

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

June 6, 2007

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **DETACHMENT OF CITY OF RANCHO CORDOVA FROM**  
**COUNTY SERVICE AREA NO. 10**  
(01-07) [CEQA: Exempt Sec.15320(a), Class 20]

**CONTACT: Don Lockhart, Assistant Executive Officer, 874-2937**

**RECOMMENDATION**

1. Certify the CEQA Categorical Exemption as adequate and complete for the Detachment from County Service Area No. 10, and direct the Executive Officer to file the Notice of Exemption with the appropriate government entity.
2. Accept as adequate the proposed Municipal Service Review prepared by the City of Rancho Cordova, specific to this detachment.
3. Amend the Sphere of Influence for County Service Area No. 10 to delete the affected territory (the City of Rancho Cordova.)
4. Approve the Detachment of the City of Rancho Cordova from County Service Area No. 10.
5. Condition detachment of the City of Rancho Cordova from County Service Area No. 10 subject to the terms and conditions listed below:
  - a. The effective date of said detachment will be November 30, 2007 or upon the filing of the Certificate of Completion by the Executive Officer of the Sacramento Local Agency Formation Commission, if filed other than that date.
  - b. The City of Rancho Cordova shall impose a special transit tax equal to the levy of the existing assessments currently authorized by the County of

Sacramento for County Service Area No. 10, and continue to provide at a minimum the same level of service. The City of Rancho Cordova may increase these assessments pursuant to Proposition 218.

- c. The boundaries of the detachment are coterminous with the existing City of Rancho Cordova boundaries, as set forth in Figure 1, attached. The area to be detached is constituted by all of Benefit Zones No. 1 and No. 2, as well as the Mather Commerce Park.
  - d. The City of Rancho Cordova and the County of Sacramento shall adopt a Transition Agreement to ensure the efficient transfer of responsibility for operations, and maintenance, with no adverse impact to existing and future assessment payers.
  - e. The Transition Agreement will fully address and incorporate the issues and concerns introduced by Regional Transit.
6. Pursuant to provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, your Commission should exercise delegation of authority to the Executive Officer to act as Conducting Authority for the Detachment of Rancho Cordova from County Service Area No. 10; and to complete the protest proceedings prior to August 1, 2007.
7. Authorize your Chair to sign the Resolution making these determinations.

**FPPC DISCLOSURE**

None.

**PROPONENT**

City of Rancho Cordova  
2729 Prospect Park Drive  
Rancho Cordova, CA 95670  
www.cityofranhocordova.org  
Cyrus Abhar, Public Works Director  
c/o Elizabeth Sparkman, Senior Civil Engineer  
(916) 851-8700 ( FAX) (916) 852-8762  
esparkman@cityofranhocordova.org

**BACKGROUND**

**City of Rancho Cordova**

The Rancho Cordova City Council has adopted a resolution requesting the detachment from County Service Area No. 10, a dependent special district, which was established for

the purpose of funding extended transportation services to an urbanizing area in order to comply with previously imposed County of Sacramento conditions of development and environmental mitigation measures. Your Commission approved the establishment of CSA 10, to be effective on June 30, 2003, prior to the incorporation of Rancho Cordova. A portion of CSA No. 10 would be within the City of Rancho Cordova, upon incorporation, effective July 1, 2003. During the public hearings for CSA No. 10, the County of Sacramento Board of Supervisors recognized the need to work with the City of Rancho Cordova. The Board directed County staff to maintain an active outreach role to Rancho Cordova, which has been accomplished. Once formed, a County Service Area may continue to operate within a city after incorporation only with consent of the city. A large share of the territory within CSA 10 and all of the parcels in Benefit Zones No. 1 and No. 2 are located within the City of Rancho Cordova.

Incorporated on July 1, 2003, the City of Rancho Cordova encompasses 33 square miles, with a population of 56,355 (CA DOF 3/06.) The city provides municipal services through a combination of staff, contract staff, consultant services, and service providers operating within the City limits. The city contracts with the County of Sacramento to provide police protection, drainage and flood plain management, and limited construction management. City staff, supplemented by contract staff, provide services related to planning, building and safety permit and inspection services, improvement plan review, transportation planning, road maintenance, solid waste services, and animal control.

The City Council consists of five representatives elected at large to four-year overlapping terms. Council Members must be residents of the city. The positions of Mayor and Vice Mayor are chosen by the City Council through policy direction determined by the City Council. The Mayor conducts the Council meetings and represents the city on ceremonial occasions. The Council is the policy and legislative body of the city and formulates policies in response to the needs, values and interest of the citizens of Rancho Cordova. The Council hires the City Manager and City Attorney, makes appointments to the boards and commissions, and acts to influence local, regional and state policies favorable to the City of Rancho Cordova through various action groups and organizations. The City Manager implements the policies that are set by the Council and acts as the Chief Executive/Administrative Officer of the City and serves as the Executive Director of the Redevelopment Agency. The City Manager's Office is responsible for the day-to-day administration of the city.

