

TO: Olin Woods, Chair, and members of the
Yolo County Local Agency Formation Commission

From: Elisa Carvalho, Assistant Executive Officer

DATE: September 28, 2009

RE: Accept the Special Reclamation District Study, Initiate a Proposal to
Consolidate Reclamation District 811 with Reclamation District 537, and
Continue the Public Hearing and Class 20 Categorical Exemption

RECOMMENDED ACTION

1. Accept the special reclamation district study to consider alternatives to the current organizational structure of Reclamation Districts 537, 811, and 900 (see Map A) within the City limits of West Sacramento; and
2. Initiate a proposal for consolidation of Reclamation District 811 with Reclamation District 537; and
3. Continue the Public Hearing to consider consolidating Reclamation District 811 with Reclamation District 537 and the adoption of the Class 20 Categorical Exemption to October 26, 2009.

BACKGROUND

At the December 8, 2008 LAFCO meeting, the Commission directed staff to prepare a special study to consider alternatives to the current organizational structure of Reclamation Districts 537, 811, and 900 within the city limits of West Sacramento. Staff has prepared this Executive Officer's Report to evaluate the organizational structure of these districts and,

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- ★ *Executive Officer* Elizabeth Castro Kemper ★ *Senior Management Analyst* Elisa Carvalho ★
★ *Commission Clerk* Terri Tuck ★ *Commission Counsel* Robyn Truitt Drivon ★

based on its analysis, proposes the Commission initiate a proposal for consolidation of Reclamation District 811 and Reclamation District 537.

Pursuant to Government Code section 56375(a)(3), the Commission may initiate proposals for a district change of organization or reorganization, including consolidations and dissolutions. The change must be consistent with a recommendation or conclusion of a Commission study, such as a municipal service review or sphere of influence study.

Two recent studies reviewed the reclamation districts that overlie the City of West Sacramento. On January 26, 2009, the Commission reviewed and adopted the City of West Sacramento & CSA 9 Municipal Service Review and Sphere of Influence Report. On March 28, 2005, the Commission adopted the Yolo County Public Water and Reclamation Districts Municipal Service Review and Sphere of Influence Study. Both studies reviewed Reclamation Districts (RDs) 537, 811, and 900, which overlap the City of West Sacramento and both studies considered several government structure options including:

- Dissolve Reclamation Districts 537, 811 and 900 and reorganize them into one agency
- Create a single-purpose flood control agency
- Dissolve Reclamation District 811 and reassign its functions to the city
- Dissolve Reclamation District 900 and reassign its functions to the city
- Detach Reclamation District 537 territory north of the Sacramento Bypass and reassign a portion of its functions to the city
- Consolidate Reclamation District 811 and 900

LAFCO staff has determined that an additional reorganization option should be considered. After additional research and discussions with current and past reclamation district board members and staff, consolidation of Reclamation District 537 and Reclamation District 811 appears to be the most appropriate reorganization option for reclamation districts in the City of West Sacramento area at this time.

RD 811 is currently defunct. RD 537 would be an appropriate successor to RD 811 functions because of their similar and common infrastructure systems and facilities, storm water flow, and current services provided on behalf of RD 811. RD 537 pumps runoff from RD 811 and operates and maintains RD 811's auxiliary pump. Trustees are in favor of consolidation with RD 811, if funds are available to restore the drainage ditches in RD 811.

RECLAMATION DISTRICTS AND PROVIDERS

Storm and flood water management in the City of West Sacramento area is part of a larger patchwork of water management efforts and facilities. Reclamation District 811, 537, and 900 provide and/or work with other reclamation and flood management providers in the West Sacramento City area.

RD 811

Reclamation District (RD) 811 was formed in 1910 under the General Reclamation District Law to provide drainage services.

The District is generally located in the northeast portion of the City of West Sacramento. The District is bound by Harbor Boulevard on the west, the Sacramento River on the north and east, and the Southern Pacific Railroad embankment (owned by the Southern Pacific Transportation Company) on the south. RD 811 is adjacent to District 537 on the west and RD 900 on the south.

