

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

December 1, 2010

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD) REQUEST FOR A REORGANIZATION (ANNEXATION TO SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT AND TO SACRAMENTO AREA SEWER DISTRICT) (LAFC#13-10)**  
**[CEQA Final Environmental Impact Report SCH# 2009112078]**

CONTACT: Don Lockhart, AICP, Assistant Executive Officer (916) 874-2937  
([Don.Lockhart@SacLAFCo.org](mailto:Don.Lockhart@SacLAFCo.org))

**RECOMMENDATIONS**

1. California Environmental Quality Act:
  - a. Find that the Sacramento Local Agency Formation Commission is a responsible agency with respect to CEQA for this proposal;
  - b. Find that the Final Environmental Impact Report previously prepared and certified by the Sacramento Municipal Utility District, as lead agency for the project is adequate and complete;
  - c. Find that the Commission has considered the information contained in the Final Environmental Impact Report and the Mitigation Monitoring and Reporting Plan, and the Responsible Agency findings prior to its action on the proposal to construct the East Campus-Operations Center;
  - d. Find that on the basis of the Final Environmental Impact Report, County of Sacramento Responsible Agency findings, and the Mitigation Monitoring and Reporting Plan, that no supplemental environmental document is necessary to consider the proposal;
  - e. Adopt the attached Findings of Fact and Statement of Overriding Considerations; and
  - f. Direct staff to prepare a Notice of Determination.
2. Approve the Reorganization – Annexation to Sacramento Regional County Sanitation District (SRCSD) and to Sacramento Area Sewer District (LAFC #13-10.)

3. Waive the Conducting Authority Protest Proceedings, due to 100% Landowner and Affected Agencies consent.

### **FPPC DISCLOSURE**

There are no disclosures to report.

### **PROJECT PROPONENTS/ LANDOWNER**

Board of Directors, Sacramento Municipal Utility District  
c/o John DiStasio, General Manager & CEO  
6201 S Street  
Sacramento, CA 95817  
(916) 732-6201

### **PROJECT DESCRIPTION**

The proposal is a Reorganization, defined as two or more changes of organization initiated in a single proposal.

1. Annexation to Sacramento Regional County Sanitation District (SRCSD.)
2. Annexation to Sacramento Area Sewer District (SASD.)

The purpose of the annexations is to provide sanitary sewer service (SRCSD treatment, SASD collection) to the East Campus-Operations Center (EC-OC.). Sanitary sewer service is required to meet the County of Sacramento conditions of project approval.

### **PROJECT LOCATION**

The affected territory consists of approximately 51.3 acres in the IR (SM) (*Industrial Reserve-Surface Mining Combining*) zone. It is located on the southeast corner of Bradshaw Road and Kiefer Boulevard in the unincorporated Cordova Community Plan area. APN: 063-0260-015

### **COMMISSION AUTHORITY**

Your Commission has the authority to review and approve, modify and approve, with or without terms and conditions, or deny the requested Reorganization.

## **BACKGROUND**

The related proposed project consists of the new construction and operation of the SMUD East Campus-Operations Center (EC-OC.) This will include offices, mechanical shops, maintenance and warehouse buildings, open storage space, fuel islands and a vehicle wash station, and parking for visitors, employees and fleet vehicles.

The Sacramento County Project Planning Commission approved the related land use entitlements on October 25, 2010. There was no testimony opposing the proposal. Both the Cordova Community Planning Advisory Council and the Vineyard Community Planning Advisory Council reviewed and recommended approval of the proposed project.

SMUD acquired its current corporate yard on 59<sup>th</sup> Street from PG&E in 1946. From the 1950's through the 1970's, SMUD constructed permanent buildings and expanded the yard to its current state. Over that period of time, the surrounding area has built-out into largely residential neighborhoods, commensurate with the steady growth in demand for SMUD services. With the service area growth, the number of fleet vehicles has also grown and this has impacted not only the traffic patterns and parking within the yard, but the on-site storage of the fleet vehicles as well. The office and shop space are currently undersized forcing the operations into less than adequate space and making it problematic to work most efficiently.

SMUD will transfer the existing corporate yard operations located on 59th Street in the City of Sacramento, to the EC-OC. SMUD's administrative headquarters and customer service operations in the 6200 block of "S" Street, will remain. SMUD has estimated the number of employees at the EC-OC to initially include 745 people which could reach 845 people by 2029. This proposed project will provide a centrally located facility to serve new construction and existing client service areas.

