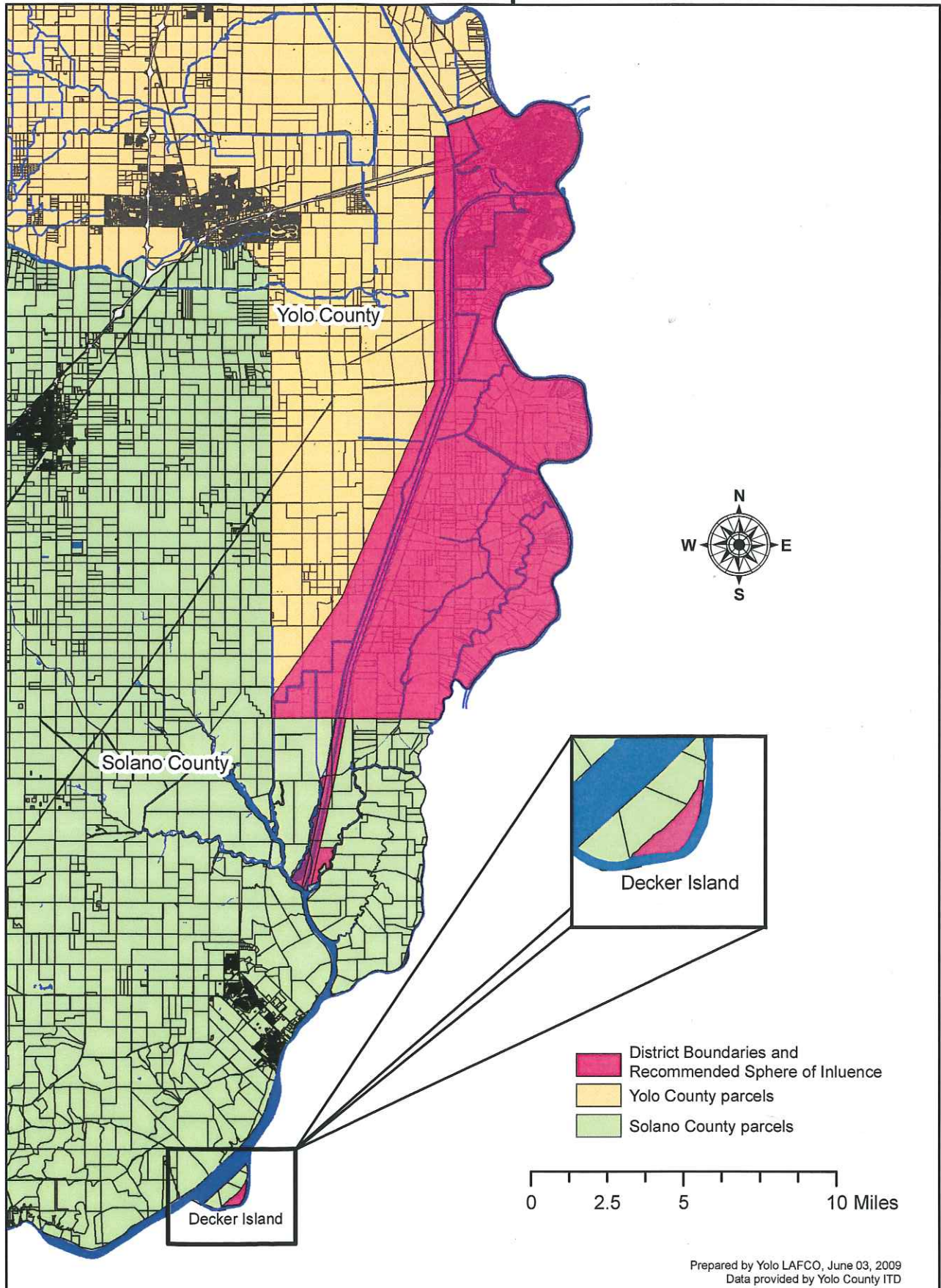

Sacramento - Yolo Port District Municipal Service Review Sphere of Influence June 22, 2009



LAFCO

Yolo County Local Agency Formation Commission
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Sacramento-Yolo Port District Boundaries and Recommended Sphere of Influence



YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION
Resolution No. 2009-03
(Resolution Adopting the Sacramento-Yolo Port District
Municipal Service Review and Sphere of Influence)
(LAFCO Proceeding S-33)

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

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

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

WHEREAS, in 2009, the Yolo County Local Agency Formation Commission (LAFCO) undertook to review and update the Sphere of Influence of the Sacramento-Yolo Port District; and

WHEREAS, in connection therewith, the LAFCO Executive Officer prepared a combined draft Municipal Service Review and Sphere of Influence Study (hereafter collectively referred to as the “Sphere of Influence”) for the Sacramento-Yolo Port District; and

WHEREAS, the Executive Officer also reviewed the project pursuant to the California Environmental Quality Act (“CEQA”), and determined that the project is exempt from CEQA because it has no growth-inducing impacts nor any potentially significant environmental impacts, and, based thereon, the Executive Officer prepared a draft Notice of Exemption; and

WHEREAS, the Executive Officer set a public hearing for June 22, 2009 for consideration of the draft Sacramento-Yolo Port District Sphere of Influence, and caused notice thereof to be posted, published, and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, on June 22, 2009, the draft Sphere of Influence came on regularly for hearing before LAFCO; and

WHEREAS, at said hearing, LAFCO reviewed and considered the draft Sphere of Influence; the Executive Officer's Report and Recommendations; each of the policies, priorities

and factors set forth in Government Code Sections 56425 et seq., and LAFCO's Guidelines and Methodology for the Preparation and Determination of Spheres of Influence; and all other matters presented as prescribed by law; and

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

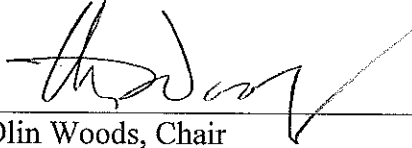
WHEREAS, the Sacramento-Yolo Port District Sphere of Influence is attached hereto as Exhibit A, and the proposed Sphere boundary, comprised of ten and twenty-year lines as set forth therein, is coterminous with the boundaries of the Sacramento-Yolo Port District.

NOW, THEREFORE, IT IS HEREBY RESOLVED, ORDERED and FOUND by the Yolo County Local Agency Formation Commission as follows:

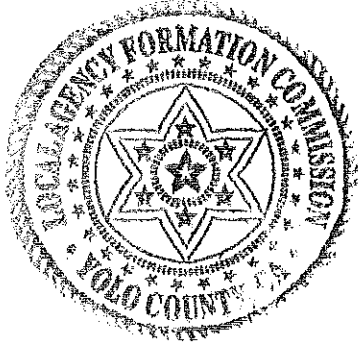
1. Each of the foregoing recitals is true and correct.
2. The Notice of Exemption prepared by the Executive Officer is approved as the appropriate environmental document for this project, because there are no growth-inducing impacts or potentially significant environmental impacts as a result of the adoption and implementation of the Sacramento-Yolo Port District Sphere of Influence.
3. The Yolo County Local Agency Formation Commission adopts the Municipal Service Review and Sphere of Influence for the Sacramento-Yolo Port District as set forth in Exhibit A attached hereto and incorporated herein by this reference, including all written determinations and the ten and twenty-year lines as set forth therein.
4. The Executive Officer is instructed to:
 - a. Mail a certified copy of this Resolution to the Sacramento-Yolo Port District, the City of West Sacramento, and the Counties of Yolo and Solano; and
 - b. Prepare and file a Notice of Exemption in accordance with the California Environmental Quality Act.