RD 811 is approximately 1.7 square miles (1,088 acres) and has an estimated population of 13,512. The area is largely residential and nearly built out. Much of the development surrounding RD 811 is Industrial and Commercial. A majority of RD 811 is designated a Redevelopment Project Area by the City of West Sacramento.

RD 811's drainage system and infrastructure consists of one ditch along the Southern Pacific Railroad embankment and one auxiliary pump. The railroad embankment runs east-west and represents the District's entire southern boundary. North of this railroad right-of-way, RD 811 is responsible for drainage conveyance and discharge for most of the area from Douglas Street to Harbor Boulevard, RD 811's western boundary. According to former Board Trustee Gregory Demars, the storm water ditches have not been maintained for three years.

Storm water runoff flows along the railroad ditch and through pipes into RD 537 and discharges to a larger capacity channel and pump station. The station is located in a pumping plant housing five pumps on land belonging to the Sacramento-San Joaquin Drainage District. The plant contains two large diesel pumps and three electric pumps. RD 811 owns one electric auxiliary pump, which is used for emergencies. RD 537 provides storm water pumping services and maintains the auxiliary pump for 811.

The table below outlines the District's total assets with cash and equipment. The equipment most likely includes the electric auxiliary pump at the RD 537 pumping plant; however, the capital assets cannot be verified by the auditor and may not be correct. Additionally, if they are verified, depreciation may be a factor.

RD 811	Cash and Investments	Bldgs/ Imprvmnts	Equipment	Total Assets
2005-06	\$88,829	\$21,679	\$37,636	\$148,144
2006-07	\$72,473	\$21,679	\$37,636	\$131,788
2007-08	\$67,104	\$21,679	\$37,636	\$126,419
2008-09	\$59,179	\$21,679	\$37,636	\$118,494

RD 811 had \$59,179 in cash at the beginning of the current fiscal year. The County did not record receipt of revenue from property taxes or assessments. RD 811 only receives revenue from interest on its accounts, which does not cover expenditures. The Districts cash assets are slowly dwindling due to ongoing equipment and liability costs.

RD 811	Total Fund Balance (beginning)	Revenue	Expenditures	Net	Total Fund Balance (ending)
2005-06	\$93,639	\$2,870	\$20,184	-\$17,314	\$76,325
2006-07	\$76,325	\$3,744	\$7,596	-\$3,852	\$72,473
2007-08	\$72,473	\$3,536	\$8,905	-\$5,369	\$67,104
2008-09	\$67,104	\$1,607	\$9,533	-\$7,926	\$59,179

Expenditures typically consist of insurance and utility payments, which are made by the Yolo County Auditor's Office on behalf of the RD 811. A pumping charge is paid annually to RD 537.

The RD 811 Board stopped collecting fees more than twenty years ago. According to Section IV D, Reclamation and Related Districts of the East Yolo Sphere of Influence (LAFCO No. 758), the District suspended collection of assessment fees from the landowners for the 1982-83 Fiscal Year. The District had only spent 8 percent of its revenue in the previous fiscal year and ended the year with \$78,758 in cash assets. The District Board estimated that the interest from its cash reserves would cover maintenance and improvements. It's not clear how long the District intended to live off its reserves this way and there is no evidence the District ever reinstated its assessment.

The District has no trustees and no employees. The District has not had representation for at least one year.

Reclamation District 537

Reclamation District 537 was formed in 1891 under the General Reclamation District Law. The District was established to provide drainage and levee maintenance services to reclaimed, agricultural lands.

RD 537 encompasses 5,200 acres bound by the Sacramento River on the north and east and the Southern Pacific Railroad embankment on the south. RD 537 is east of 811 and north of RD 900.