#### **Purpose of CSA 10 and Benefit Zone No. 1**

The purpose of CSA 10 is to enable the provision of extended miscellaneous transportation services to developing areas within the CSA's boundaries.

The purpose of Benefit Zone No. 1 is to extend certain transportation-related services to only the Villages of Zinfandel, (approximately 1800 dwelling units.) Services would be funded by a property related charge pursuant to the California Constitution Article XIID, Section 6.

Benefit Zones No. 1 and No. 2 levy charges for residential and nonresidential development to fund supplemental transportation services, which may include transit shuttle services, indefinitely as determined appropriate by the County Board of Supervisors, in consultation with the City of Rancho Cordova.

This proposal is for the detachment of that portion of CSA No. 10 within the City of Rancho Cordova. i.e., Benefit Zones No. 1 and No. 2, and Mather Commerce Center.

### **Services to be Assumed From CSA 10**

Upon detachment, the city will carry forward the level of supplemental transportation related services which may include:

- Transit Shuttle – transit shuttle for residents and/or employees between residential areas, employment centers, shopping and service centers and light rail stations and/or other public transit options;
- Guaranteed Ride Home – free taxi rides and rental cars for ride sharers in case of an emergency;
- Transit Subsidies – financial assistance to encourage residents and employees to use transit or other alternative transportation measures;
- Transportation Plans for employers and/or resident groups – plans which guide employers and resident groups on the implementation of trip reduction programs, such as ride share matching or other similar programs;
- Education Programs – various programs such as education of transit options, home office set up, alternative commute opportunities;
- Infrastructure Support – additional bike racks and lockers, transportation alternative ride share informational boards/kiosks, and transit facilities;
- Transportation Coordinator Training and Support – instruction in mobility (transportation alternatives) for residential groups and work site coordinators;
- Bicycle and Alternative Fuel Vehicle Incentives – incentives for purchasing new bicycles or alternative fuel vehicles.

### **FUNDING**

On November 7, 2005 the City Council adopt a Resolution creating the Rancho Cordova Transit-Related Services Special Tax Area, to provide funding for transit-related services. This funding source is equal to the current CSA 10 levy, which it will supplant. The adopted Transit-Related Services Special Tax Area applies throughout the city. All new subdivisions and other discretionary land use approvals will include a condition notifying the property owners that they will be required to vote on whether to approve of a levy of a special tax for transit-related services.

The Transit-Related Services Special Tax Area services to be funded through the special tax will be the same types of services currently provided by CSA 10. Those transit-related services, including but not limited to transit shuttle services, transit facilities, and other services related to promoting alternative modes of transportation, are described in

the County of Sacramento Board of Supervisors Annual Reports for each respective Benefit Zone, (attached.)

The proposed detachment entails the entirety of Benefit Zones No. 1 and No. 2, established in May 2003 and May 2004 respectively, for the purpose of providing the transit-related services to the Zinfandel Special Plan Area and the Sunridge Specific Plan Area. The Benefit Zones provide a funding mechanism through an annual charge on all parcels for transit shuttle and other supplemental transit-related services for residential and nonresidential development.

The service charge is based on the estimated annual cost of operation and maintenance of extended services for the fiscal year of the Benefit Zones' operation and an inflator formula will adjust the charge annually in subsequent years to maintain service levels. Muni-Financial prepared an Engineer's Report for each Benefit Zone pursuant to Section 4 of Article XIID of the Constitution of the State of California, to propose the methodology for the service charge.

The service charge ranges from \$30 to \$80 per parcel for developed residential parcels and \$460 to \$2,051 per acre for developed non-residential parcels. The service charge is collected on the property tax roll.

The service charge is calculated in Benefit Zone 1 at the annual rate of \$50 per Low Density Residential dwelling unit, \$40 per Medium Density Residential dwelling unit, \$30 per High Density Residential dwelling unit; \$1,282 per Retail and Commercial acre, \$1,102 per Business Park acre, and \$460 per Light Industrial acre, subject to an annual inflator formula based on the Consumer Price Index for the Sacramento Region, or six percent, whichever is less.