The proposed corporation yard is being designed using the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) rating system, with the goal of Platinum certification. The LEED Platinum certification will include the following design features: generating energy from photovoltaic cells that cover parking lots and building roofs; installing horizontal ground source heating and cooling systems; utilizing natural daylight for indoor spaces; reducing the use of materials high in pollutants; installing low water use landscaping and other low usage water systems; and achieving 55 to 60 percent waste reduction with recycling.

### **Sacramento Municipal Utility District (SMUD)**

SMUD currently generates, transmits, and distributes retail electric power throughout a 900 square mile service area that includes Sacramento County (except for the extreme southwest portion of the County – primarily the Delta south of Walnut Grove) and a small portion of Placer County. Additionally, in 2004 SMUD annexed a small area in Yolo County in response to a request from the Sacramento Regional County Sanitation District (SRCSD), for service to SRCSD's South River Pump Station, which is a component of the SRCSD's integrated wastewater conveyance and treatment system

**DISTRICT CHARACTERISTICS**

<b>Area</b>	<u>Service Area</u> 900 sq. miles
<b>Population</b>	1.4 Million
<b>Customers</b>	595,000
<b>Registered Voters</b>	642,242
<b>Megawatts</b>	3,299 MW (July 24, 2006 - Record Peak Demand)
<b>Land Use</b>	Residential, Commercial, Industrial, Agriculture Industrial
<b>Transmission Line Miles</b>	473 miles
<b>Distribution (Overhead/ Underground)</b>	9,784 miles
<b>Sub Stations</b>	294
<b>Average Growth/ per year</b>	1902 customers
<b>Percent Projected Growth</b>	0.3%
<b>Employees</b>	2,113

**SITE AND SURROUNDING LAND USES AND ZONING**

	Existing Land Use	Zoning and Community Plan Designations
Subject Property	Vacant ag, former mining site	IR(SM)
North	Mining	M-2(SM)
South	Mining	IR(SM)
East	Mining	IR(SM)
West	Rosemont High School (across Bradshaw Road)	RD-5

Currently, the project site is vacant undeveloped land that was mined from 1991 to 1997 for aggregates. After the aggregate surface mining operation was completed, the site was deemed reclaimed to agriculture use under the County Fairbain South Reclamation Plan in accordance with the CA Surface Mining and Reclamation Act (SMARA). The site was reclaimed after the mining, with approximately two (2) feet of overburden soil overlain on the below grade mined portion.

**LAFCo Policy, County General Plan, and Community Plan Consistency:**

This project is consistent with Sacramento LAFCo Policies, Standards and Procedures, the County of Sacramento General Plan, the proposed Jackson Corridor Planning Area, and the Cordova Community Plan Area, as further discussed below.

The affected territory is outside both the SRCSD and SASD Service Areas, but within the Sacramento Urban Services Boundary (USB) and the current SASD Sewer Master Plan sheds. This project is consistent with the SRCSD and SASD policies that sewer service will only be provided to parcels that are zoned for urban development in accordance with the terms and conditions of the Districts.

**LAFCo General Policies**

The proposed reorganization is consistent with the following:

The Commission is charged with encouraging orderly growth and development.

The Commission must exercise its authority to ensure that affected populations receive efficient services.

The Commission will favorably consider those applications that do not shift the cost for services and infrastructure benefits/costs to other service areas.

Commission policy encourages the use of service providers that are governed by officials elected by the citizens.

The following table identifies significant policies in the General Plan, relevant to this project:

Table I  
General Plan Policy

Key Policy	Consistency
LU-18 Design new development to be compatible with surrounding development.	Yes (See Below)

Sacramento County General Plan: Under the 1993 General Plan, the project area is designated as Extensive Industrial, in an Aggregate Resource Area (ARA). Extensive Industrial land use designations allow activities that require large areas of land and usually do not require urban levels of services. The Aggregate Resource Area is a combining land use designation that recognizes the underlying zoning as the guide to land uses and preserves selected natural resources without imposing unnecessary restrictions on the use of the land. The request is consistent with the County General Plan Extensive Industrial Designation in that no policy conflicts have been identified.

The proposed project is consistent with the General Plan Policy (LU-18) because the project fits in well with the existing and abandoned mining operations as well as nearby County buildings (Branch Center) and Rosemont High School located across the street.

