

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

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June 6, 2007

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer
RE: Arden Arcade Incorporation Proposal (03-07)

RECOMMENDATION

- A. Receive and File Status Report
- B. Authorize the Executive Officer to enter into a contract with Michael Brandman Associates to prepare the CEQA analysis for the Arden Arcade Incorporation in the amount not to exceed \$145,000. Contract to be approved by Commission Counsel.
- C. Authorize the Executive Officer to enter into a contract with Burr Consulting to prepare the Comprehensive Fiscal Analysis for the Arden Arcade Incorporation in the amount not to exceed \$90,000. Contract to be approved by Commission Counsel.

DISCUSSION

A. Status Report

- On May 11, 2007 LAFCo received RFP's for CEQA analysis and Comprehensive Fiscal Analysis.
- Recommendations selecting consultants are set forth in this report.
- Projected incorporation timeline is attached as Exhibit "A" to this report.

- Summary of funding approved by the Commission on May 2, 2007 is set forth as follows:
 1. LAFCo's contribution will be capped at \$100,000.
 2. LAFCo will match proponents contribution dollar for dollar not to exceed \$100,000. Proponents will be fully responsible for all costs in excess of \$200,000 except for LAFCo staff costs. LAFCo will not cover proponents share of cost.
 3. Payment schedule will be determined based on payment schedules established by consultants selected to perform the CFA, EIR, and LAFCo legal costs.
 4. Proponents shall make an initial deposit of \$25,000. A \$25,000 deposit shall be maintained at all times set forth as follows:
 5. Proponents will be required to deposit funds prior to commencement of any work by LAFCo's consultants and Commission Counsel. For example, it appears that consultants will invoice LAFCo monthly. The proponents shall make an initial deposit of \$25,000 with LAFCo. LAFCo shall pay the consultants from said deposit. The proponents shall reimburse LAFCo monthly to maintain a deposit balance of \$25,000. When it is determined that there are sufficient funds to cover the final payments for Commission Counsel and LAFCo consultants further deposits will not be required. No public hearings will commence until sufficient funds are deposited to cover final payments. Work will stop if there are not funds on deposit with LAFCo to cover the proponents estimated share of cost or those costs in excess of \$200,000.
 6. If the incorporation is successful, the new city shall reimburse LAFCo for staff costs incurred for LAFCo staff time spent on the incorporation proposal.
 7. No work will commence until the proponents have signed an indemnity agreement approved by Commission Counsel.

B. Contract for CEQA Analysis

Only one bid was submitted to prepare the CEQA analysis for the Arden Arcade Incorporation. Michael Brandman Associates submitted a proposal to prepare an Environmental Impact Report for this project. The initial cost estimate has been increased based on meetings with LAFCo staff and Commission Counsel that amended the proposed scope of the EIR. As amended, the scope of work is consistent with the EIR prepared for the Citrus Heights Incorporation and includes an analysis of growth potential within the proposed incorporation boundary. While the growth potential appears to be

very limited because there are relatively few vacant and undeveloped parcels, we are requesting that the consultant analyze potential growth impacts of these parcels.

The initial cost estimate was approximately \$123,000. The revised estimate has been increased to \$145,000 based on a revised scope of work.

Staff is recommending that the Commission authorize the Executive Officer to enter into a contract with Michael Brandman Associates to prepare the EIR for the Arden Arcade EIR.

The Commission and proponents should be aware that this cost estimate could change based on comments and other information obtained during the discovery phase of this project i.e., issues could be raised that will require additional analysis that could increase the cost.

C. Contract for Comprehensive Fiscal Analysis

LAFCo received proposals from three consultants to prepare the Comprehensive Fiscal Analysis: Muni Financial, Burr Consulting and Public Financial Management. I have reviewed these proposals with the proponents and County Staff. The County does not have any objection to any of the possible consultants. The proponents have indicated a preference. I have discussed our possible choices with other financial experts to assess the qualifications of the consulting firms.

Based on discussions and my assessment of the proposals I am recommending that the Commission authorize me to enter into a contract with Burr Consulting to prepare the Comprehensive Fiscal Analysis.

Burr Consulting’s proposal includes the cost of analyzing two boundary alternatives and the cost of fiscal modeling of impacts to the Sacramento County. It does not include in-depth analysis and fiscal modeling of governance alternatives, such as annexation to the City of Sacramento nor the detachment of Special Districts. The Consultant would provide this based on time and materials.

The following cost estimates were submitted:

Muni-Financial	\$50,000
Burr Consulting	\$75,000 + \$15,000 if they assist in negotiating a revenue neutrality payment
Public Financial Management	\$85,400

Total Estimated Costs of Incorporation Studies:

CFA	\$90,000
EIR	145,000
Legal	30,000
Other/Contingency	<u>25,000</u>
Total	\$290,000

Assumptions:

- **Note: LAFCo's share of cost is capped at \$100,000.**
- **Contract Amendments may be required based on the need to provide additional information as questions and issues are raised during the informational gathering stage of this project and or scopes of work are modified.**
- **Legal costs and Other/Contingency costs are best guess estimates.**

The consultants are aware of the tight timeline in order to have hearings in the spring of 2008 to have the opportunity for a November 2008 election.

Respectfully Submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

PB
Attachment
(Arden Arcade June 07 status Report)

Exhibit “A”

As Per Applicant Request Arden Arcade Incorporation Timeline Assuming a November, 2008 Election ¹

April 2, 2008	Commence Public Hearings and Certification of the FEIR
May 7, 2008	Possible continuation of Public Hearing on Incorporation Commence First 30 reconsideration period
June 4, 2008	LAFCo Public Hearing Drop Dead Date for Arden Arcade Incorporation. Commission must certify EIR and adopt all resolutions in order to meet the election timeline Adopt Impartial Analysis Delegate Conducting Authority to Executive Officer (Commence Second 30-day reconsideration period)
July 2, 2008	Transmit map and legal description to Registrar of Voters 125 days prior to November 4, 2008 election.
July 4, 2008	Second 30-day reconsideration period ends
July 7 to 11	LAFCo Special Hearing if Reconsideration Request is submitted
July 11, 2008	Executive Officer holds Conducting Authority (Protest) Hearing

¹ Note: This does not presuppose any decision by LAFCO which has the authority to approve, disapprove, with or without amendment and/or conditions any application for change of organization. This timeline is being provided solely for information purposes.

July 14, 2008	Transmit LAFCo Resolution to Board of Supervisors to place on their August 5, 2008 agenda. (3-week lead time per County policy)
July 15, 2008	Transmit required “draft” materials to Registrar of Voters subject to Board of Supervisor adoption on August 5 th . This complies with Registrar of Voters Administrative deadline.
August 5, 2008	Board of Supervisors calls the election and transmits information to Registrar of Voters.
August 8, 2008	Registrar of Voters drop dead date – 88-days prior to November 4, 2008 election. Ballot question, impartial analysis, direction to Registrar of Voter’s regarding what to include in the ballot materials
November 4, 2008	Election