The service charge in Benefit Zone 2 is calculated at the annual rate of \$80 per Low Density Residential dwelling unit, \$64 per Medium Density Residential dwelling unit, \$48 per High Density Residential dwelling unit; \$2,051 per Retail and Service Commercial acre, and \$1,763 per Commercial Mixed Use acre, subject to an annual inflator formula based on the Consumer Price Index for the Sacramento Region, or six percent, whichever is less.

All of the Villages of Zinfandel and the Sunridge Specific Plan areas and a portion of the Mather Field Specific Plan Area north of the airport are within the limits of the City of Rancho Cordova as a result of the City's incorporation on July 1, 2003.

The city anticipates that additional new development elsewhere throughout the city will create impacts similar to those caused by the detachment of Benefit Zones 1 and 2. The city will be unable to fund the transit-related services at a level adequate to meet demand. As development in the city increases, the gap between available funding and services demand will widen because the city's budget does not contain adequate funding for transit-related services unless additional revenues are generated.

In order to address the anticipated funding shortfall, the City Council has acted to apply the Transit-related Services Tax throughout the entire city. All new subdivisions and other discretionary land use approvals would include a condition notifying the property owners that they will be required to vote on whether to approve of a levy of a special tax for transit-related services equal to those provided by CSA 10. A separate ordinance would be approved and a separate election would be conducted for each new development project. The property owners will be required to pay the costs of the special election. This will ensure that the current service levels of CSA 10 to be assumed by the city will not be adversely impacted by development elsewhere in the city.

The special tax would be similar to the special tax for police services, and would be calculated using the methodology as described in Engineer's Report County Service Area No. 10 and Benefit Zone No. 2 County of Sacramento, September 7, 2004, with a cost of living escalator. The proceeds of the tax will be used to provide transit-related services for the City.

The authority for the condition is the Rancho Cordova General Plan, which requires that transit-related services be provided to all new development, or the need to mitigate the need to identify environmental impacts identified in an Environmental Impact Report for new development.

The tax rate will be tied to the Assessor's property use code category. This will enable the County to collect the special tax along with property taxes. The use code categories and related additional implementation detail will be provided to the City Council in the future, when it implements the tax for specific development projects.

The special tax will be collected by the County on the property tax rolls. The County will deduct its cost of collection and remit the balance to the city at the same time it remits property tax payments to the city. In addition, there is a small charge for use of the County property tax use code categories.

Infrastructure and service costs will be financed by a combination of the assessments collected in the CSA 10 Benefit Zones 1 and 2, by the citywide transportation impact fee, and by special taxes in the city's transit related services special tax area. The boundaries of the transit related services special tax area are the boundaries of the city limits and new development is annexed in as new tax zones. There is currently only one zone of benefit for the Capital Village project, known as Benefit Zone 3. The city will also participate in the acquisition of federal and state funds intended to support transit system development.

### **Proposition 218 Process**

LAFCo is responsible for the formation and configuration of the boundary of CSA 10, including any related detachments. Generally, when a city imposes a property-related charge, it must do so in conformance with Proposition 218, added as Articles XIII C and D to the State Constitution. However, the mere continuation of the CSA 10 service charge will not trigger the procedural requirements of Proposition 218. After the

detachment is completed, if the City Council seeks to increase the Transit-Related Services Special Tax, it will conduct the necessary Prop. 218 ballot process.

**County Service Area No. 10 and Sphere of Influence Boundaries**

Upon formation, the boundaries of County Service Area (CSA) No. 10 and its Sphere of Influence were congruent. The SOI should be amended to delete the area within the City of Rancho Cordova proposed for detachment, including a portion of the Mather Field Specific Plan Area north of the airport.

CSA No. 10 is irregularly shaped, and is generally located south of International Boulevard and White Rock Road; north of Kiefer Road; east of the western boundary of Mather Field; and West of Grant Line Road. *The area to be detached is within the City of Rancho Cordova, and is constituted by all of Benefit Zones No. 1 and No. 2, as well as the Mather Commerce Park.* When CSA 10 was originally formed, the boundaries included all properties within the Mather Field Special Planning Area.

**Mather Commerce Center Boundaries (To be Detached)**

That portion of the Mather Field SPA that is within the city limits is called the Mather Commerce Center, as it is currently where most of the commercial and office land uses are occurring within the Mather SPA. It is generally those properties in the Mather Field SPA within the city limits and is generally located north of the airport runway. There is no assessment being levied in the Mather Commerce Center, (Figure 1)

**Benefit Zone No. 1 Boundaries (To be Detached)**

The current Benefit Zone No. 1 is located entirely within the City of Rancho Cordova. Benefit Zone No. 1 is an irregular shape that covers the Villages of Zinfandel. The Villages of Zinfandel is generally located: south of International Boulevard; north of Mather Boulevard; east of Femoyer Street; and west of the Folsom South Canal. (Figure 1)

**Benefit Zone No. 2 Boundaries (To be Detached)**

The current Benefit Zone No. 2 is located entirely within the City of Rancho Cordova. Benefit Zone No. 1 is an irregular shape that covers the Sunridge Specific Plan. The Sunridge Specific Plan is generally located: south of Douglas Boulevard; north of Keifer Boulevard; east of Sunrise Boulevards; and west of Grant Line Road. (Figure 1)

## **ANALYSIS OF PROPOSAL**

### **Overarching Policy Considerations**

The Cortese-Knox-Hertzberg Local Government Reorganization Act 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 (Sec. 56001).