PASSED AND ADOPTED by the Yolo County Local Agency Formation Commission, County of Yolo, State of California, this 22nd day of June 2009, by the following vote:

Ayes:	McMasters-Stone, Souza, Thomson, and Woods
Noes:	None
Abstentions:	None
Absent:	Rexroad



Olin Woods, Chair
Yolo County Local Agency Formation Commission

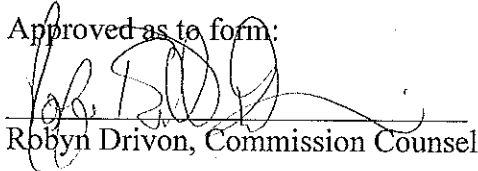


Attest:



Elizabeth Castro Kemper, Executive Officer
Yolo County Local Agency Formation Commission

Approved as to form:



Robyn Drivon, Commission Counsel

Final

Sacramento-Yolo Port District
Municipal Services Review and
Sphere of Influence

Yolo County Local Agency Formation Commission

June 22, 2009

YOLO COUNTY

LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS

Olin Woods, Chair, Public Member

Matt Rexroad, Vice-Chair, County Member

Stephen Souza, City Member

Tom McMasters-Stone, City Member

Helen Thomson, County Member

ALTERNATE MEMBERS

Jim Provenza, County Member

Robert Ramming, Public Member

Skip Davies, City Member

STAFF

Elizabeth Castro Kemper, Executive Officer

Elisa Carvalho, Senior Management Analyst

Terri Tuck, Commission Clerk

Robyn Drivon, Commission Counsel

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INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Update is prepared for the Sacramento-Yolo Port District. The combination of the two documents analyzes the District's ability to serve existing and future residents. The SOI and Service Review were prepared to meet the requirements and standards of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). The Service Review was prepared using the Service Review Guidelines prepared by the Governor's Office of Planning and Research.

The fundamental role of the Local Agency Formation Commission (LAFCO) is to implement the CKH Act (found at Government Code §56000, et seq.), consistent with local conditions and circumstances. The CKH Act guides LAFCO's decisions. The major goals of LAFCO as established by the CKH Act include:

- ▶▶ To encourage orderly growth and development, which are essential to the social, fiscal, and economic well being of the state;
- ▶▶ To promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- ▶▶ To discourage urban sprawl;
- ▶▶ To preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- ▶▶ To exercise its authority to ensure that affected populations receive efficient governmental services;
- ▶▶ To promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide necessary services and housing;
- ▶▶ To make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape their development so as to advantageously provide for the present and future needs of each county and its communities;
- ▶▶ To establish priorities by assessing and balancing total community services needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions, and financial resources;
- ▶▶ To determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;

To conduct a review of all municipal services by county, jurisdiction, region, sub-region or other geographic area prior to, or in conjunction with, SOI updates or the creation of new SOIs; and

- ▶ Effective January 2001, to update SOIs as necessary but not less than every five years.

To carry out State policies, LAFCO has the power to conduct studies, approve or disapprove proposals, modify boundaries, and impose terms and conditions on approval of proposals. Existing law does not provide LAFCO with direct land use authority, although some of LAFCO's discretionary actions indirectly affect land use. LAFCO is expected to weigh, balance, deliberate, and set forth the facts and determinations of a specific action when considering a proposal.

Sphere of Influence Update Process

An important tool utilized in implementing the CKH Act is the adoption of a sphere of influence (SOI) for a jurisdiction. A SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality..." 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. The Act further requires that a municipal service review (MSR) be conducted prior to or, in conjunction with, the update of a sphere of influence.

In addition, the Commission's methodology for sphere preparation is an essential part of updating the sphere of influence. In Yolo County, an SOI generally has two planning lines. One is considered a 20-year growth boundary, while the other is a 10-year, for immediate growth and projected service extension. 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.

The CKH Act requires LAFCO to update the spheres of influence for all applicable jurisdictions in the County within five years or by January 1, 2008. The MSR/SOI document provides the basis for updating the Sacramento-Yolo Port District Sphere of Influence, which shall be updated every five years.

The MSR will be used to determine where the District is expected to provide services and the extent to which it is actually able to do so.

The SOI will delineate the service capability and expansion capacity of the agency. The ten-year line will represent the ability of the district to provide services within ten years. The twenty-year line will show the long-term expectations of influence, impact, and control. The sphere may have only one line depending on the projections for the District and the ability to provide services.

The process of preparing sphere of influence documents has several steps, as shown:

SPHERE OF INFLUENCE UPDATE PROCESS OUTLINE

1. Concurrent preparation of a draft municipal services review and a draft sphere of influence update.
2. Completion of the environmental review process consistent with the California Environmental Quality Act (CEQA).
3. Public review of the municipal service review, sphere of influence, and environmental review documents.
4. Approval of the municipal service review, sphere of influence study, and acceptance of the appropriate environmental document.

In order to update a sphere of influence, the CKH Act calls for LAFCO to prepare and consider written determinations for each of the following:

- ▶ Present and planned land uses in the area, including agriculture, and open space lands;
- ▶ Present and probable need for public facilities and services in the area;
- ▶ Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and
- ▶ Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

MUNICIPAL SERVICE REVIEW FACTORS

This Municipal Service Review has been prepared in accordance with Government Code Section 56430 as a means of identifying and evaluating public services provided by the Sacramento-Yolo Port District and possible changes to the District's Sphere of Influence. The Service Review Guidelines prepared by the State Office of Planning and Research were used to develop information, perform analysis, and organize this study.

The legislative authority for conducting service reviews is provided in the CKH Act. The Act states, "[i]n order to prepare and update sphere of influences in accordance with Section 56425, LAFCOs are required to conduct a review of the municipal services provided in the county or other appropriate designated areas..." (CKH Act, Section 56430). A service review must have written determinations that address the following factors in order to update a sphere of influence:

Factors to be addressed:

- (1) Growth and population projections for the affected area.

- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- (3) Financial ability of agencies to provide services.
- (4) Status of, and opportunities for, shared facilities.
- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (6) Any other matter related to effective or efficient service delivery, as required by commission policy.

Information regarding each of the above issue areas is provided in this document. Written determinations for each factor have also been prepared for the Commission's consideration. The service review will analyze the District's services consistent with the State's guidelines for preparing such a study.

Sphere of Influence Guidelines

The Sphere of Influence guidelines adopted by Yolo County LAFCO provide direction in updating the Sacramento-Yolo Port District Sphere of Influence. Each of the following guidelines has been addressed in either the Sphere of Influence Update or the Municipal Service Review for the District.