The District has two distinct service areas divided by the Sacramento Bypass. Land use north of the bypass is agricultural, and land use south of the Bypass, which is in the City of West Sacramento, is mostly commercial and industrial. The land south of the Bypass is in the City of West Sacramento. The District has a population of approximately 100.

RD 537 provides levee maintenance and drainage services. The District maintains drainage ditches along the west and south sides of its boundaries and 6 miles of levees along the Sacramento River and inside the District. The District also maintains and operates a large pumping facility that includes two large diesel and three electric pumps. One of the electric pumps is an auxiliary pump owned by RD 811.

RD 537 is an independent special district with a three-member board of trustees elected by the landowners within the District. The District employs two part-time District managers that provide service as needed. The District also contracts with RD 900 for administrative services.

The District averaged \$250,000 in revenue over the last three fiscal years and \$188,000 in expenditures. The District receives revenue from an assessment on industrial and agricultural property in its District as well as funds for flood control projects from the West Sacramento Area Flood Control Agency Joint Powers Authority, discussed later in this study.

Reclamation District 900

Reclamation District 900 was formed in 1911 and provides flood control and storm drainage services, as well as the maintenance and operation of pumps and canals. The District maintains 13.6 miles of levee. Irrigation services are operated as an enterprise activity.

RD 900 encompasses 11,000 acres bound by the Southern Pacific Railroad embankment on the north, the Sacramento River on the east, Shangri-La Slough on the south, and the Deep Water Channel on the west. The District overlies approximately two-thirds of the City of West Sacramento. The District has an estimated population of 35,000. RD 900 is south of RD 537 and RD 811.

The Deep Water Channel bisects RD 900 into two distinct areas. The northern area includes most of the developed industrial and commercial lands within the city and several older residential areas. Development within this area has occurred over a long period and has resulted in a mixture of large capacity channel and pipeline facilities. The southern portion includes developed areas but also some agricultural uses.

The District operates two major pump stations in the northern area: the Racetrack and the Causeway Pump Stations. The District's operating and maintenance costs are paid for by the property owners on an annual basis. The District maintains capital reserves that it can draw on to make capital improvements.

RD 900 is an independent special district with a five-member board of trustees elected by the landowners within the District. Trustees meet two to four times per year, as needed. RD 900 employs five staff members and provides administrative support for Reclamation District 537.

The District averaged \$836,950 in revenue over the last three fiscal years. The District receives revenue from an assessment on property in the District as well as funds for flood control projects from the West Sacramento Area Flood Control Agency Joint Powers Authority, discussed in the "Other Governmental Agencies" section.

City of West Sacramento

The City of West Sacramento encompasses RD 811 and 900 and a portion of RD 537.

The City of West Sacramento provides limited storm water drainage service to areas in RD 811 and 537. The City operates and maintains a pump that was installed for the former Lighthouse development, now known as The Rivers development. The pump is located on the east side of RD 811 south of the proposed development area.

The City also maintains drainage pipes in RD 811 and 537. Drainage pipe has been installed in three separate areas along the Southern Pacific Railroad embankment, which represents the southern boundary of RD 811 and 537. In RD 811, these drainage pipes are generally located at Kagle Drive and the Sacramento Northern Railroad. In RD 537, a drainage pipe is located at Interstate 80. One pipe is located at Harbor Boulevard, the boundary between RD 537 and RD 811. The City of West Sacramento maintains these drainage pipes, as the RDs do not have the required equipment.

OTHER GOVERNMENTAL AGENCIES

Other agencies provide and assess District residents levee and flood control services. The State Department of Water Resources' Levee Maintenance Area No. 4 maintains a 3.4 mile-long levee along RD 811's northern and eastern boundaries.

The West Sacramento Area Flood Control Agency (WSAFCA) is a Joint Powers Authority (JPA) created in 1994 through a Joint Exercise of Powers Agreement by the City of West Sacramento, RD 900, and RD 537. WSAFCA was established to coordinate the planning and construction of flood protection facilities within the boundaries of the JPA and to finance the local share of flood control projects. The JPA boundaries are coterminous with the City of West Sacramento boundaries. Property within the JPA is assessed annually. The assessment is based on the size and use of each structure, and the relative size and location of the property.