A core issue that your Commission may address is that the Sacramento region is expected to gain one million new residents in the next 20 years. This anticipated growth raises an important question. In an era of rapidly increasing population, how can we work together to maintain mobility, enhance air quality, sustain economic prosperity and preserve those assets that make the Sacramento region an attractive place to live and work?

During the entitlement review and land use planning process for this area this was the first time in our region that the formation of a CSA of this nature was proposed.

The CSA No. 10 has established a funding mechanism that offers a wide range of extended miscellaneous transportation services to employees and residents within the CSA boundary. Those services in turn reduce vehicle miles traveled, which translate to improved air quality.

One of the benefits of this detachment is that it enables the City of Rancho Cordova to continue to provide enhanced transit services in the affected territory, as well as to refine and apply the same enhanced services consistently to new development throughout the city.

### **Process for Detachment**

"Detachment" is change of organization, which means the detachment, deannexation, exclusion, deletion, or removal from a district (CSA 10) of any portion of the territory of that district. Your Commission has the power to review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for the detachment of territory from a dependent service district (CSA 10.) No change of organization, or any term or condition of a change of organization or reorganization, shall impair the rights of any bondholder or other creditor of any county, city, or district.

All inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within the territory shall cease to be subject to the jurisdiction of the County of Sacramento Board of Supervisors regarding the administration of CSA 10, and shall



cease to have any of the rights or duties of the remaining territory, inhabitants, or voters of CSA 10.

Upon completion of the detachment, no inhabitant, property owner, taxpayer, consumer, or user within territory detached from CSA 10 shall be entitled to either of the following:

- (a) All or any part or to any payment on account of the moneys or funds, including cash on hand and moneys due but uncollected, or any property, real or personal, of CSA 10.
- (b) Any refund by reason of any taxes, assessments, service charges, rentals, or rates collected prior to the effective date of the detachment.

The affected territory shall continue to be liable for the payment of principal, interest, and any other amounts which become due on account of any bonds, including revenue bonds, or other contracts or obligations of CSA 10 and any improvement district (benefit zone) within which the detached territory has been situated, as are outstanding on the effective date of detachment.

It shall be subject to the levying or fixing and collection of any of the following which may be necessary to provide for that payment:

- (a) Taxes or assessments.
- (b) Service charges, rentals, or rates.
- (c) Both taxes or assessments and service charges, rentals, or rates.

If your Commission approves the detachment from County Service Area No. 10, then the proceedings will move to the Conducting Authority. The formation may be defeated by adequate protest submitted and not withdrawn during the Conducting Authority proceedings. Your Commission may determine that any election called upon the question of confirming an order for the detachment shall be called, held, and conducted upon that question under either only within the territory ordered to be detached; or both within the territory ordered to be detached and within all or any part of the district which is outside of the affected territory. Staff recommends that the protest be received only from the affected territory, in that the detachment is a zero sum proposal for the remaining CSA 10.

The Cortese-Knox-Hertzberg Local Government Reorganization Act provides that LAFCo act as the Conducting Authority for CSA detachment. After adoption of a resolution making determinations for the detachment from the CSA by your Commission, protest proceedings shall be taken. In light of scheduling considerations, i.e., the upcoming annual July recess, staff recommends that your Commission delegate your authority to your Executive Officer for Conducting Authority Proceedings. [56375, etal. 57000. (a),(c)]

### **Environmental Considerations**

LAFCo will act as the lead agency consistent with CEQA Guidelines §15050 et. seq., regarding the environmental documentation for the detachment of the City of Rancho Cordova from County Service Area No. 10 and Benefit Zones No. 1 and No. 2.

LAFCo has prepared a Notice of Exemption Section 15320(a), Class 20, as the appropriate CEQA document due to its finding that the proposed project will not have a significant effect on the environment.

The proposed project consists of the detachment from an a dependent special district, where changes do not change the geographical area in which previously existing powers are exercised, and is therefore exempt from the provisions of CEQA.