1. LAFCO will designate a sphere of influence line for each local agency that represents the agency's probable physical boundary and includes territory eligible for annexation and the extension or withdrawal of that agency's services within a twenty-year period.
2. The sphere of influence may delineate a ten-year line that represents more immediate service area coverage needs and a twenty-year line that projects necessary service coverage by a particular agency.
3. LAFCO shall consider the following factors in determining an agency's sphere of influence.
 - a. Present and future need for agency services and the service levels specified for the subject area in applicable general plans, growth management plans, annexation policies, resource management plans, and any other plans or policies related to an agency's ultimate boundary and service area.
 - b. Capability of the local agency to provide needed services, taking into account evidence of resource capacity sufficient to provide for internal needs and urban expansion.
 - c. The existence of agricultural preserves, agricultural lands and open space lands in the area, and the effect that inclusion within a sphere of influence shall have on

the physical and economic integrity of maintaining the land in non-urban use.

- d. Present and future cost and adequacy of services anticipated to be extended within the sphere of influence.
 - e. Present and projected population growth, population densities, land uses, land area, ownership patterns, assessed valuations, and proximity to other populated areas.
 - f. The agency's capital improvement or other plans that delineate planned facility expansions and the timing of that expansion.
 - g. Social or economic communities of interest in the area.
4. LAFCO may adopt a sphere of influence that excludes territory currently within that agency's boundaries. This occurs where LAFCO determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's sphere of influence, when another agency can provide similar services better than the existing service agency, or where exclusion is deemed appropriate for other sound policy reasons and exclusion of these areas from an agency's sphere of influence indicates that detachment is appropriate.
6. Where an area could be assigned to the sphere of influence of more than one agency providing a particular needed service, the following hierarchy shall apply dependent upon ability to provide service.
- a. Inclusion within a city sphere of influence.
 - b. Inclusion within a multi-purpose district sphere of influence.
 - c. Inclusion within a single-purpose district sphere of influence.

In deciding which of two or more equally-ranked agencies shall include an area within its sphere of influence, LAFCO shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies.

7. Sphere of influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.
8. Non-adjacent, publicly-owned properties and facilities used for urban purposes may be included within that public agency's sphere of influence if eventual annexation would provide an overall benefit to agency residents.
9. LAFCO shall review sphere of influence determinations every five years or when deemed necessary by the Commission. If a local agency or the county desires amendment or

revision of an adopted sphere of influence, the local agency by resolution may file such a request with the Executive Officer. Any local agency or county making such a request shall reimburse the Commission based on the adopted fee schedule. The Commission may waive such reimbursement if it finds that the request may be considered as part of its periodic review of spheres of influence.

10. LAFCO shall adopt, amend or revise sphere of influence determinations following the procedural steps set forth in the Cortese-Knox-Hertzberg Act, Government Code Section 56000 et seq.

The Sacramento-Yolo Port District Municipal Service Review and Sphere of Influence Update documents have been compiled using information from a variety of sources including the Port District Survey and Questionnaire, the District website, the Maritime Demand Analysis Study, and the City of West Sacramento General Plan.

AREAS OF INTEREST

Background

Powers

The Sacramento-Yolo Port District was formed pursuant to Section 6800 et seq of the California Public Harbors and Navigation Code. The purposes and powers of the District include operation of the Port for shipping, receiving, and storage services to industry.

History

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

Soon after the City of West Sacramento incorporated in 1988, 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.

According to background information about the Port in the City of West Sacramento Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2008, at some point, the seven member Commission changed to provide Yolo County additional representation. According to the CAFR, the Port Commission included two members representing each the City of Sacramento, the County of Sacramento, the Yolo County Board of Supervisors, and one representing the City of West Sacramento. LAFCO staff has not been able to verify this information in other documents.

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.

The December 2005 Agreement required approval of leases and sales of land held by the Port and the sharing of proceeds from sales with the former members using formulas specified in the Agreement. The Agreement also included a provision that the Port Commission pursue

legislation with the California State Legislature to modify the Harbors and Navigation Code, under which the Port was organized, to accomplish the proposed changes. During this period, the composition of the Commission was once again modified, this time to phase out the Sacramento jurisdictions and increase West Sacramento representation. The City of West Sacramento was provided four seats on the Commission, while the City and County of Sacramento were reduced to one each. The Yolo County Board of Supervisors was provided one seat.

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.

Boundaries

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

The boundaries extend south into Solano County encompassing the Deep Water Channel and its levees south to the intersection of Cache and Miner Sloughs. The District also includes land on either side of and adjacent to the Channel levees as well as an outlying island. The land adjacent to the levees includes approximately 265 acres between the Channel and Prospect Slough (west of the Channel) and 310 acres of Prospect Island between the Channel and Miner Slough. A 140-acre parcel named Decker Island is located at Horseshoe Bend along the Sacramento River, approximately 10 miles south of Cache and Miner Sloughs.

Land Use and Soils

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

The City of West Sacramento is located in the north portion of the District. The City contains 14,734 acres, which represent nearly 25 percent of land in the District. West Sacramento has a population of 44,928 in a largely compact urban area with municipal level services. The City contains a range of land uses and zoning that include commercial, industrial, residential, and high-density mixed uses. The majority of the Port's facilities and operations are in the City of West Sacramento.

Approximately 75% of land in the District is located in the County of Yolo and is used for agriculture. Approximately 85% of the land in the County is zoned Agricultural-Preserve. This designation is intended to preserve land best suited for agricultural use from incompatible uses;

most of this land is subject to Williamson Act Contracts. The California Land Conservation (Williamson) Act authorizes local governments and property owners to (voluntarily) enter into contracts to commit land to agricultural or other open space uses for ten or more years. Once restricted, the land is valued as open space land pursuant to open space valuation laws (California Constitution, Article 13, Section 8, Revenue & Taxation Code Sections 421 et seq.), which usually results in lower assessed values and, therefore, lower assessed property taxes.

Yolo County lands inside the District have soils ranging from Class II-IV; there is a much higher incidence of Class II and III than Class IV soils. Prime soils, categorized as Class I and II soils, have few restrictions in their use for agriculture. Significant crops found in Yolo County include alfalfa, grapes for wine, tomatoes for processing, and wheat.

The remaining land in the District, 1,754 acres, is located in Solano County in and around the Deep Water Channel. This land is zoned for agriculture, but is not currently farmed. Most of the land is zoned A-80, exclusive agriculture. This zoning designation identifies the land as prime agricultural land with a minimum 80-acre parcel size requirement. Decker Island is zoned, A-160, exclusive agriculture. The zoning designation identifies the land as property with lower quality soils used for dry land farming and range land with a minimum 160-acre parcel size requirement. All of the land in this area is further identified as “essential”, intended to be protected and maintained in long-term commercial agricultural use or as a land use that primarily supports agriculture.

Though most of the Yolo and Solano County land in the District is zoned for agriculture, the District intends to use some it for habitat mitigation. The District is developing a strategy to use its lands along the deep water channel to create habitat for threatened and endangered species. This plan includes lands in Prospect and Decker Islands in Solano County. The District currently uses Decker Island for placement of dredge material.