In addition to the JPA, the City of West Sacramento, RD 900, and RD 537 also have a Memorandum of Understanding for emergency operations.

REORGANIZATION OPTIONS

Reorganization options for the three Reclamation Districts that overlap the City of West Sacramento include dissolution and/or consolidation.

In prior studies, Yolo LAFCO has proposed a range of reorganization options for RDs 811, 537, and 900. Those proposals were rejected and boundaries remained static. In the last few years, RD 811 has become inactive prompting a new review of the reclamation districts capabilities and alternative options for the organization of district boundaries.

DISSOLUTION

In the case of a dissolution, on and after the effective date of a dissolution, the district shall be dissolved, disincorporated, and extinguished, its existence shall be terminated, and all of its corporate powers shall cease, except for, pursuant to Government Code Section 56886, any terms and conditions the commission may impose or for the purpose of winding up the affairs of the district. Terms and conditions may include the designation of a successor district.

If, pursuant to Government Code section 56886, the Commission does not determine a successor, the City of West Sacramento will be the successor after dissolution, pursuant to Government Code section 57451. As successor, the City will have control over all of the District's assets (GC section 57425) and assume the same powers and duties of the District (57453) for the purpose of winding up the District's affairs.

Any remaining funds or funds from the sale of property shall be used for the payment of any outstanding debt or other financial obligations of the District (57455). Any remaining assets shall be distributed to the City of West Sacramento (57457). So far as may be practicable, the funds, money, or property shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the dissolved district (57463).

City staff has not been receptive to this alternative. They have explained that RD 537 is more suitable to provide the RD 811's reclamation services.

CONSOLIDATION

Pursuant to Government Code 57500 on and after the effective date of a consolidation, the consolidated district succeeds to all of the powers, rights, duties, obligations, functions, and properties of all predecessor districts which have been united or joined into the consolidated district. The territory of a consolidated district, all inhabitants within that territory, and all persons entitled to vote by reason of residing or owning land within the territory are subject to the jurisdiction of the consolidated district and, except as otherwise provided in this chapter, have the same rights and duties as if the consolidated district had been originally formed under the principal act.

According to Government Code section 57501, predecessor District's are not responsible for the payment of property acquired or constructed before consolidation.

GC section 57502 further states that the consolidated district is responsible for payment of contracts and obligations as well as levying, fixing, and collection of taxes, assessments, charges, rentals, or rates in the territory where a payment or other obligation was authorized for predecessor districts prior to consolidation.

LAFCO staff discussed consolidation with District 900 and District 537. Consolidation with District 900 is not practicable because of RD 811's geography and drainage. RD 900 and 811 are separated by the Southern Pacific Railroad embankment. Storm water in RD 811 travels in the ditch along the north side of the embankment into RD 537, which physically pumps that water over the earthen channel in its own District and into

the Sacramento Bypass. Additionally, RD 537 maintains RD 811's auxiliary pump, which is located in the same pumping plant as RD 537's facilities.

Reclamation District 537 is open to consolidation if funding is available to cover the cost of rehabilitation and maintenance of RD 811 drainage ditches. According to RD 537 General Manager Kyle Lang, RD 811 drainage ditches have not been maintained and need to be brought up to acceptable standards. To raise adequate funds for maintenance and service, RD 537 can levy an assessment on property owners in RD 811, subsequent to consolidation.

As previously mentioned, RD 811 stopped collecting fees in the District more than twenty years ago. It may be possible to reinstitute that fee without a protest hearing or election. Proposition 218 exempts assessments "existing on the effective date" of Proposition 218, as long as they were "imposed exclusively to finance the capital costs or maintenance and operation expenses for...food control, drainage systems..." The District assessment was put in place to pay for drainage related costs. The fee existed; it simply was not collected, making it eligible for the 218 exemption. Exemption may be legal, but it may not be realistic.

