

SUBJECT

Consider approval of Resolution 2018-01 adopting the Municipal Service Review (MSR) for the Yolo County Reclamation Districts/Local Maintaining Agencies and approving the Sphere of Influence Update for Reclamation District 537 (LAFCo No. S-049)

RECOMMENDED ACTION

1. Open the Public Hearing to receive staff presentation and public comment on the Reclamation Districts/Local Maintaining Agencies Municipal Service Review/Sphere of Influence Update.
2. Close the Public Hearing.
3. Consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any necessary changes.
4. Approve Resolution 2018-01 adopting the Municipal Service Review (MSR) for the Yolo County Reclamation Districts/Local Maintaining Agencies and approving the Sphere of Influence Update for Reclamation District 537.

FISCAL IMPACT

No fiscal impact. The LAFCo budget included staff costs to complete the MSR in-house.

REASONS FOR RECOMMENDED ACTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) is LAFCo's governing law and outlines the requirements for preparing periodic Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances."

An MSR is conducted prior to, or in conjunction with, the update of an SOI. LAFCos are required to review an agency's SOI every five years. An MSR evaluates the structure and operations of agency services and includes a discussion of the capability and capacity of the agency to ensure the provision of municipal services to the existing service area and any future growth of the agency's boundaries. The SOI indicates the probable future physical boundaries and service area of an agency and lays the groundwork for potential future annexations. Yolo LAFCo staff utilizes a checklist format for MSRs that allows staff to streamline the assessment of each agency's municipal services. Based on the findings of the MSR checklist staff can recommend whether a SOI update is warranted. Staff conducted an MSR for the 16 Reclamation Districts/Local Maintaining Agencies in Yolo County, and recommends an update to the Sphere of Influence for Reclamation District 537.

BACKGROUND

December 7, 2017 Meeting

LAFCo staff have been working on this MSR for several years. One of the state-mandated determinations for MSRs is "accountability for community service needs, including governmental structure and operational efficiencies" (Government Code Section 56430). Therefore, LAFCo is required to make a determination regarding district governance and making recommendations to that end.

As staff engaged with the districts regarding governance, it became readily apparent that any recommended changes could have potentially significant ramifications and would, understandably, be controversial. Therefore, staff scheduled a discussion item on the December

7, 2017 LAFCo agenda to provide an opportunity for the Commission to discuss and provide direction on governance issues in advance of the public hearing. The December 7, 2017 staff report is attached for reference (Attachment 6) and summarized below.

In response to Hurricane Katrina in 2005, the Department of Water Resources and the Central Valley Flood Board began working on the Central Valley Flood Protection Plan (CVFPP), which was adopted in 2012 and updated in 2017. The overarching goal of the CVFPP is to improve flood management. This idea of regional governance provides context to LAFCo's governance recommendations for the draft Municipal Service Review and Sphere of Influence Update (Attachment 7).

In 2014, the UC Davis Collaboration Center completed a Flood Governance Study to analyze and make recommendations on governance for the agencies in Yolo County with funding received from DWR. According to the Study, local residents would be better served if each basin provided a consistent level of maintenance and flood response and either functioned as one entity or in a coordinated manner to accomplish this objective.

Staff provided recommendations on governance for each of the five hydrologic basins in Yolo County based on the idea that some flood management activities would be better accomplished at the regional level, as discussed in the CVFPP and the UC Davis Flood Governance Study. The overall strategy/approach for LAFCo's recommendations is:

LAFCo recommends that the agencies responsible for levee O&M in each hydrologic basin develop governance solutions that will provide for a uniform level of operation and maintenance so that the protected area is not at risk due to inconsistent maintenance or flood response capabilities. The governance solution for each basin could take a variety of forms including: agency merger/consolidation, contracts for shared services, MOUs, or JPAs. The goal for each basin is to achieve equal service standards, consistent maintenance standards (which may require consistent fee/assessment structures), and improved coordination during flood events.

Staff did not recommend any substantive changes in governance for the Clarksburg, North County/Knights Landing, Woodland/Conaway, and Elkhorn hydrologic basins. Staff recommended that the Clarksburg Basin and the North County/Knights Landing Basin actively participate in the Small Communities Feasibility Studies for their basins. For the Elkhorn Basin, staff recommended that the districts continue on the path to consolidation as currently being discussed.