Background

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 rice, woodchips, fertilizer, cement, lumber, wheat, and other miscellaneous products. Recently, the Port invested resources and infrastructure to accommodate greater cement cargo shipping. Cement is projected to be a major cargo for the Port. The Port also handles general cargo (packaged rather than in bulk) such as bagged rice, newsprint, and almonds. The primary users of Port facilities are local agriculture producers, forest products manufacturers, and local building markets located within 500 miles of Port facilities.

There are five elements of the Port of Sacramento: the Deep Water Ship Channel, the harbor, the barge canal, the navigational lock, and the foreign trade zone.

The Deep Water Ship Channel runs from the Harbor of West Sacramento west (bisecting the City) then south along River Road. The approximately 43-mile long Channel ends at Collinsville at the mouth of the Sacramento River. Access to international shipping lanes is provided via San

Francisco's Golden Gate, located 80 nautical miles southwest of the Port. The channel is 200-300 feet wide and 30-35 feet deep. Most of the channel (between mile 1 and mile 35) has a thirty foot depth. Eight miles of the shipping channel, starting from the harbor (between mile 35 and mile 43), has a 35-foot depth.

The harbor, or turning basin, at the upper end of the ship channel is 35 feet deep and has a triangular configuration (2,000 feet by 2,400 feet by 3,100 feet). The harbor is the receiving area for ships and transferring cargo.

The barge canal connects the harbor and the Sacramento River. The canal is 11 feet deep and 120 feet wide. The William G. Stone Navigation Lock, at one time, would allow the transit of vessels between the harbor and the Sacramento River through the barge canal when the two water bodies were at different levels. The lock is 86 feet wide by 640 feet long by 13 feet deep.

The barge canal and navigational lock were constructed to permit the transit of shallow draft commercial, recreational, and construction vessels between the harbor and the Sacramento River. In 2005, 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.

Transportation

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

Two major railroad lines 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 tracks run northeast-southwest, generally parallel to and east of Jefferson Boulevard. Additionally, Sierra Northern provides direct switching in and out of the Port at the 200-car capacity Rail Marshalling Yard, located west of Jefferson Boulevard along the north bank of the barge canal.

Sphere Of Influence History

The last Sphere of Influence Study for the Sacramento-Yolo Port District was completed in 1983 by Sacramento LAFCO. At that time, LAFCO recommended that the Sphere of Influence boundary be coterminous with District boundaries, which encompassed the County of Sacramento and the Yolo County Supervisor District 1. The last Sphere of Influence amendment (and annexation) was made in 1992 and included fourteen parcels in and around the Solano County Deep Water Channel totaling approximately 1,738 acres.

At this time, LAFCO is being asked to consider the following actions as a part of this Sphere of Influence Update:

- Consider the Municipal Service Review for the Sacramento-Yolo Port District;
- Approve and adopt the Sacramento-Yolo Port District Sphere of Influence Update; and
- Accept the General Exemption (CEQA Guidelines section 15061(b)(3)) as the appropriate environmental determination pursuant to CEQA.

LAFCO has generated the following analysis to evaluate issues and address the factors unique to LAFCO's role and decision-making authority pursuant to the CKH Act.

MUNICIPAL SERVICES

Present And Probable Capacity and Need

The following is key information completed for the Sacramento-Yolo Port District. Each of the six factors that are required to be addressed by the CKH Act for a Municipal Service Review (MSR) is covered in this section as well as factors required for a Sphere of Influence (SOI).

Infrastructure Needs and Deficiencies

Land and Facilities

The Port's facilities are located on the "north terminal", a marine terminal site that occupies an approximately 165-acre upland area bounded by Industrial Blvd., the Sacramento Deep Water Ship Channel and turning basin, and the shallow water extension and lowlands of Lake Washington, north of the turning basin (see Map 2).

The Port's cargo berths and marine terminal facilities are located on approximately 100-acres southeast of Harbor Boulevard and west of Industrial Boulevard. Most of the area is developed with cargo storage and handling facilities; the balance is used for access and circulation. Of the approximately 65 acre area northwest of Harbor Blvd. and west of Industrial Boulevard, about 54 acres are available for development and the balance is for access, circulation, and stormwater treatment.

Port facilities mainly consist of berthing structures and storage facilities. Storage facilities include approximately 1,000,000 tons of cargo handling and storage space, 301,200 square feet of warehouse and building storage, 28 acres of open storage and handling space, a bagging warehouse, and a one million barrel import and manufacturing facility. Berthing structures (detailed below) consist of three piers, three wharves, and a partially enclosed tug base and marine service area. The berths are described (below) starting with the berth closest to the corner of Lake Washington Boulevard and Industrial Boulevard at the deep water channel (Berth 1) and moving west and northwest along the south and west edge of the Port's north terminal (See Map 2).

Berth 1

A 600-foot long pile-supported bulk cargo pier positioned 125 feet offshore serving a 22,000-ton capacity rice export elevator which occupies approximately 2 acres. A bulk rice ship loading gallery structure is permanently mounted on the dock.

Berth 2

A 600-foot multipurpose marginal, general cargo, wharf and two 86,000 square foot break-bulk cargo transit sheds located alongside the berth.

Berth 3/4

An 800-foot long area, predominately located on the inboard side of Berth 5, used as a tug base and marine service area.

Berth 5

A 600-foot pile supported bulk cargo pier positioned approximately 250 feet offshore serving a 30,000-ton bulk pellet storage facility and mineral bulk storage and out loading facilities. A fixed bulk grain ship loader is permanently mounted on the dock and a retractable mineral bulk ship loader is mounted on and behind the dock. Berth 5 is also used for berthing visiting boats and vessels on lay status.

Berth 6

A 600-foot long multipurpose marginal wharf serving a 6-acre open wharf area and adjacent breakbulk cargo transit sheds and warehouses. Double track rail service is available on the dock and land sides.

Berth 7

A 600-foot multipurpose marginal breakbulk cargo wharf and one 86,000 square foot transit shed located alongside the berth. A fixed woodchip ship loader is permanently mounted at the end of the marginal wharf and a movable bulk unloading hopper/conveyor system is located on the northern half of the marginal wharf. Double track rail service is available on the dock and land sides.

Berth 8

A 250-foot bulk cargo pier and trestle extension serving inbound bulk fertilizer and bulk woodchips. The Port's main reversible bulk cargo conveyor system located on the northern half of Berth 7's marginal wharf also serves Berth 8.

In addition to the berths, and the facilities that serve them, the port also includes additional storage and facilities. The port has 13 acres of paved open storage, a bagging warehouse, two dome warehouses with 9,600 ton capacity each, a 1 million barrel import and manufacturing facility, an 800,000 metric ton cement import terminal, and a rail car rollover dumper. A 200-car capacity rail marshaling yard provides rail service to the port. The yard is on approximately twenty acres located north of the barge canal, east of the north terminal.