## **CONSISTENCY WITH LAFCO POLICES AND PROCEDURES AND CITY OF RANCHO CORDOVA GENERAL PLAN**

### **Municipal Services Review**

The detachment of from CSA No. 10 and Benefit Zones No.1 and No. 2 is consistent with LAFCO Policies and Procedures which require a Municipal Service Review be prepared and accepted for the amendment of a Sphere of Influence. The City of Rancho Cordova has prepared a Municipal Services Review, specific to this detachment.

The Municipal Service Review (MSR) process affords your LAFCo the opportunity to review the full range, availability and means of financing of the enhanced transit services proposed to be assumed by the City of Rancho Cordova. The attached MSR provides adequate information to allow your Commission to make written determinations regarding the following factors for the provision of enhanced transit services:

- Infrastructure needs or deficiencies;
- Growth and population projections for the affected area affected area;
- Financing constraints and opportunities;
- Cost avoidance opportunities;
- Opportunities for rate restructuring;
- Opportunities for shared facilities;
- Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- Evaluation of management efficiencies; and
- Local accountability and governance.

The MSR complies with your Commission's adopted MSR Guidelines.

The project is consistent with the City of Rancho Cordova General Plan in that it will implement the adopted policy, which requires that transit-related services be provided to all new development, or the need to mitigate the need to identify environmental impacts identified in an Environmental Impact Report for new development.

### **Analysis of Proposal**

Your Commission has adopted specific standards for actions to ensure that fair and consistent decisions are reached in accordance with Cortese-Knox-Hertzberg legislation.

Your Commission may make exceptions to these specific standards if it determines that such exceptions:

- Are necessary due to unique circumstances;
- Are necessary due to conflicts between general and specific standards;
- Result in improved quality or lower cost of services available; or
- There exists no feasible or logical alternative.

**APPLICABLE POLICES FOR DETACHMENTS FROM DISTRICTS**

1. The LAFCo shall not approve the detachment of territory from a high-quality service provider unless the following can be demonstrated:
  - a. The detachment is necessary to ensure delivery of services essential to the public health and safety;
  - b. The successor provider supplies services of equal or higher quality; and
  - c. The detachment does not significantly reduce the efficiency of service delivery to the remaining inhabitants of the current service provider's territory from which the detachment will occur.
2. The service plans of CSA 10 for the areas which lie within the city's Sphere of Influence provide for orderly detachment of territory from the district...
3. The LAFCo will consider detachments in areas which require organized public service if another service provider is capable and willing to provide the service(s).
4. The LAFCo will not approve a detachment from a city or special district which conflicts with the adopted Municipal Service review of the Sphere of Influence plan of the agency from which detachment is sought.
5. Detachment from district shall not relieve the landowners within the detaching territory from existing obligations for bonded indebtedness or other indebtedness under similar security instrument incurred previously by the city or district to provide service to the detaching applicant unless the following apply:
  - a. The relief from indebtedness is part of a revenue exchange agreement applying to the detachment; or
  - b. The service benefits previously received by the applicant can be readily assumed by another landowner within the district who is willing to assume the financial responsibility in exchange for the added services.

Each of the above standards and requirements have been satisfactorily met for the formation of the proposed County Service Area No. 10 and Benefit Zone No. 1. Each of

these items listed above has been discussed in detail in this report, and in the accompanying attachments.

### **Effect of Proposal on Adjacent Areas**

At the time of formation, in order to not encumber the incoming City Council of Rancho Cordova with myriad service provision arrangements, the County of Sacramento agreed to limit County Service Area No. 10 to be authorized to provide only the extended miscellaneous transportation services discussed in this report. This proposed detachment has been arrived at through the mutual consent of the affected governing bodies, subject to LAFCo approval.

### **Effect of Proposal on CSA 10**

By establishing the distinct benefit zones within CSA 10, the Board of Supervisors has effectively preserved the fiscal and service integrity of the balance of CSA 10, in light of the detachment of Benefit Zones No. 1 and No. 2.

### **Affected Districts**

The proposal was routed for review and comment to the Sacramento County Public Works Agency, Cordova Recreation and Park District, Sacramento Metropolitan Fire District, Sacramento Regional Transit District (RT), Sacramento Metropolitan Air Quality Management District (SMAQMD)

The special transit tax to be imposed by the city in lieu of the fees currently imposed by CSA 10 will not be charged to public facilities, therefore the special districts within the proposed territory will experience no adverse fiscal effect from the detachment.

The Sacramento County Public Works Agency had no comments, Cordova Recreation and Park District and Sacramento Metropolitan Fire District do not oppose the proposal. It is anticipated that the extended transportation services may develop a complimentary relationship by increasing travel options to recreation programs and park sites.

