

LAFCO

Meeting Date: 07/24/2025

Information

SUBJECT

Consider approval of **Resolution 2025-07** adopting the River Port Services Municipal Service Review (MSR) and Sphere of Influence (SOI) Study for the Sacramento-Yolo Port District, determining the MSR/SOI is exempt from the California Environmental Quality Act (CEQA) (LAFCo No. 25-02)

RECOMMENDED ACTION

1. Open the Public Hearing to receive the staff presentation and public comment on the MSR/SOI.
2. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any requested changes.
3. Approve Resolution 2025-07, adopting the MSR/SOI.

REASONS FOR RECOMMENDED ACTION

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. These reviews are intended to review various municipal services on a regional or sub-regional basis. An MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement, efficiencies, and coordination. The MSR is intended to provide information and analysis to support a sphere of influence update when needed. In this case, there is only one agency providing river port services. The Sacramento-Yolo Port District's last MSR/SOI was adopted on May 23, 2019.

BACKGROUND

The MSR/SOI provides a detailed review of the Sacramento-Yolo Port District. Below are the required determinations and staff recommendations, which provide an overview of the District's status. The Port District operates efficiently and has a healthy fund balance. But there is potential divergence on the 5-to-10-year horizon regarding how much the City of West Sacramento's planned growth should accommodate the Port since it operates at a disadvantage compared to other larger ports in Northern California.

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", a major arterial crossing of the deep-water ship channel which will be warranted by traffic levels 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 canceled. 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:

- Conflicts between Port operations and City'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.

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.

Capacity and Adequacy of Public Facilities and Services MSR Determination

There are no concerns regarding services provided by the District being adequate and there are no plans to hire additional staff. The Port is dynamic and responsive to fluctuations in demand for the 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 activity. 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.

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.

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.

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. 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.

Recommendations:

- Implement the District's Policy Manual of 1997 update per the 2024 Yolo County Grand Jury findings following District legal review.
- The District has improved its website transparency since its last review, but there's 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>.

Status of Previous MSR Recommendations Determination

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

Agency/Public Outreach

Staff began this MSR/SOI process in late 2024 and held an in-person meeting and site tour with the Port staff on March 26, 2025. Port staff have been very responsive to LAFCo requests for information. An administrative draft MSR was emailed to the District for review and comment on April 28, 2025, and comments were received and incorporated as appropriate. Port staff are in agreement with the MSR determinations and recommendations. A public hearing notice was published in the West Sacramento News-Ledger on July 4, 2025 (even though a public hearing is not required for MSRs) and the draft report was posted on the LAFCo website for public review at the same time. No public comments have been received so far. No changes or edits have been made to the July 2, 2025, draft MSR/SOI.

CEQA

LAFCo staff have reviewed the MSR pursuant to the California Environmental Quality Act (CEQA) and determined that the proposed MSR/SOI is exempt pursuant to CEQA Guidelines section 15061(b)(3) sets forth the general rule exemption, which provides that CEQA only applies to projects which "have the potential for causing a significant effect on the environment." Section 15262 is a Statutory Exemption for feasibility and planning studies for possible future actions which the commission has not approved or adopted. Approval of the MSR/SOI does not approve any development project and no physical construction or activity is contemplated as a result of this action. The MSR is merely a review of the services provided by the District which confirms that the District does not need to change its geographical territory. Therefore, the project is exempt from CEQA, and no further environmental review is necessary.

Attachments

ATT A-Resolution No. 2025-07 Adopting MSR-SOI for Sac-Yolo Port District July 24, 2025

ATT B-Sac-Yolo Port District 2025 MSR Public Draft July 2, 2025

Form Review

Inbox

Christine Crawford (Originator)

Form Started By: Christine Crawford

Final Approval Date: 07/15/2025

Reviewed By

Christine Crawford

Date

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