The Port District owns all the property in the north terminal, on which its facilities are located, including the rail marshaling yard. The Port also owns the land in the turning basin, in and alongside the deep water channel, and a semi-rectangular property south of the deep water channel known as the Seaway International Trade Center.

The Seaway Center consists of 360 acres in the Southport area of West Sacramento. The site includes 6,600 lineal feet of water frontage on the Sacramento River Deepwater Ship Channel. Lake Washington runs east-west through the center then slopes east along the south portion of the property. Industrial/Lake Washington Boulevard defines the eastern boundary of the property and Thorp Road is on the south. Southport Parkway runs east west, bisecting the property and the lake. The Seaway site is currently vacant.

MSR AND SOI ANALYSIS

Growth

Port of Sacramento tonnage has been declining since 1990, with a brief peak in 1994. The Port operates with several handicaps. The Port specializes in bulk and break bulk commodities; however, an increase in container cargo shipping has limited the range of goods the District can profitably traffic. Break bulk cargo consists of goods packaged in bags, bales, barrels, boxes, cartons, etc. Bulk cargo consists of loose, unpackaged, non-containerized cargo, such as cement and grains. In contrast, containerized cargo typically consists of cargo packaged in large standardized containers that can be moved by other modes of transportation, such as rail and truck, and, therefore, enable more efficient shipping and handling.

Deep Water Ship Channel Project

The shallow Deep Water Ship Channel also limits the type and amount of cargo the Port can profitably traffic. The 43-mile Shipping Channel which connects the Port to the Sacramento River near Rio Vista is dredged to 30-foot deep. Deeper channels in nearby ports, such as the Port of Stockton and Benicia, can accommodate heavier cargo and, as a result, get more business. To be more competitive, the District is working to secure funding and support to finance a project to dredge a portion of the Sacramento ship channel to 35 feet.

The U.S. Army Corps of Engineers, San Francisco District, is currently working with the District on a project to expand portions of the Deep Water Ship Channel. In 1986 congress authorized the deepening of the Port's channel at an estimated cost of \$50 million. In 1989, the Port began an eight-year project to deepen its channel to attract more shipping business and allow ships currently docking there to be fully loaded without scraping bottom. Eight miles of the channel were dredged from 30 to 35 feet, but due to insufficient local funds and a problem with a utility line relocation, which was later resolved, the project was suspended. An additional \$10 million of local money was needed to continue dredging.

On April 10, 2008, the California Transportation Commission (CTC) agreed to provide \$10 million in local funds to continue to deepen the Ship Channel. The Channel-deepening project is estimated to cost \$80 million total. In addition to the \$10 million approved by CTC, an additional \$10 million was approved for in the federal budget, released in May 2009. The District will provide \$10 million and is still seeking up to \$60 million in federal funding from the Army Corps of Engineers to continue deepening the Channel.

The Corps has been working on reports to assess the viability and impact of the project. The Corps completed a Limited Reevaluation Report to assess and reaffirm the feasibility of completing or modifying the previously authorized project. At the same time, the Corps and the Port started preparing a joint Supplemental Environmental Impact Statement and Subsequent Environmental Impact Report (SEIS/SEIR) to evaluate the environmental impacts of the project. The Corps anticipates distributing the document in the last quarter of this year.

Channel deepening will vastly enlarge the Port's potential. Currently, only 30 percent the world's cargo vessels can use the channel when fully loaded. Sacramento's 30-foot channel depth is a significant competitive disadvantage that results in higher shipping costs for lumber, fertilizer, woodchips, bulk grains, and potentially cement and virtually precludes other cargoes, such as automobiles.

Higher costs result from:

- Lost economies of scale due to the inability to fully load ships or use larger ships
- Delay time from ships waiting to sail on high tides for added water depth
- Added inland transportation costs if carriers must use Bay Area ports for Sacramento area cargo

Business Development

The Port has recently been successful in attracting new business, which will result in new import tonnage and revenue flows. Within the last several years, the port has leased land for a biofuel facility and cement operation. A second cement operation is being constructed adjacent to the Port, which will bring revenue through cargo shipping. The Port also has agreements for a twenty-acre petroleum storage facility, a 15-acre metal export facility, and a 125,000 ton wood pellet facility.

The proposed Enligna wood pellet facility would convert wood waste into wood pellets for international export and domestic use, primarily as a fuel source for power generation by industrial and commercial customers as well as power plants. Existing fertilizer buildings and storage facilities would be converted into a wood pellet manufacturing facility. This project is anticipated to come online in 2011.

West Coast Recycling is a metal recycling operation which receives metal scraps trucked in from various areas and grinds them down for export. A proposed 15-acre metal export facility would be located on the northwest side of the Port's north terminal. This facility is anticipated to come online by 2011 and is expected to generate approximately \$1million per year.

The Port Commission agreed to lease 20 acres at the Port for construction and operation of a petroleum tank farm on its north terminal property. SacPort Regional Terminal LLC will consolidate four gasoline-storage operations on the banks of the Sacramento River in both Sacramento and Yolo Counties into a \$50 million tank farm at the port. The projected 17 tank

facility would hold 1.2 million barrels of oil. The operation is expected to generate about \$24.5 million in rent and fees over the 49-year lease. The facility is anticipated to come online by 2011.

Primafuel operates a biofuel production, storage, and distribution facility on a 12.2 acre site at the Port of West Sacramento near the intersection of Terminal St. and Industrial Blvd. in West Sacramento. Biofuels, vegetable oils, and other similar materials are shipped to the facility via marine transport and rail. This project is expected to bring in approximately \$1 million to \$2 million in storage and fees for the Port annually.

The Port leased a 3.5-acre vacant parcel and provided financing to Newport Beach-based A&A Ready Mixed Concrete, which constructed and is operating a new cement import and distribution facility at the Port. The new facility consists of a 70,000-ton capacity, dry bulk cement storage warehouse and container truck-loading facility. The \$19 million facility has the capacity to unload and store up to 800,000 tons of cement yearly and generate \$1.8 million annually in new revenue.

Another cement project, CEMEX, includes the construction and operation of a cement terminal, aggregate terminal, and a ready mix concrete batch plant. The cement and aggregated materials would be imported via existing ship and rail facilities and transferred by conveyers to a 120-foot high, 60,000-ton cement storage dome and aggregate piles up to 50 feet in height. These materials would then be loaded into trucks or rail cars for distribution. The batch plant would receive cement and aggregates from the terminals to produce concrete on site for delivery to regional customers by truck. Transportation facilities would consist of a new rail loading facility and ship dock.

To continue to attract and retain business, the Port of Sacramento plans to make several improvements to make the facilities more attractive to shippers. Improvements include expansion of conveyor systems and reroofing buildings. The cost of the improvements will be covered with cash reserves from real estate sales or lease of property.

Seaway Property

As discussed in the facilities section, the Port owns 360 acres of property in Southport known as Seaway International Trade Center. Approximately 225 acres in the Seaway property are zoned Industrial Waterfront (M-3), 73 acres are zoned Business Park, and 16 acres are zoned Light Industrial. These zoning designations provide for land uses that are compatible with and support port operations, such as docking facilities, warehousing, trucking terminals, railroad facilities, and industrial parks.