Sacramento Regional Transit District has requested that the city coordinate the transfer of enhanced transit services with them and the Highway 50 corridor TMA. The city has agreed to meet and confer with these agencies, and come to agreement. A condition of project approval is proposed that the detachment address the concerns raised.

### **Benefit of Detachment from CSA No. 10**

The primary benefit of detachment is that the City of Rancho Cordova will continue at a minimum the enhanced transit services currently provided by CSA No. 10. In doing so, the city will also fund and apply a similar service level to new development citywide. The City of Rancho Cordova will benefit from the established expertise and track record of CSA 10 in the community, and will be able to build on that citywide to offer a wide range

of transportation services to employees and residents. The resources and enhanced transit services of both CSA 10 and the city, will be available on a long-term basis to provide an extensive menu of transportation programs and services that encourage use of alternate commute modes. These programs and services will include various shuttles, transit subsidies, guaranteed ride home, carpool and vanpool matching and bicycle incentive programs. The shuttles and subsidies will make it possible for employees and residents to connect to an improving transit system without using their single occupancy vehicles (SOV). A reduction in use of these mobile sources has historically translated to air quality improvements. The majority of these transportation and air quality programs will be offered through the local transportation management association (TMA).

CSA No. 10 has served as a catalyst for other new programs to reduce traffic congestion and improve air quality for the City of Rancho Cordova and the region.

### **RECOMMENDATIONS**

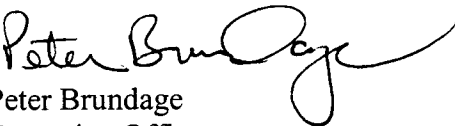
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3. Amend the Sphere of Influence for County Service Area No. 10 to delete the affected territory (the City of Rancho Cordova.)
4. Approve the Detachment of the City of Rancho Cordova from County Service Area No. 10.
5. Condition detachment of the City of Rancho Cordova from County Service Area No. 10 subject to the terms and conditions listed below:
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  - b. The City of Rancho Cordova shall impose a special transit tax equal to the levy of the existing assessments currently authorized by the County of Sacramento for County Service Area No. 10, and continue to provide at a minimum the same level of service. The City of Rancho Cordova may increase these assessments pursuant to Proposition 218.
  - c. The boundaries of the detachment are coterminous with the existing City of Rancho Cordova boundaries, as set forth in Figure 1, attached. The area to be

detached is constituted by all of Benefit Zones No. 1 and No. 2, as well as the Mather Commerce Park.

- d. The City of Rancho Cordova and the County of Sacramento shall adopt a Transition Agreement to ensure the efficient transfer of responsibility for operations, and maintenance, with no adverse impact to existing and future assessment payers.
  - e. The Transition Agreement will fully address and incorporate the issues and concerns introduced by Regional Transit.
6. Pursuant to provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, your Commission should exercise delegation of authority to the Executive Officer to act as Conducting Authority for the Detachment of Rancho Cordova from County Service Area No. 10; and to complete the protest proceedings prior to August 1, 2007.
  7. Authorize your Chair to sign the Resolution making these determinations.

Respectfully,

***SACRAMENTO LOCAL AGENCY FORMATION COMMISSION***

  
Peter Brundage  
Executive Officer

Attachments:

Draft Transition Agreement  
Maps (Exhibit A)  
City of Rancho Cordova MSR  
City of Rancho Cordova Resolution No. 117-2005  
Board of Supervisors CSA No. 10 Annual Reports – Benefit Zones No. 1 & No. 2  
RT Correspondence

DL:dl

**AGREEMENT FOR TRANSITION OF MISCELLANEOUS EXTENDED  
TRANSPORTATION SERVICES (TRIP REDUCTION)  
IN THE CITY OF RANCHO CORDOVA (DETACHMENT FROM CSA#10)**

This Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2006, by and between the County of Sacramento, a political subdivision of the State of California ("County"), and the City of Rancho Cordova, a municipal corporation organized and existing under the laws of the State of California ("City").

