

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street #100
Sacramento, California 95814
(916) 874-6458

February 1, 2006

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **Draft Environmental Impact Report for
SMUD SPHERE OF INFLUENCE AMENDMENT AND
ANNEXATION OF TERRITORY IN YOLO COUNTY (05-05)**

RECOMMENDATION

1. Receive and file Draft Environmental Impact Report.
2. Receive public comment and testimony on the document.
3. Direct staff to prepare Final Environmental Impact Report at the close of the 45-day comment period.

BACKGROUND

The Draft Program Environmental Impact Report (DEIR) was prepared to provide Sacramento LAFCo and the public with information on the potential impacts on environmental resources regarding the proposed **Sacramento Municipal Utility District (SMUD) Sphere of Influence Amendment and Annexation of Territory in Yolo County.** The proposed program EIR is comprised of several program components described as follows:

**Program
Component**

Description

1. Sphere of Influence Amendment and Annexation.
2. SMUD Acquisition of P.G. & E. equipment and infrastructure necessary to serve affected territory.
3. Execution of MOU's with Yolo jurisdictions related to revenue neutrality payment to compensate for property tax and franchise fee losses.

4. & 5. Reconstruction of existing SMUD electrical facilities.
6. Construction of the Woodland-Elverta transmission line.
7. Construction of the Willow Slough substation.
8. Upgrade existing P.G. & E. distribution system.
9. SMUD operation and maintenance of P.G. & E.'s distribution system.

Several of the program components cannot occur unless LAFCo and the voters approve the proposed SOI amendment and proposed annexation. In addition, these program components will require additional environmental analysis and approval by SMUD prior to construction of facilities. This process will necessitate public hearings and a public approval process.

Public Comment Period

The 45-day public comment period began on January 6, 2006 and ends February 21, 2006. The public is invited to provide written comments to Sacramento LAFCo on or before Tuesday, February 21st at 5:00 PM. **Responses to all comments will be included in the Final EIR.**

Public Workshops Conducted by Sacramento LAFCo

Your staff has conducted the following public workshops and received public comment on the Draft EIR.

January 18, 2006	Davis City Hall
January 23, 2006	Woodland/ Yolo LAFCo
January 25, 2006	Woodland/ Yolo County Board Chambers
January 26, 2006	West Sacramento City Hall
February 1, 2006	Sacramento LAFCo

SUMMARY OF ENVIRONMENTAL FINDINGS

The Draft EIR has determined that there will be both direct and indirect significant environmental impacts on the following:

- Aesthetics
- Air Quality
- Noise
- Growth Inducement
- Cumulative

Aesthetics

The proposed transmission line from SMUD's Elverta substation to Woodland will encroach on scenic views on Yolo County Roads 16 and 117. Since these roads are designated scenic roads, this impact may not be entirely mitigated.

Air Quality (Short Term and Long Term)

The proposed project will increase particulate from diesel fueled vehicles during construction and reconstruction of electrical facilities required to serve the area. This increased activity will worsen air quality during the construction period.

In addition, there will be an on-going increase in particulate related to SMUD's continued operation and maintenance activities to serve this area. This increase is estimated to be approximately 20 trips or 400 miles per day. The Draft EIR takes a conservative approach and does not factor in any reduction or offsets related to the fact that P.G. & E. equipment will not be needed to serve this area.

Short Term Construction Noise

It is likely that noise will increase during the construction and reconstruction period. This noise increase is primarily related to the construction of the transmission line and substation. For the most part, this impact will occur in the rural and agricultural areas. Noise level should return to normal after construction is complete.

Note: Noise related to on-going operation and maintenance activities should be the same whether P.G. & E. or SMUD is the service provider. There should be no real change in noise level.

Growth Inducement

The EIR indicates that improved system reliability and lower rates, if realized, could attract new industrial and commercial customers to the affected territory. For example, if growth occurs faster than the existing planning assumptions, local jurisdictions may be required to update and amend general plans sooner than they anticipated. At this time, it is not possible to quantify this impact. Currently, local jurisdictions have land zoned to meet anticipated short term growth. This planning process is on-going and is subject to multiple variables other than energy.

Cumulative Impacts

Sacramento/Yolo and SACOG regions are experiencing long-term sustained growth trends. The proposed impacts of the SMUD annexation, when combined with this regional growth trend, may be significant. However, this specific project, when compared to the regional projects, is small. Nevertheless, it may be a contributing factor.

Regional projects include:

- South Sutter County Specific Plan (Measure m)
- Sacramento International Airport Master Plan
- Natomas Joint Vision
- General Plan Updates of Local Jurisdictions

EIR Best Management Practices and Mitigation Measures

Most of the significant impacts identified in the Draft EIR are related to the proposed construction of new facilities and reconstruction of existing facilities. However, the Draft EIR incorporates Best Management Practices (BMP's) and **known traditional** mitigation measures.

If this EIR is certified by your Commission, it will incorporate and impose this mitigation plan as well as best management practices. The Commission should acknowledge that SMUD, as lead agency for the construction projects, will be required to satisfy the mitigation measures and BMP's identified in the Sacramento LAFCo EIR. In addition, SMUD may impose additional mitigation measures associated with subsequent EIR's to address specific environmental issues that have not been identified in this EIR.

Alternatives

The Draft EIR identified a number of project alternatives. These alternatives are briefly described as follows:

No Project.

City/ County Provisional Electric Service

Joint Powers Authority (JPA)

P.G. & E. Upgraded Improved Service

Community Choice Aggregation

SMUD Annexation with CAISO Service

The alternatives were selected because they represent potential solutions to the fundamental policy question: Which type of agency will best serve the public interest in providing electric service to the affected territory---an investor-owned utility, a quasi-governmental agency or a local governmental agency?

Additional Analysis

In addition to the environmental analysis, LAFCo will evaluate the economic and service delivery impacts to the affected territory as well as current SMUD customers. LAFCo staff will examine rates, service delivery impacts and other related impacts as part of the Executive Officer's analysis and recommendations.

The California Public Utilities Commission (CPUC) is required to evaluate the impacts to the remaining P.G. & E. customers if the annexation is approved and SMUD assumes service responsibility.

The CPUC has adopted by resolution the following determination:

"The proposal by the Sacramento Municipal Utility District (SMUD) to serve P.G. & E. customers in Davis, West Sacramento, Woodland, and adjacent unincorporated areas, will not substantially impair P.G. & E.'s ability to provide adequate service at reasonable rates within the remainder of its service territory."

The purpose of the presentation this evening is to give your Commission a broad overview of the anticipated environmental impacts related to the proposed **SMUD SOI Amendment and Annexation of Territory in Yolo County.**

PB:Maf
Attachments

(Draft EIR SMUD)