According to the West Sacramento City General Plan Background Document, the Seaway Center, which concentrates on general cargo services, includes several elements: construction of a “rail ramp” that would allow the loading of semi-truck trailers and their contents onto flatbed railroad cars bound for the Bay Area; establishment of a barge “feeder service” to ship containers to Bay Area ports; an intermodal transfer center, which would offer loading and container loading and unvaning; and activation of the Port’s foreign trade zone.

With the growth of containerized cargo shipping, the Seaway Center would serve as a major center for accumulating and processing outbound container shipments to be delivered in large volume to steamships. For inbound cargoes, the center would break down larger shipments at the Port (with the assistance of a foreign trade zone to expedite passage of customs requirements.)

The Seaway Center concept calls for the phasing in of several intermodal services over the next several years. A two-way truck brokerage service is planned to help truckers carrying cargoes to and from the Port to find cargoes for return trips. Containers will be fed into the load center port by truck, rail, barge, and small ships.

MSR AND SOI FACTORS

Financing Constraints and Opportunities

Revenue Sources

The District operates as an enterprise fund. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises (i.e. predominately supported by user charges). 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 received grant funding from the California Air Resources Board in 2007 to retrofit four pieces of heavy duty off-road equipment. Additionally, the Port has been awarded approximately \$2 million in grants from the California Office of Homeland Security for various security projects during Fiscal Year (FY) 2007 and FY 2008.

District Budget

The Port utilizes the same budget system as the City of West Sacramento. A two year budget is prepared and taken to the Port Commission for approval. All City policies are followed which gives the Port Manager the authority to sign for purchases up to \$20,000; expenditures over \$20,000, but less than \$50,000 are authorized by the Port’s Chief Executive Officer (i.e. the City of West Sacramento City Manager). Any major expenses not previously adopted as part of the budget plan must be brought to the Commission for a Supplemental budget adjustment

The District’s operating budget is one indicator of its fiscal health. Table A below presents the revenues and expenditures for the District during the last five fiscal years. The numbers reflect actual dollars, not budgeted amounts.

TABLE A – DISTRICT REVENUES AND EXPENDITURES (ACTUAL)

Budget Year	Revenues	Expenditures	Net Amounts
2003/04	8,877,811	10,563,768	(1,685,957)
2004/05	12,067,886	9,731,437	2,336,449
2005/06	14,671,471	11,723,245	2,948,226
2006/07	7,757,810	6,001,522	1,756,288
2007/08	4,389,178	5,975,081	(1,585,903)

The Port District has gone through a major change of organization, structure, and management since 2005/06. This change resulted in efficiencies that have been reflected in the District's revenues and expenditures. Revenues for the Port have decreased over the last two fiscal years; however, expenditures have also been declining and have generally kept pace with revenue. Revenues dropped precipitously from FY 2005/06 to nearly half (47 percent) in FY 2006/07. Expenditures dropped by nearly the same amount (49 percent) over the same time frame. The Port's revenues decreased again by almost half (43 percent) to \$4.3 million in FY 2007/08. Expenditures further decreased in FY 2007/08; however, not to the extent of the previous year, which resulted in a deficit.

Expenditures in FY 2007/08 were not reduced significantly enough to avoid a shortfall; however, the deficit is largely due attributed to an economic slowdown. In fiscal year 2007/08, the Port had an operating income loss of \$1,585,903. In that year, service charges only accounted for 66% of the Port's revenues.

Net assets decreased in the last three years. In fiscal year 2007/08, the Port had \$43,135,997 in total assets and \$29 million in net assets. The Port lost \$2.9 million in 2006, \$1.8 million in 2007, and \$1.6 million of net assets in 2008. Net assets have also decreased in 2009, primarily due to a \$3.8 million decline in operating revenues.

For fiscal years 2005/06 and 2006/07, most of the decrease in net assets and revenue was a result of the termination of the Port's pension plans and from a service reduction due to the Port's reorganization. The Port leased out most terminal operations to a terminal operator in 2007; however, warehousing activity continued to be performed by the Port until the following fiscal year, creating additional operating costs. The pension plans were either paid out to employees or, for employees that remained, absorbed by the City of West Sacramento.

Workers Compensation Claims

As of June 30, 2008, the Port had \$1,182,211 for payment of past workers compensation liabilities and costs that were incurred prior to its merger with the City of West Sacramento. Workers compensation claims incurred after the date of the merger are covered under the City's insurance policies. Management believes the claims will be settled during the year ended June 30, 2008 and has reported the entire liability as current claims payable.

Bonds/Debt

In FY 2007/08, the Port made \$1,144,623 in principal payments on long-term liabilities. The Port's debt obligations include \$8,175,000 for a Port Facilities Refunding and Improvements Revenue Bond, \$3,456,696 for a Port Construction Note, and \$449,494 for Port Capital Leases:

Port Facilities Refunding and Improvements Revenue Bond: On March 27, 2001, \$13,165,000 in Port Facilities Refunding and Improvements Revenue Bonds, Series 2001, were issued by the District to refund the Port's outstanding Revenue Bonds, Series 1992, to

finance the cost of construction, acquisition, renovation, and equipping of certain facilities and improvements for the Port.

The Port Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$9,892,488. The Port Enterprise Fund's principal and interest paid for the current year was \$1,412,545. Principal payments of \$1,010,000 to \$1,345,000 are due annually through July 1, 2014. Interest payments of \$68,931 to \$404,545 are due annually on July 1 through July 1, 2014. Interest rates range from 4.00% to 5.125%.

Port Construction Note: On August 1, 2003, the District entered into a construction note with a bank in the amount of \$4,294,183 to finance a storm water collection and treatment system. As of June 30, 2008, the remaining balance on the note was \$3,456,696. Principal payments ranging from \$110,680 to \$239,267 are due annually in August until 2030. The agreement interest payments of \$4,151 to \$61,868 are due on February 1 and August 1 through the year 2030 at an interest rate of 3.73%.

Port Capital Leases: The District entered into two capital leases for grain inspection station equipment. The first capital lease has monthly principal and interest payments of \$2,474 at an interest rate of 5.805% through July 2013. The second capital lease has monthly principal and interest payments of \$5,916 at an interest rate of 4.865% through July 2013.

The Sacramento-Yolo Port District Financing Corporation (Corporation) was formed in 1997 by the Port Commission to lease, and pay off debts related to, two warehouses at the Port. The warehouses were constructed with funds from the Port's Remarketable Customized Port Improvement Lease Revenue Bonds, Series 1990. A second bond, the Sacramento-Yolo Port District Variable Rate Demand Port Improvement Lease Revenue Refunding Bonds (California Free Trade Zone Project), 1997 Series A, was issued to pay the initial bond. The Corporation's lease payments are used to repay the outstanding bond.