Though reinstating the RD 811 assessment might be technically legal, simpler, and more cost effective, it violates the intentions of Proposition 218. There are other mechanisms that would make consolidation financially feasible for RD 537. The Commission may make consolidation contingent on the property owners' approval of a Prop 218 assessment and a Board of Supervisors creation of a zone of benefit for that area.

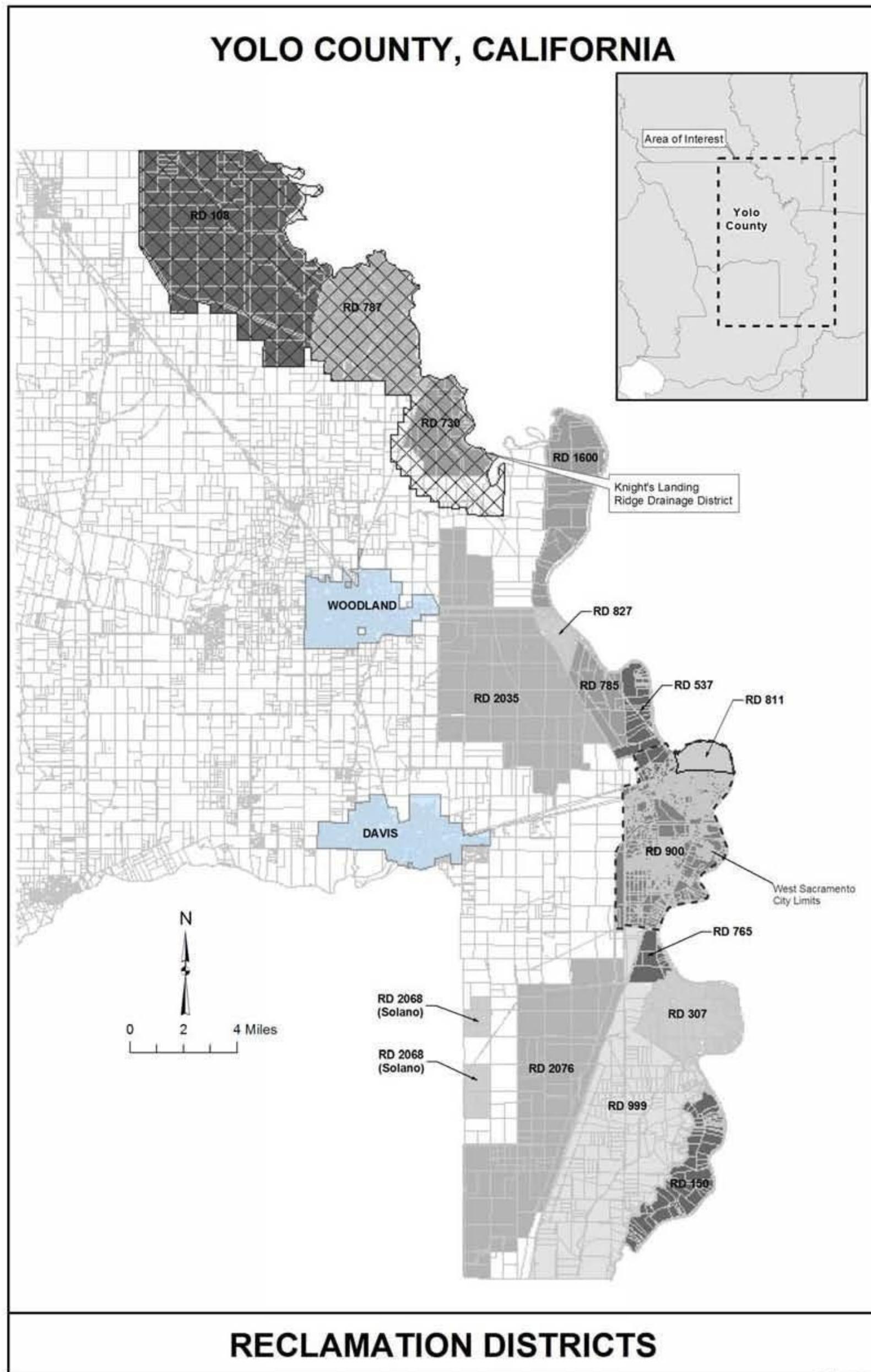
Conclusion

Consolidation of RD 537 and RD 811 is the most logical and orderly reorganization option for the Reclamation Districts in the West Sacramento area. RD 811 is inactive. Some storm water flows from RD 811 into RD 537. RD 537 has similar infrastructure and common facilities. RD 537 maintains and operates RD 811's auxiliary pump, which is located at RD 537's pumping plant.

Attachment:

Map A: Yolo County Public Water and Reclamation Districts Study Map

Yolo County Reclamation Districts



Source: Municipal Service Review and Sphere of Influence Study, Yolo County Public Water and Reclamation Districts, March 2005



CITY OF
WEST SACRAMENTO

CITY HALL

1110 West Capitol Avenue
West Sacramento, CA 95691

City Council
City Manager
City Clerk
Human Resources
(916) 617-4500

Building
(916) 617-4683

Public Works &
Community Development
Planning
Engineering
(916) 617-4645

Finance
(916) 617-4575

Housing &
Community Investment
(916) 617-4555

Information Technology
(916) 617-4520

Parks & Recreation
(916) 617-4620

Redevelopment
Economic Development
(916) 617-4535

Refuse & Recycling
(916) 617-4590

Utility Billing
(916) 617-4589

FIRE

2040 Lake Washington Boulevard
West Sacramento, CA 95691

Administration
(916) 617-4600

POLICE

550 Jefferson Boulevard
West Sacramento, CA 95605

Administration
(916) 617-4900

Code Enforcement
(916) 617-4925

PUBLIC WORKS

1951 South River Road
West Sacramento, CA 95691

(916) 617-4850

September 24, 2009

Ms. Elisa Carvalho
Assistant Executive Officer
Yolo County LAFCO
625 Court Street, Suite 107
Woodland, Ca 95695

