's fiscal base for anticipated fluctuations in revenues and expenditures; 2) provide for nonrecurring, unanticipated expenditures; and 3) provide for innovative opportunities for the betterment of the community. The following reserves and designations have been established.

General Fund. Included in this fund are the following two accounts:

- General Reserve. The City seeks to maintain a cash reserve for the General Fund equal to between 10% and 20% of annual revenues. The City's current General Fund reserve is at 17% of annual revenues.
- General Long-term Debt Account. This account is used to partially fund liabilities for paid employee leave and partial lease payments on the Recreation Center. Interest earnings on the reserve are used to fund these programs.

General Equipment Replacement. The City seeks to maintain a cash reserve of \$6.0 million. Interest earnings are used to replace equipment used for public safety.

General Facilities Fund. Funding for this reserve comes from surplus general taxes, one-time general revenues and interest earned on the fund balance. The reserve may be used for the following purposes only:

- to provide working capital to finance expenditures from the beginning of the budget year until other revenue sources are collected;
- to provide resources to meet requirements in the event of a disaster, such as fire, flood or earthquake;
- to cover a pending year-end excess of expenditures over revenues from unavoidable shortfalls in revenues;
- to advance funding for capital improvements; and, finally,
- to finance general-purpose buildings, improvements and equipment.

Risk Management. The City is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In March 1987, the City joined together with other agencies in the state to form the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a public-entity risk pool that is currently operating as a common risk-management 10-member agency. The City pays an annual premium to YCPARMIA for its general insurance coverage. The Agreement for the formation of YCPARMIA provides that YCPARMIA will be self-sustaining through member premiums and will reinsure through the California Joint Power Insurance Authority (CAJPIA) for claims in excess of \$500,000 for general liability, \$25,000 for property, and \$500,000 for workers' compensation for each insured event.

The CAJPIA is a large risk pool that covers large claims for smaller risk pools such as PARMIA. The City has no accrued liability or reserve as of June 30, 2016.

- d) The City is able to fund necessary maintenance upgrades, as evidenced by its adopted Capital Improvement Budget and Five-Year Capital Improvement Plan for fiscal years 2015/16 – 2019/20.

### **Financial Ability MSR Determination**

The City of West Sacramento practices sound financial management, adopting budgets, spending within its limits and preparing annual comprehensive financial updates. The City has adequate reserve to protect against unexpected events or upcoming significant costs. The City’s rate/fee schedules are sufficient to fund an adequate level of service and its debt is at a manageable level. The City is able to fund necessary maintenance upgrades, as evidenced by its adopted Capital Improvement Budget and Five-Year Capital Improvement Plan for fiscal years 2015/16 – 2019/20.

## **5. SHARED SERVICES AND FACILITIES**

Status of, and opportunities for, shared facilities.

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a)-b) The City is currently partnering with LAFCo, the other cities and County on shared services. The City partners in multiple joint efforts countywide including the Yolo County Transit District, Yolo Habitat Conservancy, Yolo County Animal Services, Water Resources Association, Yolo County Emergency Communications, Office of Emergency Services, Yolo Emergency Medical Services Agency, Yolo County Housing, and Yolo County Pubic Agency Risk Management Insurance Authority. It is also providing services to the Sacramento-Yolo Port District and the West Sacramento Area Flood Control Agency. No additional shared services are envisioned at this time.

c) Please see 6f-g.

**Shared Services MSR Determination**

The City is currently partnering with LAFCo, the other cities and the County on shared services. The City also participates in a number of regional programs, including JPAs, special districts and other associations/MOUs. No additional shared services are envisioned at this time.

**6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES**

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

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Discussion:**

a-c) City meetings are accessible and well publicized in accordance with the Brown Act. There do not appear to be any chronic issues with filling board vacancies and maintaining members. The City staff do not experience a high turnover and stay in their positions longer than seen with other cities in the area.

d) See 4a.

e) There are no recommended changes to the City of West Sacramento's governance structure that will increase accountability and efficiency.

f-g) The City's boundaries currently overlap with a portion of Reclamation District 537 and all of Reclamation District 900. LAFCo's MSR which reviewed the reclamation districts in 2005 recommended that these districts be consolidated. The Yolo County Flood Governance Study completed by UC Davis in August 2014 recommended consolidating governance per each hydrologic basin. LAFCo is currently preparing an MSR Update for the reclamation districts and this recommendation is expected to remain, suggesting the reclamation districts within the City of West Sacramento boundaries be consolidated

with the City. Overlapping public agencies with the City of West Sacramento are redundant and unnecessary. Flood work would benefit from more regionalization and consolidation.

**Accountability, Structure and Efficiencies MSR Determination**

City meetings are accessible and well publicized in accordance with the Brown Act. There do not appear to be any chronic issues with filling board vacancies and maintaining members. The City staff do not experience a high turnover and stay in their positions longer than seen with other cities in the area. The City prepares annual audits which are posted on the City's website.

The City's boundaries currently overlap with a portion of Reclamation District 537 and all of Reclamation District 900. LAFCo's MSR which reviewed the reclamation districts in 2005 recommended that these districts be consolidated. The Yolo County Flood Governance Study completed by UC Davis in August 2014 recommended consolidating governance per each hydrologic basin. LAFCo is currently preparing an MSR Update for the reclamation districts and this recommendation is expected to remain, suggesting the reclamation districts within the City of West Sacramento boundaries be consolidated with the City. Overlapping public agencies with the City of West Sacramento are redundant and unnecessary. Flood work would benefit from more regionalization and consolidation.

**7. OTHER ISSUES**

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

	<b>YES</b>	<b>MAYBE</b>	<b>NO</b>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a) There are no City issues LAFCo or City staff is aware of that can be resolved by the MSR/SOI process.

**Other Issues MSR Determination**

There are no City issues LAFCo or City staff is aware of that can be resolved by the MSR/SOI process.

**SPHERE OF INFLUENCE STUDY**

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.



**REFERENCES**

*Department of Finance Population Projections*

*City of West Sacramento Comprehensive Annual Financial Report, Year Ended June 30, 2016*

*City of West Sacramento website posting of infrastructure master plans including water and sewer.*

*Personal communication with Charline Hamilton, City of West Sacramento Director of Community Development March 2, 2017*