The Lease Revenue Bonds, 1997 Series A, are exclusively paid from the Corporation's lease proceeds; the Port and City are not responsible for repayment of the outstanding Bonds. The Port receives \$6,667 per month in lease payments and \$1,000 per month management fee from the Corporation under the lease agreement. The Port Commission acts as the Corporation's governing board in concurrent session, as necessary. The Corporation does not have any assets or liabilities. Its activities have been blended with the Port Enterprise Fund. No separate financial statements are issued by the Corporation.

As of June 30, 2008, the balance of the Variable Rate Demand Port Improvements Lease Revenue Refunding Bonds (California Free Trade Zone Project) – 1997 Series A & B was \$3,300,000.

Sale of Land

In order to generate revenue, the Port sold 126 acres of land to the West Sacramento Redevelopment Agency for \$2 million in 2004 with an option to buy back the property. The

Stone Lock property is located south of the barge canal and a portion of it fronts on the Sacramento River.

In order to generate additional revenue to support operations and investments at the Port, the Port Commission recently authorized the outright purchase of the Stone Lock Property. The Redevelopment Agency will make an additional \$2 million payment to the Port over the next three fiscal years, starting in FY 2008/09. The sale is part of the Port's plan to sell or lease some of its properties to pay down debt and provide revenue for economic development.

The 2005 Joint Port Governance Agreement stipulates that the Port sell or lease its Seaway property or properties, retain a portion of the proceeds, and allocate the rest to a special fund. The first \$50 million of proceeds from the sale or lease of the Seaway property will go to the Port. The next \$23 million would go to the Riverfront Enhancement Fund (REF) for special projects benefiting current and former member jurisdictions. The next \$27 million are to be equally shared between the Port and the REF. REF funds are required to be expended on projects related to the Sacramento and American Rivers, encompassed within the Counties of Sacramento and Yolo, which are designed to improve commerce within the Port. The County and City of Sacramento maintain the REF as a separate special fund.

A portion of the Seaway property was sold in 2006 to help offset financial losses at the Port. Taylor properties paid the Port \$6.6 million in 2006 for 30.7 acres of land east of Industrial/Lake Washington Boulevard, the east portion of the Seaway Property.

Conclusion

The District has been proactive in seeking out and implementing changes that might effect greater efficiencies, opportunities, and revenues, such as a change in governance and administration, partnering with the Port of Oakland, and sale of property. The District's revenue and net assets decreased after it was organized under the City of West Sacramento; however, the District's expenditures and liabilities also decreased. Overall, the partnership and the Port's sale of land are part of a long term effort to stabilize Port business and finances.

Status of and Opportunities for Shared Facilities

When considering annexation of new lands into a district, LAFCO can evaluate whether services or facilities can be provided in a more efficient manner if service providers develop strategies for sharing resources.

In 2006, the District formed a partnership with the Port of Oakland. The relationship allows the District to retain executive authority, while the Port of Oakland manages business development. Through a management agreement, the Port of Oakland provides maritime management and marketing services, commercial real estate advisory, management and development services, project management and advisory services, government and community advisory services, and project finance and advisory services.

Accountability, Government Structure, and Operational Efficiencies

The District is governed by a five-member Port Commission, which consists of four City of West Sacramento City Council members and one member of the Yolo County Board of Supervisors. Four of the Commission members must be appointed by and may be members of the City of West Sacramento City Council. One commissioner must be appointed by and may be a member of the Board of Supervisors of Yolo County. All Commission members must be residents of the City of West Sacramento. Commission members serve four-year terms. Board members do not receive compensation or reimbursement.

District Commission meetings are held in the City of West Sacramento City Hall Chambers on the first Wednesday of every month at 5pm. All meeting agendas are posted on the District's website three business days before the scheduled meeting date. Live meetings can be viewed online via streaming video. The Commission conducts meetings pursuant to the Brown Act. Public participation is low.

Board members are not involved in the day-to-day business of the District. The City manages all business, financial, administrative, and related operations of the Port through a contract with the District. The City appoints the Port Manager who oversees nine City employees that provide services to the Port: an analyst, administrative clerk, financial business officer, two engineers, two maintenance superintendents, and two security officers. The District also contracts with a private stevedoring company for marine and rail terminal operator services (ship loading and unloading). Stevedoring Services of America (SSA Pacific) has four employees.

The Port is treated as a department in the City and is organized under the City Manager and Assistant City Manager. The City approves the Port's budget as part of the City's budget process. Port activities are reported as the Port Enterprise Fund in the City's financial statements.

The Port's finances are presented in the Comprehensive Annual Financial Report (CAFR), which is designed to fairly present the City's financial position and fund operations. The CAFR is audited annually by an independent firm. The most recent audit was performed for the year ending June 30, 2008 in accordance with generally accepted auditing principals and practices. Districts included in the CAFR are not required to provide independent audits. No separate financial statements are issued by the Port.

Planning

Infrastructure needs are approved by Port Commission as part of a Capital Improvement Projects list; the District follows the City's guidelines. Any improvement over \$5,000 is considered a Capital Improvement Project. The items on the list are recommended by staff, based on ongoing improvements for the Port terminal and adjoining properties, compliance with state and federal requirements, and potential new business opportunities.

Agriculture and Open Space

The Port District includes a large number of agricultural parcels and open space. Approximately 75 percent of land in the District is in agriculture. The Port benefits farmers by transporting agricultural goods, such as rice. The Primary users of Port of Sacramento facilities are local agriculture producers.

Additionally, the District owns approximately 3,000 acres of waterfront land along the ship channel and in the Sacramento Delta. The Port intends to use some of the land that it owns, including Decker Island, for habitat mitigation. Land is available for a combination of upland habitat, riparian habitat, and wetlands.

WRITTEN DETERMINATIONS – MUNICIPAL SERVICE REVIEW

Staff recommends the following findings:

1. The District has recently undergone a change in its boundaries, governance, and administration.
2. The District is operating at a deficit.
3. The District has been proactive in seeking out and implementing changes that might affect greater efficiencies, opportunities, and revenues, such as partnering with the Port of Oakland.
4. The District has been successful in attracting new businesses opportunities and investments.

STATEMENT OF INTENT

1. LAFCO intends that its Municipal Service Review and Sphere of Influence determinations will serve as a guide for the future organization of local governments within Yolo County.
2. Spheres of influence shall be used to discourage urban sprawl and the unnecessary proliferation of local governmental agencies, to encourage efficiency, economy, and orderly changes in local government, and to prevent the premature conversion of agricultural land.
3. The adopted spheres of influence shall reflect the appropriate general plans, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary and service areas of an affected agency unless those plans or policies conflict with the legislative intent of the Cortese-Knox-Hertzberg (Government Code §56000 et seq.).
4. Where inconsistencies exist between plans or policies (or both), LAFCO shall rely upon that plan or policy which most closely follows the Legislature's directive to discourage urban sprawl, direct development away from prime agricultural land and open-space lands, and

encourage the orderly formation and development of local governmental agencies based upon local conditions and circumstances.

5. The sphere of influence lines are a declaration of policy to guide LAFCO in considering proposals within its jurisdiction.
6. LAFCO decisions shall be consistent with the spheres of influence of the affected agencies.
7. No proposal that is inconsistent with an agency's sphere of influence shall be approved unless LAFCO, at a noticed public hearing, has considered and approved a corresponding amendment or revision to that agency's sphere of influence.