**RECITALS:**

**WHEREAS**, pursuant to County Service Area Law and Resolution No. 2003-0250 of the Board of Supervisors of the County making application, the Sacramento Local Agency Formation Commission ("LAFCo") approved the formation of County Service Area No. 10 ("CSA10") to provide miscellaneous extended transportation services for trip reduction in the Villages of Zinfandel, Sunridge Specific Plan, and Mather Field urban development areas;

**WHEREAS**, pursuant to Section \_\_\_\_ of Resolution No. \_\_\_\_\_ of the Board of Supervisors of the County making determinations for the approval of the incorporation of the City, the City continued participation within County Service Area 10 ("CSA10") after its first full year of incorporation;

**WHEREAS**, under County Service Area Law territory within incorporated cities may only be included in county service areas with the continuing consent of a city:

**WHEREAS**, the City pursuant to Council Resolution 116-2005 has submitted an application to LAFCo to reorganize CSA10 by detaching from it all the territory within the City limits;

**WHEREAS**, the City has indicated its intention to continue the provision of miscellaneous extended transportation services established by CSA10 within the City territory it proposes to detach from CSA10;

**WHEREAS**, until such time as LAFCo approves the City's detachment request *in order that it can administer the continuing imposition of the identical service charges for the same purposes as established by CSA10*, the County will continue to administer CSA10 within the proposed detachment area and has levied service charges on CSA10 Benefit Zones No. 1 (Villages of Zinfandel) and No. 2 (Sunridge) parcels within the City for the 2006-2007 fiscal year;

**WHEREAS**, this Agreement is intended to memorialize the financial and operational arrangements between the County and the City to assure an efficient transition to the City of extended transportation services for the purpose of achieving trip reduction within the Villages of Zinfandel and the Sunridge Specific Plan areas of the City following the detachment from CSA10;

**NOW, THEREFORE**, in consideration of the mutual promises, conditions, and covenants hereinafter set forth, the City and the County hereby agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated by reference. However, the recitals create no enforceable obligation(s) and should there be a conflict between a recital and any language in the following paragraphs, the language in the following paragraphs shall control.

2. **Definitions.** For purposes of this Agreement, the following words and terms shall have the following meanings:

"Benefit Zone No. 1" means that part of the territory encompassed by CSA10 that lies within the boundary of the Zinfandel Special Planning Area within the City of Rancho Cordova.

"Benefit Zone No. 2" means that part of the territory encompassed by CSA10 that lies within the boundary of the Sunridge Specific Plan within the City of Rancho Cordova.

"CSA10" means County Service Area No. 10.

"Transition Date" means \_\_\_\_\_, 2006.

3. **Financial Matters.**

1. **TRANSFER AND APPORTIONMENT OF FUND BALANCES**

A. COUNTY shall transfer to CITY the amount of \_\_\_\_\_ (\_\_\_\_\_), which represents the entire unencumbered balance of Benefit Zone No. 1 and Benefit Zone No. 2 revenues collected and held in reserve by COUNTY, following execution of this Agreement by all parties and receipt of a fully executed Agreement.

B. Following transfer of the above amount to the CITY, the parties agree that COUNTY shall have no further obligation to the CITY with respect to the payment of Benefit Zone No. 1 and Benefit Zone No. 2 revenues collected prior to fiscal year 2006-2007, and COUNTY shall have no further responsibility, liability or obligation regarding the transferred funds.

**Pro-Ration of Assessments.** Each time that the County Auditor-Controller transfers or makes available funds from the assessments collected for fiscal year 2006-2007 for the use of CSA10, the County shall pay to the City the assessments collected from Benefit Zone No. 1 and Benefit Zone No. 2. The total amount to be paid for fiscal year 2006-2007 is currently estimated to be \$78,465 for Benefit Zone No. 1 and \$202,150 for Benefit Zone No. 2.

**Reserve and Beginning Fund Balance.** The CSA10 Annual Report for fiscal year 2006-2007 shows a beginning "reserve" of \$0 and a beginning fund balance of \$81,314



for Benefit Zone No. 1 and a beginning "reserve" of \$0 and a beginning fund balance of \$95,976 for Benefit Zone No. 2. These figures are current to *March 1, 2006*.

Not later than forty-five (45) days after the Transition Date, the County shall provide the City an accounting of the County's expenditures for Benefit Zone No. 1 and Benefit Zone No. 2 during the period from *March 1, 2006*, to the Transition Date. If the total of such expenditures is less than \$\_\_\_\_\_, the County shall transfer the difference, minus an amount not to exceed \$\_\_\_\_\_ for the purpose of paying any contractor invoices until receipt of the first installment of CSA 10 Benefit Zone No. 1 and Benefit Zone No. 2 service charge levies, to the City not later than forty-five (45) days after the Transition Date.

County Expenditures Post-Transition Date. The County may perform additional work for Benefit Zone No. 1 and Benefit Zone No. 2 after the Transition Date but only pursuant to request by the City or as mutually agreed between the City and the County prior to commencement of any such work. The County's expenditures for such work will be reimbursed pursuant to the provisions of the following paragraph.