For the West Sacramento Basin, staff recommended two governance options in the Draft MSR: 1) Reclamation District (RD) 900 and RD 537 could merge (either legally or functionally); or 2) the City of West Sacramento could consolidate services with RD 900 and RD 537 (southern portion), either as a merger or as a subsidiary district.

While no formal action was taken at the December 7, 2017 LAFCo meeting, the Commission did provide direction to staff regarding draft governance recommendations. The Commission generally concurred with staff's draft recommendations for the North County/Knights Landing Basin (RDs 108, 787, Knights Landing Ridge Drainage District, Sacramento River Westside Levee District, County Service Area #6, RD 730), the Woodland Conaway Basin (RD 2035), and the Clarksburg Basin (RDs 150, 307, 765, 999). For the Elkhorn Basin (RDs 537, 785, 827, 1600), while the Commission generally accepted staff's draft recommendations for this Basin, the

Commission asked staff to incorporate the potential for a new cross levy (associated with the rail relocation project) that would create a standalone basin for RD 1600.

The majority of the discussion at the December 7, 2017 meeting focused on the West Sacramento Basin. For the West Sacramento Basin (RDs 537, 900, DWR Maintenance Area #4, City of West Sacramento), the Commission directed staff to keep both options in the Draft MSR for now, and requested additional analysis regarding the cost if the City were to assume the RDs' responsibilities. Staff was asked to bring back additional information to inform a potential choice at the public hearing.

Draft Municipal Service Review/Sphere of Influence

Since the December 7th meeting, staff has incorporated Commission direction on governance as well as District comments on the administrative draft to the document. At the December meeting, the Commission generally concurred with the draft Municipal Service Review recommendations for each hydrologic basin so that is what is still reflected in the draft Municipal Service Review. The revised draft Municipal Service Review and Sphere of Influence Update was posted for public review on January 31, 2018.

Overarching/Common Issues

Many of the Districts have not adopted policies for District operations and financial management for such topics as board compensation, travel and expense reimbursement, purchasing and contracting, employee policies, and other operating procedure. The MSR includes recommendations to consider adopting operations and financial management policies.

The MSR includes recommendations for each district related to necessary improvements detailed in the 2016 Department of Water Resources Inspection Report. Most of the districts have erosion sites that need to be repaired as well as vegetation that needs to be controlled to maintain visibility and access. Many of the districts also have rodent control issues.

The Regional Flood Management Plan details specific improvements necessary for each Reclamation District/Local Maintaining Agency, including the estimated cost, design, permitting, and funding readiness. The majority of these improvements do not have local funding sources identified. The MSR includes recommendations for the Districts to work with State and Federal Resources to identify funding for these projects.

In terms of transparency, most of the LMAs do not have a website. The California Special District Association has partnered with StreamlineWeb, which provides a fully hosted and supported website template designed especially for special districts for a monthly service fee that varies according to its annual revenue, ranging from \$600-\$1,200 per year. Staff included an MSR recommendation recommending the Districts consider websites.

Agency Specific Issues

The Municipal Service Review recommends that LAFCO initiate dissolution of the two inactive Reclamation Districts in Yolo County, RD 2076 and RD 2120, pursuant to Section 56879 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Reclamation District 1600 does not appear to have sufficient reserves to cover unexpected events. Additionally, the assessment does not appear sufficient to maintain an acceptable level of service. The MSR includes a recommendation that RD 1600 may need to consider approving a new assessment to maintain an adequate level of service and build up reserves for needed improvements.

Reclamation District 785 meets quarterly at their legal counsel's office in the City of Woodland at varied times. The varied date and time of the meetings may lead to uncertainty from the public about when meetings are held. The MSR recommends that the District consider adopting a regular meeting schedule for consistency and transparency purposes.

A few Districts, including RD 765 and RD 307, do not have formal audits prepared. Audits should be completed and provided to the State Controller's Office, the Yolo County Department of Financial Services and LAFCo as required by law. Additionally, audits and other financial documents should be provided to the public, if requested, consistent with state law, including Section 56386 of the Cortese-Knox-Hertzberg Act Local Government Reorganization Act of 2000.

Additional Information

The City of West Sacramento submitted a cost analysis performed by Economic & Planning Systems, Inc. (EPS) for potential consolidation as requested by the Commission, which was transmitted to RD 900 and RD 537 for review and included as an attachment to the Public Review Draft MSR/SOI. The analysis included a comparison between existing RD costs, projected costs if the City merged with the Districts, and projected costs if the RDs became subsidiary districts of the City. The analysis generally found that the City could likely provide the services at equal or lesser cost (additional discussion on cost is provided under the governance factors below).