The East Campus Operations Center (EC-OC) site is currently outside of Sacramento County’s Urban Policy Area (UPA) boundary. However, the site is within the County Urban Service Boundary (USB.) Operation of the EC-OC facility would require urban levels of public infrastructure and services.

General Plan policy LU.57 states:

“The County shall not provide urban services beyond the Urban Policy Area, except when the County determines the need for health and safety purposes.”

Because this is a unique and necessary public facility the proposal is in concert with LU.57.

Jackson Corridor Planning Area: The draft 2030 County General Plan indicates that this project is within the proposed Jackson Corridor Planning Area (JCPA). This area has been identified as a potential new growth area. According to the draft land use map for this area, the proposed parcel would be targeted as an employment/business district as well as single-family residential development. Approximately 12,000 acres within the Jackson Highway area is under consideration for Urban Policy Area (UPA) expansion as part of the County General Plan Update. This area envisions a mixed-use and transit oriented development designation and indicates an area where the County might initiate and lead a strategic, comprehensive and multi-disciplinary visioning effort to ensure that high quality and cohesive development patterns are achieved with regional smart growth objectives. The proposed project is consistent with the JCPA as the site has been identified as an employment/business district within this plan.

Community Plan: The subject property is located within the Cordova Community Plan Area. The proposed project is consistent with the specific Community Plan policies listed below:

Table II  
Cordova Community Plan Policy

Key Policy	Consistency
LU-6 Promote high quality, efficient and cohesive land utilization that minimizes negative impacts on adjacent neighborhoods and infrastructure.	Yes (See Below)
UDNC-10 Encourage infill development and redevelopment to strengthen and improve the character of existing development as a means to avoid sprawl in other areas, provide greater connectivity by means of circulation improvements, and to complement and complete existing neighborhoods.	Yes (See Below)

LU6: The proposed project will promote high quality land utilization by providing jobs for people living in the area. The development minimizes negative impacts on adjacent neighborhoods because this project is being constructed on a major intersection and this will be a developing area that will be transitioning out of the aggregate business.

UDNC-10: The proposed project will be constructed just on the outer edge of an urbanized area. The subject property was an old aggregate mining site and this project is an excellent reuse project for the site. With the extensive Sacramento County Branch Center offices in this area, this project will enhance the surrounding neighborhood.

## **Project Characteristics**

Sphere of Influence: The entire project is within the Sphere of Influence of both SRCSD and SASD.

The Assessed Valuation for FY 2009-10: \$ZERO (SMUD is a Tax Exempt Entity.)

Registered Voters: None/Uninhabited

Property Owner Consent: 100 percent

## **Property Tax Exchange Agreement**

No Property Tax Exchange Agreement is required for this annexation.

## **Boundaries**

The County Urban Service Boundary (USB) constitutes the SOI boundary for both affected Districts. The proposed project is located outside of the district boundaries for both the Sacramento Area Sewer District (SASD) and Sacramento Regional County Sanitation District (SRCSD) but within SASD and SRCSD's service area. There are no changes proposed to either ultimate (SOI) external boundary. The current service areas will be expanded by the addition of 51+acres.

## **CEQA DISCUSSION**

The Sacramento Municipal Utility District (SMUD) acted as CEQA lead agency for the environmental review process. Sacramento LAFCo is the responsible agency to consider approval of the proposed reorganization of both the SRCSD and the SASD boundaries to serve the SMUD EC-OC Project. Your staff reviewed and provided comments on the DEIR as prepared by the CEQA lead agency. The comments and concerns have been adequately incorporated into the FEIR.

The Environmental Impact Report (EIR) prepared for the SMUD East Campus – Operation Center (EC-OC) (the “Project”) addresses the potential environmental effects associated with constructing and operating the Project. As part of the implementation process of the Project, the Sacramento Local Agency Formation Commission (LAFCo) will consider and may approve the proposed reorganization - annexation of the SMUD EC-OC Project area into both the Sacramento Regional County Sanitation District (SRCSD) and Sacramento Area Sewer District (SASD) service boundaries.

The attached Findings have been prepared to comply with requirements of the California Environmental Quality Act (CEQA) (Pub. Resources Code, §§ 21000 et seq.) and the CEQA Guidelines (Cal. Code Regs., tit. 14, §§ 15000 et seq.). These findings refer to the Draft EIR (DEIR) or Final EIR (FEIR) where the material appears in either of those documents. (Both provided under separate cover.)

The EIR is an informational document that serves to inform the agency decision-making body and the public of any potentially significant environmental impacts. The EIR also serves as a medium for identifying possible methods of minimizing any significant effects and assessing and describing reasonable alternatives to the project.