SPHERE OF INFLUENCE RECOMMENDATIONS

Government Code §56425 of the Cortese-Knox-Hertzberg Act states:

(a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

It further states that:

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- (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.

WRITTEN DETERMINATIONS - SPHERE OF INFLUENCE

The Commission, in establishing the Sphere of Influence for the Sacramento-Yolo Port District, has considered the following.

- 1) The present and planned land uses in the area, including agricultural and open-space lands.

The District's boundaries include the City of West Sacramento and portions of Yolo and Solano County. The City contains 14,734 acres, which represent nearly 25 percent of land in the District. West Sacramento is a largely compact urban area with municipal level services. The City contains a range of land uses and zoning that include commercial, industrial, residential, and high-density mixed uses. The majority of the Port's facilities and operations are in the City of West Sacramento. The Port's facilities include approximately 414 acres of property zoned for land uses compatible with Port operations.

Approximately 75% of land in the District is located in the County of Yolo and is used for agriculture. Approximately 85% of the land is zoned Agricultural-Preserve. This designation is intended to preserve land best suited for agricultural use from incompatible uses; most of this land is subject to Williamson Act Contracts.

The remaining land in the District, 1,754 acres, is located in Solano County in and around the deep water channel. All of the land in the District in Solano County is zoned for agriculture; however, the land is not currently farmed. The 139-acre Decker Island site is used to place dredging material.

The District also intends to use some of its 3,000 acres of waterfront land that it owns along the Deep Water Ship Channel for habitat mitigation.

- 2) The present and probable need for public facilities and services in the area.

The Port is currently working with the Corps of Engineers to dredge approximately 35 miles of the 43-mile long Deep Water Channel. The Port's 30-foot channel depth is a significant competitive disadvantage that results in higher shipping costs. Currently, only 30 percent of the world's cargo vessels can use the channel when fully loaded.

- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

Approximately 54 acres of land are available for development on the Port's north terminal, northwest of Harbor Boulevard and west of Industrial Boulevard. The District also owns approximately 360 acres of vacant land, south of the deep water channel, referred to as the Seaway property that are zoned for land uses compatible with Port operations.

- 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.

The Port is surrounded by residential and commercial development, which limits port expansion and potentially operation; however, since the Port is integrated with the City, their planning efforts are combined. Additionally, the Port Commission reflects the major community interests of both.

Based upon the information contained in this document, it is recommended that the 10- and 20-year lines for the Sacramento-Yolo Port District Sphere of Influence be coterminous with their current boundaries (see Map 1).

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) requires that an environmental review be undertaken and completed for the Municipal Services Review and Sphere of Influence (MSR/SOI) Study. This MSR/SOI qualifies for a General Exemption from further CEQA review based upon CEQA Regulation §15061(b)(3), which states:

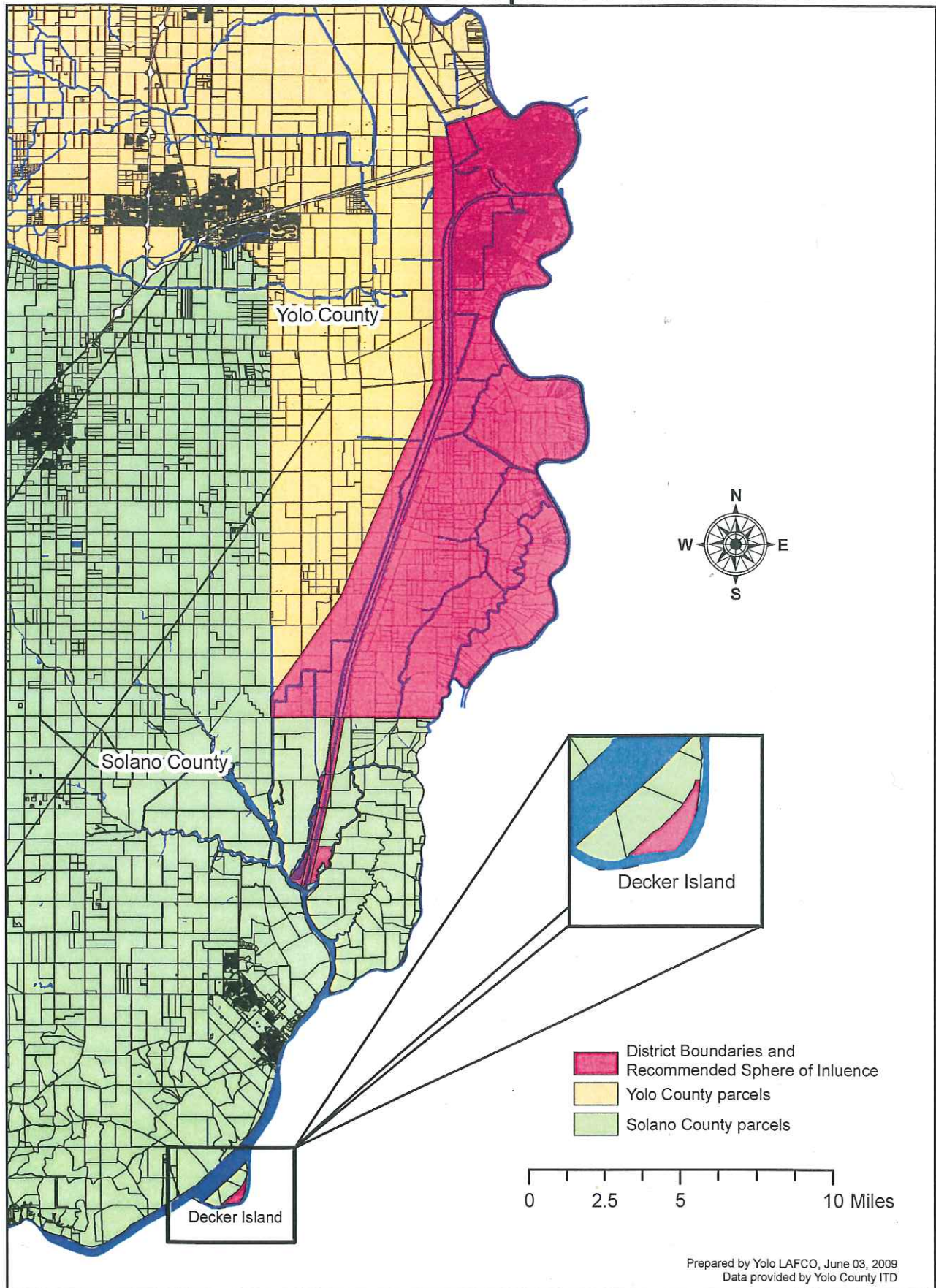
The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Since there are no land use changes or environmental impacts due to this MSR/SOI, a Notice of Exemption is the appropriate environmental document.

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Sacramento-Yolo Port District Boundaries and Recommended Sphere of Influence



Map 1

Sacramento-Yolo Port District North Terminal and Ship Berths



Map 2