LAFCo staff met with representatives from the California State Department of Water Resources on February 1, 2018 to discuss evolving State policy regarding LMA operations and maintenance responsibilities and regional governance for the State Plan of Flood Control, which includes most of Yolo county's levees. A meeting summary is included as Attachment 5. Key discussion points includes:

- Importance of checks and balances;
- Dedicated and sufficient funding source;
- Flood system maintenance as a priority;
- Consolidation of LMAs providing like services to efficiently pool and leverage funding and resources;
- Value of complementary services; and,
- Exposure to Liability.

On February 7, 2018, LAFCo staff conducted a site visit of RD 537, RD 900, and City of West Sacramento (old RD 811) drainage facilities and levees with Kenric Jameson, RD 900's General Manager. Staff also invited Jon O'Brian from the Yolo County Flood Control & Water Conservation District on the tour to provide an independent evaluation of maintenance of the facilities. Based on observations during the tour, it appears that RD 900, RD 537, and the City of West Sacramento are managing the drainage ditches adequately. All of the systems seemed to be sufficiently draining the water. Pictures from the site visit are included as Attachment 4.

West Sacramento Basin Governance

A map of the drainage infrastructure and existing governance of the West Sacramento Basin is illustrated below:



RD 537

City/Old RD 811

RD 900

Storm Drain overlay RD900 West Sacramento, Ca

● Deep Water Ship Channel	RD537	■ Storm Pump Station
● Sacramento River	RD811	----- Drainage basins
● Yolo Bypass	RD900	— Geospatial - Main line
	RD900 - Drain	— Schematic - Main line
	RD900 - Ditch	— Schematic - Flow Arrow

DATE: 11/15/2011 10:58:30 AM PROJECT: STORM DRAIN OVERLAY RD900 WEST SACRAMENTO, CA

Evaluating the MSR Recommendation Options

At the December 7, 2017 meeting, the Commission requested a matrix to evaluate the alternatives. Staff developed the list of factors below based on the Cortese-Knox-Hertzberg (CKH) Act, our MSR Checklist, and conversations with representatives from the RDs, the City, and DWR. There is a significant amount of subjective evaluation in this matrix and no two people would fill out the matrix the same. In addition, these factors should not be valued equally and simply scored in order to facilitate a decision. The intent is to help provide a framework for Commission discussion.

Governance Factors	MSR Options		
	1. RD-Led	2a. City-Led (RDs Dissolved & Merged into City)	2b. City-Led (RDs Remain as Subsidiary Districts)
Checks and Balances (built into governance structure)	■	□	☒
Cost (equal or lesser)	■	☒	☒
DWR Assurance Agreement (i.e. agreement with new maintaining agency would <u>not</u> be required)	■	□	■
Flood Maintenance as Agency Priority (and less competing priorities)	■	□	☒
Funding Is Dedicated (i.e. ability to transfer, borrow between accounts)	■	☒	■
Governance Efficiency (less layers of government & public confusion)	□	■	☒
Influence (less potential for influence on project decisions that may negatively affect flood infrastructure)	☒	□	☒
Level of Service	■	■	■
Liability Exposure Minimized	■	□	■
Multi Use of Flood Infrastructure (i.e. detention basins, levees, etc. as public amenity)	☒	■	■
Oversight (ease of ongoing oversight: financial, level of service, etc.)	■	□	■
Potential Effect on the WSAFCA JPA (and JPA governance)	■	☒	■
Public Accountability (i.e. transparency with audits, budgets, etc.)	■	■	■
Public Access and Representation (i.e. landowner versus public on board)	□	■	■
Quick Decision Making Ability in an Emergency	■	☒	☒
Staff Knowledge and Experience (and agency ability to build staff capacity)	■	☒	■

* Matrix Legend: ■ = fully meets criteria; ☒ = partially meets criteria; □ = does not meet criteria

The following is a discussion of the factors included in the matrix:

Checks and Balances: An RD-led governance model would retain the RDs' current independent board status, and therefore, would retain a "check and balance" separation from decisions made at the City Council. A merger would result in no separation as flood maintenance would presumably become a division under the City's public works department. With subsidiary districts, the City Council would act as the RD board but there would be some separation from other City

functions. The City Council would convene as the RD board separately from City Council items. Staff also notes there is a perception in the broader flood engineering community that land use decisions should be separated from flood improvement decisions, i.e. any land use driven levee design changes should be reviewed by a separate local maintaining agency before state approval.