Division of Assessment Installments. The County shall deduct from the first installment of CSA10 Benefit Zone No. 1 and Benefit Zone No. 2 service charges an amount equal to any and all outstanding expenditures (i.e., those not previously paid out of the reserve and beginning fund balance or otherwise reimbursed by the City) made by the County on behalf of Benefit Zone No. 1 and Benefit Zone No. 2 and transfer the remaining balance to City plus any balance remaining of the \$\_\_\_\_\_ retained of reserve and beginning fund balance. The County shall provide the City a detailed accounting of the deductions. The County shall transfer the entire amount of the second installment and any subsequent collections and fund balances of CSA10 Benefit Zone No. 1 and Benefit Zone No. 2 service charge levies to the City. The County shall make each such transfer not later than fifteen (15) days following the close of the County's monthly accounting period in which the funds were received by the Department of County Engineering.

Accounting Records. The County shall maintain financial records to document the revenues of CSA10 and the County's expenditures for Benefit Zone No. 1 and Benefit Zone No. 2. Such records shall be adequate to allow for a complete, comprehensive and independent audit and shall be made available for inspection and audit by the City upon reasonable notice.

Final Reimbursements. The County shall provide the City with a detailed accounting of expenditures and revenues of Benefit Zone No. 1 and Benefit Zone No. 2 for the 2005-2006 Fiscal Year on or before August 31, 2006. The City shall pay to the County any unreimbursed County expenditures for Benefit Zone No. 1 and Benefit Zone No. 2, including the Agreed Percentage of the County Tax Collector's costs for the collection of CSA10 levies for fiscal year 2006-2007, within thirty (30) days following the City's receipt of an invoice from the County.

**Indemnification.** The County shall defend, indemnify, and hold harmless the City, its officers, employees, and agents from and against all demands, claims, actions, liabilities, losses, damages and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the delivery of trip reduction services within the territory of the City during the period prior to the Transition Date caused in whole or in part by the negligent or intentional acts or omissions of the County's Board of Supervisors, officers, employees, or agents.

The City shall defend, indemnify, and hold harmless the County, its officers, employees, and agents from and against all demands, claims, actions, liabilities, losses, damages and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the delivery of trip reduction services within the territory of the City caused in whole or in part by the negligent or intentional acts or omissions of the City Council or the City's officers, employees, or agents.

4. **Effective Date of Agreement.** This Agreement shall be effective as of the date it is fully executed by the parties.

5. **Assignment.** Neither party hereto shall assign, subcontract, or transfer any interest in this Agreement, or any duty hereunder.

6. **Amendments.** This Agreement may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by each of the parties hereto.

7. **Entire Agreement.** This Agreement and any attachments hereto constitute the sole, final, complete, exclusive and integrated expression and statement of the terms and conditions of this Agreement between the parties hereto concerning the transition of responsibilities for street lighting and highway safety lighting in Zone 4, and supersedes all prior negotiations, representations or agreements, oral or written, that may be related thereto.

8. **Construction and Interpretation.** It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, any rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

9. **Waiver.** The waiver at any time by any party of any of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

10. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal, provided that such invalidity does not materially affect the respective rights and obligations of the parties.

11. **Successors and Assigns.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, if any there be.

12. **Notices.** Any notice, demand, request, consent, or approval that either party hereto may, or is required to, give the other shall be in writing and shall be deemed to have been served on the date deposited, and received three (3) days after being deposited, in the United States mail, first class postage prepaid, and addressed as follows:

TO COUNTY:  
Director of County Engineering  
County of Sacramento  
827 7<sup>th</sup> Street, Rm. 304  
Sacramento, CA 95814

CITY:  
City Manager  
City of Rancho Cordova  
2729 Prospect Park Drive  
Rancho Cordova, CA 95670

Either party hereto shall have the right to serve any notice by personal delivery, and change the address at which it will receive such communications by giving fifteen (15) days' advance notice to the other party.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement the day of the year first written above.

Dated: \_\_\_\_\_ **CITY OF RANCHO CORDOVA**, a municipal corporation

By: \_\_\_\_\_  
Robert J. McGarvey, Mayor  
City of Rancho Cordova

(SEAL)

Attest: \_\_\_\_\_  
Lillian Hare, City Clerk

REVIEWED AND APPROVED BY CITY ATTORNEY:

By: \_\_\_\_\_  
Adam Lindgren, Assistant City Attorney

**COUNTY OF SACRAMENTO,**  
a political subdivision of the State of California

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Chair, Board of Supervisors

(SEAL)

Attest: \_\_\_\_\_  
Clerk of the Board

REVIEWED AND APPROVED BY COUNTY COUNSEL:

By: \_\_\_\_\_  
Supervising Deputy County Counsel