Subject: Dissolution of RD 811 within the City of West Sacramento

Ms. Carvalho:

This is in response to your agenda report dated September 28, 2009 regarding the above listed subject. The City of West Sacramento would like to express its interest in taking over the functions of RD 811. Per your agenda report Yolo County LAFCO is proposing consolidating RD 811 into RD 537. RD 811 has essentially been defunct for the past three years or more. The entire boundary of RD 811 is within the City of West Sacramento (Bryte, Broderick and the Rivers area). RD 811 drainage system and infrastructure consists of one ditch along the Southern Pacific RR tracks and one auxiliary pump at the pump station operated by RD 537. The ditch has several culverts where it intersects with City streets and the City maintains those culverts. In order for the City to gain more control over internal drainage operations, we believe it makes sense for the City to take over the functions of RD 811 rather than RD 537 as is currently proposed. The City does not have representation on the RD 537 Board and therefore would have little control over how the assessment proceeds from property within the current boundary of RD 811 are utilized.

In order to adequately maintain the system, the assessment district on properties within the district would need to be reinstated (either by reinstating without a protest hearing or election, or through a Proposition 218 process). We understand you are researching this item and we look forward to receiving further information as it develops.

City staff will be taking this item to the West Sacramento City Council in October to receive comment and direction. We appreciate all your assistance in this matter. Please contact me at (916) 617-4655 if you have any questions regarding the City's interest in taking over the functions of RD 811.

Sincerely,

Michael W. Bessette, P.E.
Flood Protection Manager
City of West Sacramento

Cc: Toby Ross, City Manager

www.cityofwestsacramento.org Bill Panos, Director of Public Works