Cost: The EPS study provided by the City indicates that, generally, all governance options would be at an equal or lesser cost than the existing governance. LAFCo staff has some residual questions regarding the study (i.e. cost of City liability insurance and assumptions that the City would only inherit 20% of the costs of RD 537), but the study would generally support a finding that public service costs would likely be less than or substantially similar under City governance. However, a response to the City's cost analysis has been provided by RD 900 (also on behalf of RD 537) that instead shows that costs would increase anywhere from 7% – 25% depending on how the City charges overhead and staff time. LAFCo does not make this finding until an actual reorganization is approved (i.e. at a later milestone in the process), so there would be additional time to study these costs more closely.

DWR Assurance Agreement: Regarding levee maintenance (as opposed to interior surface drainage services), the Sacramento Valley System is a state facility that the local agencies maintain for DWR. Therefore, an agreement is required to memorialize each party's responsibilities (RD 900's agreement is included in Attachment 3 for reference). The City would be required to obtain approval from the Central Valley Flood Protection Board (CVFPB) as a Local Maintaining Agency to maintain the levees. The City is certainly capable of obtaining this approval; this factor merely notes that this would be an additional process step.

Flood Maintenance as Agency Priority: The RDs are single purpose districts focused on flood protection. The City has adopted flood protection as a top priority, yet competing priorities are inherent in city government. It is unknown how the City would structure a subsidiary district (this information would be included in a LAFCo application "Plan for Services"). The matrix assumes that the subsidiary district would have staff solely dedicated to flood protection, yet with the City Council acting as its board, and the matrix reflects it partially meets this criterion.

Funding is Dedicated: The existing assessments and funding streams would continue under a new regional governance structure. Successor agencies do not require a new Proposition 218 process assuming the fee will be continued for the same service by the successor agency. The only reason the merger option received partial credit is to reflect concerns that monies can be borrowed between accounts within the City, while Option 1 or 2b keep the RDs intact so there would be more of an accounting barrier to isolate flood funding.

Governance Efficiency: This is simply intended to focus on less overlapping agencies in West Sacramento. This is not meant to address efficiencies within an agency.

Influence: This is similar to "checks and balances" and reflects the concern that, for example, a developer may be able to avoid the need for flood improvements more successfully at a City Council meeting (e.g. City of Houston recent floods) than with an RD board with a singular focus. In theory, this concern may be somewhat resolved by having the City Council convene as the RD board with that same singular focus. On the other hand, the RD-led governance does not fully comply with this factor either. As opposed to a rural setting, where the landowner board members tend to be farmers protecting their own land for agriculture, in an urban setting the landowner board members often have developer interests also.

Level of Service: Both RD 537, RD 900 and the City are all capable of providing an adequate level of service, although this would be an expanded service area for the City so it is somewhat of an unknown factor. Staff conducted a field visit of the interior surface drainage system for RD 537, RD 900, and the City (inherited from old RD 811) and while the City's drainage channel appeared to not have been maintained as recently, the drainage system would still function adequately during a storm event.

Liability Exposure Minimized: The RDs, as special districts, would shelter liability in the event of a catastrophic levee failure. The City currently obtains insurance coverage from the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a risk pool for local agencies. YCPARMIA has indicated that it does not and will not cover inverse condemnation that would occur from a levee failure. The City has indicated that the insurance provided by the WSAFCA JPA covers member agencies from this risk. However, WSAFCA responded that the insured limit is \$1 million and only covers design and construction. In addition, the RDs have submitted a legal opinion (see Attachment 3) from Scott Shapiro, General Counsel for the California Central Valley Flood Control Association that indicates if the RDs are merged with the City, the City's general fund or other non-dedicated funds could be at risk. The matrix reflects the benefit the RDs can provide as a liability shelter. This is a key factor in the recommendation below.

Multi-Use of Flood Infrastructure: The DWR reports note that recreation is a legitimate use of flood infrastructure. The matrix reflects the City's concern that the RDs have not been cooperative enough regarding recreational uses of flood protection facilities (i.e. levees and detention basins).