The SMUD EC-OC EIR has been prepared as a “Project EIR” pursuant to CEQA Guidelines §15161. The purpose of a project-level EIR is to provide environmental review of the planning, construction and operational impacts of a project. The SMUD EC-OC EIR involves the relocation of the existing SMUD Corporate Yard that is undersized to provide more efficient operations and a central location on approximately 51.2 acres to service SMUD’s electrical facilities and infrastructure.

The SMUD Board certified the EIR, after making findings, and approved the EC-OC project, together with a Mitigation Monitoring Plan, on August 5, 2010. No public or affected agency comments against the proposal were submitted.

CEQA, Public Resources Code §21000, et seq., generally requires that a lead agency must take reasonable efforts to mitigate or avoid significant environmental impacts when approving a project.

For the EC-OC project, the lead agency is SMUD. All other agencies with jurisdiction over aspects of the SMUD EC-OC project are considered to be “responsible agencies” for purposes of CEQA, including your Commission. As specified by §15096 of the CEQA Guidelines, the duties of a responsible agency in using an environmental document prepared by the lead agency include:

- Prior to reaching a decision on the project, the responsible agency must consider the environmental effects of the project as shown in the EIR.
- In considering the environmental conclusions of the EIR, the responsible agency must evaluate whether any of the conditions set forth in §§ 15162 or 15163 of the CEQA Guidelines requiring preparation of a subsequent or supplemental environmental document exist.
- When considering alternatives and mitigation measures, a responsible agency is more limited than a Lead Agency. A responsible agency has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of the project, which it decides to carry out, finance, or approve.
- When an EIR has been prepared for a project, the responsible agency shall not approve the project as proposed if the agency finds any feasible alternative or feasible mitigation measures within its powers that would substantially lessen or avoid any significant effect the project would have on the environment.
- The responsible agency shall make the findings required by Section 15091 for each significant effect of the project and shall make the findings in Section 15093 if necessary.



- LAFCo, as a responsible agency will file a Notice of Determination in the same manner as a lead agency under Section 15075 or 15094 except that the responsible agency does not need to state that the EIR complies with CEQA. The responsible agency should state that it considered the EIR as prepared by a lead agency.

As a responsible agency, project consideration by LAFCo is governed by the requirements of CEQA Guidelines §15096 as set forth above. The “LAFCo Project” under evaluation in these findings is the reorganization of two service districts. For the purposes of these findings, the “LAFCo Project” involves the reorganization proceedings, which are within the purview of LAFCo and within the scope of the project assessed in the Project EIR for the SMUD EC-OC project, since reorganization is a component of the larger SMUD EC-OC project. Your staff reviewed and provided comments on the DEIR as prepared by the CEQA lead agency. The comments and concerns have been adequately incorporated into the FEIR.

As a responsible agency, LAFCo has the authority to approve, modify and approve, or deny the reorganizations by relying on SMUD’s environmental document for the project’s annexation into the SRCSD and SASD service areas. Thus, the attached findings are focused on each significant effect of the construction and operation of the SMUD EC-OC project.

### **Agency and Public Comments**

#### **100 Percent Consent**

Staff recommends that the Conducting Authority protest proceedings be waived. The affected territory is owned solely by the project proponent. The adjacent neighborhood associations, affected property owners, and landowners within a 500 foot radius of the project site, have been notified of the date, time and place of the hearing on this proposal. The affected territory is deemed to be uninhabited, as there are fewer than 12 registered voters. No public or agency protest has been received.

#### **Affected Agencies:**

The proposal was reviewed by the Sacramento Metropolitan Fire District, Cordova Recreation & Park District and the Sacramento County Municipal Services Agency. No objections were raised.

1. Potable water service will be provided by California American Water Company (CalAm.) The proposed SMUD EC-OC is within the service area of the Rosemont system of CalAm, a public, investor owned utility. The California Public Utilities Commission has jurisdiction over the operations of CalAm. No PUC action is required for the service to be provided.
2. Sacramento County Regional Sanitation District and Sacramento Area Sewer District are willing and able to provide the requested services to the SMUD EC-OC.

SRCSD has an existing facility (the 90-inch Bradshaw Interceptor), as well as existing easements, located on the proposed project and fill sites. SMUD will need to work in close coordination with SRCSD during design and construction of the EC-OC to ensure minimal conflicts.