Oversight: This factor reflects the potential benefit of keeping the RDs intact from a legal and accounting perspective. If the RDs remained (either as an independent special district #1 or a subsidiary district #2b), it would still provide reporting to the State Controller's Office and there would be a district in existence for LAFCo to review every five years. Obviously, the City is required to do audits and has high accounting standards, but the flood-related accounts are "rolled up" into larger public works account categories and the accounting detail needs to be requested.

Potential Effect on WSAFCA JPA: There are differing legal opinions on the effect of a merger or subsidiary district on the existing JPA, which member agencies include RD 537, RD 900 and the City of West Sacramento. The JPA is responsible for debt associated with levee improvements and it cannot be dissolved. RD 900 legal counsel indicates that the changes in organization being considered here would violate the terms of the JPA Agreement and the agreement would be terminated. However, the legal counsel for both the City of West Sacramento and LAFCo disagree with this opinion. Under Option 2b (subsidiary), the RDs would still exist so there would be no risk to the legal framework of the JPA, although the composition of the board would obviously change. Option 2a (merger) gets into more uncharted legal territory, but the JPA would likely remain under this scenario also. However, consolidation would certainly change the balance of decision making, which is a concern to the RDs. If the RDs became subsidiary districts to the City, the City Council would have all the board votes on the JPA and WSAFCA would effectively morph into a JPA similar to the many finance authorities currently in existence countywide, which is not necessarily a problem.

Public Accountability: Both the RDs and the City are accountable, however the City is more visible and obvious for the public to go to, which lends itself to accountability. Although as noted above, it's more difficult to see the budget details in larger organizations. As another factor, the affected public may have more access to members of the City Council, both because all voters are represented (as opposed to just landowners on an RD board), and because the public is more aware of the identity of their elected representatives on the City Council.

Public Access and Representation: This issue was raised by the City at the December 7, 2017 meeting. RDs are “landowner districts” per state law, meaning decisions are made by landowners and not voters. This made sense when RDs were created in the early 1900s to reclaim swampland for farming, and may still make sense in rural areas. However, in an urban setting, renters are excluded from the Board member selection process. In addition, the RDs have generally had their board members appointed by the Yolo County Board of Supervisors and not held elections (which is allowed per state law when a seat is not contested).

Quick Decision-Making Ability in an Emergency: Levees can fail without notice and can require shoring up within 12-48 hours. It is unknown what mechanisms the City would put into place to address this need, such as an emergency advisory body, but certainly it can. The matrix simply reflects that, in theory, smaller organizations can be nimbler than larger ones.

Staff Knowledge and Experience: The RD 900 and RD 537 staff exhibit a strong commitment to flood protection. The RDs have the staff knowledge of the system and some field personnel have over 25 years of service with the RD. It is unknown if the staff would find other employment or the City would hire RD staff in the event of a governance change. The matrix assumes that under a merger dissolved into the City that existing RD staff would not become City employees, and the City would need to build this capacity back up over time. The matrix assumes that under a subsidiary district, the existing staff could remain as RD employees and the only change would be replacing the RD board with the City Council. But this factor is largely unpredictable.

EXECUTIVE OFFICER RECOMMENDATION

Even though the Sacramento River System is a state facility, LAFCo is charged with making local decisions regarding governance. Legislative priorities and guidance is provided by Government Code Section 56001 (emphasis added) which states:

*“The Legislature recognizes that urban population densities and intensive residential, commercial, and industrial development necessitate a broad spectrum and high level of community services and controls. The Legislature also recognizes that when areas become urbanized to the extent that they need the full range of community services, priorities are required to be established regarding the type and levels of services that the residents of an urban community need and desire; that community service priorities be established by weighing the total community service needs against the total financial resources available for securing community services; and that those community service priorities are required to reflect local circumstances, conditions and limited financial resources. **The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.**”*

RD 537 and RD 900 provide an outstanding level of service to the community and express significant concern that the City of West Sacramento would not perform an equal or higher level

of service. There is also a concern that the City would have conflicting priorities and/or may not use the flood protection funds as originally intended.

Cities have been entrusted by the state constitution to provide a broad array of municipal services. A key question raised by this MSR is whether flood protection is so vital, and potential risks so catastrophic, that this service is better provided by a single purpose agency? The City of West Sacramento already provides some very technical and important services for its residents, that are of vital significance, such as: water and sewer treatment, fire prevention and police protection services. There does not appear to be a validated reason to question that the City could perform flood protection services as well, with time to build this capacity if needed. And there is inspection oversight by DWR to ensure that it does.

The reclamation district framework was established in the late 1800's to protect landowner farmer interests, and in staff's opinion, does not adequately represent the public in today's city setting. According to the 2010 US Census, approximately 59 percent (10,234) of West Sacramento homes were owner-occupied and 41 percent (7,187) were renter-occupied. And not surprisingly, the renters tend to be lower income overall than landowners. Therefore, it makes good governance sense to have the City Council -- elected by all residents -- act as the decision making body.

Regarding a full merger with the City (Option 2a) versus the RDs remaining as subsidiary districts (Option 2b), staff suggests maintaining the agencies as subsidiary districts addresses several potential issues as noted in the matrix above:

- No need to obtain new DWR assurance agreement;
- Assurance of dedicated funding;
- Liability shelter;
- Integrated multi-use benefits of flood infrastructure;
- Ongoing LAFCo MSR oversight;
- Assure no effects to the WSAFCA JPA; and
- Focused City Council decision making on flood issues (i.e. will need to meet separately acting as the RD 537 and RD 900 board).

Therefore, staff suggests that the MSR recommend the City portion of RD 537 and RD 900 become subsidiary districts to the City of West Sacramento. The draft MSR/SOI (Attachment 7) and resolution (Attachment 2) has been edited to reflect this recommendation, so if the Commission makes a different decision these documents will need to be revised.

AGENCY/PUBLIC INVOLVEMENT

LAFCo staff met with the staff and/or board of most of the reclamation districts/local maintaining agencies, sometimes on multiple occasions. A few districts provided information to LAFCo via email or phone call. LAFCo did not receive any response from Reclamation District 785. Each district was provided an opportunity to review and comment on the administrative draft report before it was made public.

A notice of availability of the Draft MSR/SOI was published in the West Sacramento News Ledger and Woodland Democrat and sent to all the affected agencies, which includes most in the county. LAFCo has received the following correspondence which is provided in Attachment 3:

1. Bill Kristoff, former West Sacramento City Council and LAFCo member , submitted a letter stating his concern that city government can lose focus when tasked with a wide array of priorities and responsibilities; and single purpose agencies, in this case the reclamation districts, are the most cost-effective and appropriate form of governance for the reduction of flood risk within the City of West Sacramento. His letter states that consolidation is a “solution without a problem” and finds the City’s assertion that it can provide an equal level of service for an equal or lesser cost “highly dubious”.
2. Kenric Jameson, Manager of RD 900 submitted an extensive comment letter (also on behalf of RD 537) noting that both districts are committed to implementing LAFCo’s basin-wide governance goal via a functional consolidation of the RDs and “stringently oppose” any consolidation or assumption of governance by the City. The letter notes that the overwhelming approval of Proposition 218 assessments in 2007 (passed with 70% of weighted ballots) and 2016 (passed by 57% of weighted ballots) indicates the strong public support of district services and the RDs track record of fiscal and operational accountability. As noted previously, the comment letter includes a rebuttal to the City’s cost analysis that asserts costs would actually increase anywhere between 7%-25% under City control. Regarding multi-use, the correspondence notes that all four WSAFCA levee improvement projects since 2006 include recreational features including the Riverwalk Promenade, pedestrian and cycling trails, interpretive signage and an ADA compliant river overlook. And due to the fact that the Sacramento River System is a state facility, the CVFPB needs to approve these design features and the RDs are not necessarily the limiting factor.

Any additional correspondence subsequent to this report will be provided to the Commission in a supplemental packet.

There have been edits to the MSR which have been formatted in added text and ~~deleted text~~ so it is clear what has changed as compared to the public review draft.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed Municipal Service Review and Sphere of Influence Update is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b)(3) of the California Code of Regulations, Title 14, Division 6, Chapter 3 (State CEQA Guidelines). CEQA requires analysis of agency approvals of discretionary “projects.” A “project,” under CEQA, is defined as “the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.” Section 15061 (b)(3) describes the General Rule that CEQA only applies 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.”

Approval of the Municipal Service Review and Sphere of Influence Update does not approve any development project. No physical construction or activity is contemplated as a result of this action. The project, therefore, will not have the potential to result in individual or cumulative significant effects on the environment. Furthermore, no special circumstances exist that would create a reasonable possibility that approving the Municipal Service Review and Sphere of Influence Update would have a significant effect on the environment. Therefore, the project is exempt from CEQA under the General Rule and no further environmental review is necessary.