The District's Master Plans have provisions for providing sanitary sewer service to these parcels. The developer shall construct infrastructure to meet Sacramento County Improvement Standards. The services will be provided subject to the following terms and conditions, consistent with District policies:

- a. Once the site is annexed into the SASD and SRCSD, SASD will be responsible for collection and conveyance of wastewater flows, and SRCSD will be responsible for conveyance of wastewater from the local collection agency pipelines to the SRWTP for treatment and discharge. SMUD shall not be permitted to make any direct connections to the SRCSD interceptor system.
- b. The connection to the existing 8" sewer line along Kiefer Blvd shall be on an interim basis only. Permanent sewer connection from this site is expected to flow south along Bradshaw Road, as per the 2006 SASD Master Plan Update.
- c. An interim shed shift must be approved by SASD before approval of a sewer study. Both the shed shift and the sewer study can be submitted simultaneously.
- d. Because the proposed onsite sewer and lift station/force main are private facilities, it may be possible to extend the existing 8" public sewer line further east along Kiefer Blvd, up to the property line. That may enable the private force main from this site to connect to public sewer at the property line and could avoid installation of a private force main within the public right of way.
- e. Sewer impact fees for both SASD and SRCSD must be paid before issuance of a building permit. The standard SRCSD fee is based on usage, while the SASD fee is based on net acreage. In order to define SRCSD and SASD sewer fees as "non-defined commercial", a review and approval from both SASD and SRCSD will be required.

The developer shall enter into and record an agreement, approved by Sacramento Regional County Sanitation District Engineer and Counsel to require the property owners to reserve lands for acquisition by the District to install District pipelines and facilities for public health purposes and in conformance with the District Master Plan.

Both Sacramento Regional County Sanitation District and Sacramento Area Sewer District (SASD) have analyzed the expected demands on the sanitary sewer system. Both Districts have determined that they have sufficient means and capacity to provide sanitary sewer service with no negative impacts to existing SRCSD and SASD customers. (Note: there are no other sanitary sewer utilities within the area to provide service).

SRCSD Current Plant Capacity: 181 mgd

SRCSD Average Flow per day: 145 mgd

SRCSD Excess Flow Capacity: 21 mgd

Estimated Increase in daily flow: 0.0232 mgd (Deemed negligible.)

In addition, District staff have indicated that in recent years projected flow increases have been less than original projections due to water meters, water conservation efforts and the slow down in new connections.

Based on the above information, SRCSD has sufficient treatment plant capacity to serve this project. Also the affected territory was included with the County Urban Service Boundary (USB) and SRCSD's Master Plan.

Infrastructure/ Fees and Charges: Development within the affected territory will be subject to the standards, ordinances, and mitigation fees established by the Districts, reducing any potential impacts to existing ratepayers to less than significant.

### **CONCLUSION**

The proposal is consistent with the County of Sacramento General Plan, the Master Services Elements of the Sacramento Regional County Sanitation District (SRCSD) and Sacramento Area Sewer District (SASD), and your Commission Local Policies, Standards, and Procedures.

I respectfully recommend that the Commission:

1. California Environmental Quality Act:

- a. Find that the Sacramento Local Agency Formation Commission is a responsible agency with respect to CEQA for this proposal;
- b. Find that the Final Environmental Impact Report previously prepared and certified by the Sacramento Municipal Utility District, as lead agency for the project is adequate and complete;
- c. Find that the Commission has considered the information contained in the Final Environmental Impact Report and the Mitigation Monitoring and Reporting Plan, and

the Responsible Agency findings prior to its action on the proposal to construct the East Campus-Operations Center;

- e. Find that on the basis of the Final Environmental Impact Report, County of Sacramento Responsible Agency findings, and the Mitigation Monitoring and Reporting Plan, that no supplemental environmental document is necessary to consider the proposal;
  - e. Adopt the attached Findings of Fact and Statement of Overriding Considerations; and
  - f. Direct staff to prepare a Notice of Determination.
2. Approve the Reorganization – Annexation to Sacramento Regional County Sanitation District (SRCSD) and to Sacramento Area Sewer District.
  3. Waive the Conducting Authority Protest Proceedings, due to 100% Landowner and Affected Agencies consent.

Respectfully submitted,

***SACRAMENTO LOCAL AGENCY FORMATION COMMISSION***

Peter Brundage  
Executive Officer

Attachments

DL/dl  
(SMUD EC-OC\_Reog 13-10)