

EXECUTIVE OFFICER'S REPORT
AGENDA OF MAY 7, 2025
REGULAR MEETING

TO: Lisa Kaplan, Chair and Members of the Sacramento County Local Agency Formation Commission

FROM: José C. Henríquez, Executive Officer

PREPARED BY: Kristi Grabow, Policy Analyst

AGENDA ITEM V-6: Continued Public Hearing to Consider and Certify the Environmental Impact Report and approve the respective amendments to the Spheres of Influence for the City of Sacramento and Sacramento Area Sewer District (LAFCo Project #2023-03)

PROPONENTS: Landowners

AGENT: Northpoint Map Land Holding Company, LLC

CEQA DOCUMENT: Environmental Impact Report

LEAD AGENCY: Sacramento Local Agency Formation Commission with the City of Sacramento

STAFF RECOMMENDATIONS

Staff recommend that the Commission take the following actions:

1. Adopt Resolution LAFC 2025-09 (Attachment G) making findings and certifying an environmental impact report (EIR), including adopting a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program, consistent with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.* ("CEQA"), its implementing regulations (14 California Code of Regulations Section 15000 *et seq.*) (the "CEQA Guidelines"); and directing staff to file a Notice of Determination in compliance with CEQA.
2. Adopt Resolution LAFC 2025-10 (Attachment H) to approve the requested sphere of influence amendment for the City of Sacramento.
3. Adopt Resolution LAFC 2025-11 (Attachment I) to approve the requested sphere of influence amendment for the Sacramento Area Sewer District.
4. Direct the Executive Officer to complete the necessary filings and transmittals as required by law.

APPLICATION OVERVIEW

Section 56425 of the Cortese-Knox-Hertzberg Act ("The Act") provides for LAFCos to establish a Sphere of Influence (SOI) of each city and each special district to promote the logical and orderly development of areas within the sphere. The affected territory of a LAFCo action must be within the district's or city's SOI for the Commission to take action.

This project proposes to amend the SOI to include the project site within the respective spheres of influence for the City of Sacramento and Sacramento Area Sewer District.

PROJECT LOCATION

The project site is currently located within the Natomas area of unincorporated Sacramento County (County). The site is bound to the north by I-5 and to the east by the City of Sacramento (City). Within the northern portion of the site, Bayou Way meanders in a west-to-east direction through the site. South of the project area is Paso Verde K-8 School.

The 472.4-acre project site currently consists of undeveloped agricultural land. The site was historically used as hay fields, with intermittent rice fields from 1937 until at least 2020. Unnamed drainage canals run roughly north-south in both the western and eastern portions of the site. Numerous unimproved dirt roads provide access to the interior of the project site, which is subdivided into multiple agricultural plots.

PROJECT DESCRIPTION

The owners of the proposed Airport South Industrial Project (ASIP) request a Sphere of Influence Amendment (SOIA) to amend the sphere for the City of Sacramento (Attachment B) and SacSewer (Attachment C) to include the project site. The request is supported by a targeted Municipal Service Review as required by Government Code

Section 56430. It was determined that a targeted project specific MSR was appropriate for the ASI project due to timing. The SOIA application was submitted before the City adopted the 2040 General Plan, which includes an implementation measure that a citywide MSR will be prepared for the City of Sacramento at a later time.

The project site is currently located within the unincorporated area, outside the Sacramento County Urban Services Boundary (USB) and the Urban Policy Area (UPA). The County USB and UPA are used by the County of Sacramento to guide the extension of infrastructure and urban services to promote orderly growth and land preservation in the unincorporated area. If the project site is brought within the SOI of the City and subsequently annexed to the City, it would no longer be subject to the County USB and UPA, or any other County land use and development policies.

The City and SacSewer have a positive sphere of influence within their jurisdictional boundaries but not located in the project area.

STRUCTURE OF THIS EXECUTIVE OFFICER'S REPORT

The April 2nd Executive Officer's Report covered a significant amount of material that is necessary for your Commission's consideration of the amendments to the spheres of influence for the city of Sacramento and SacSewer. While the intent of this meeting is to continue the Commission's deliberations on the SOI amendments, it may not be productive to reiterate everything already known and discussed at the April meeting. On the other hand, this information cannot be summarized, and given the amount of attachments, structurally and administratively, the April 2nd report could not be attached to the May 7th meeting EO Report without causing some confusion.

Staff settled on updating the April 2nd report where appropriate, especially since the Findings of Fact and Statement of Overriding Considerations (these can be accessed via the QR code in Attachment E) were modified with administrative clarifications. In addition to this section, the additional information can be found in these sections:

- Commission Hearing on April 2, 2025 – Summary
- Clarifications to the Environmental Findings of Fact and Statement of Overriding Considerations
- Staff's Recommendation on the Public's Ability to Comment on This Item

All other substantive information from the April Executive Officer's Report remains the same. Please note that the following is also different from the April Report:

1. April's Attachment J, which contained the public comment, has been updated to include comments from the public that have been received as of April 22, 2025; and
2. The "Summary of ECOS ASIP presentation" (the April Report's Attachment K) has not been included with this EO Report.

COMMISSION HEARING ON APRIL 2, 2025 – SUMMARY

This project was presented and heard at the April 2, 2025 Commission public hearing on this item. Prior to the start of this item, Commissioner Kaplan recused herself from this item due to owning property within proximity of the project site and Vice Chair Little presided on this item.

Executive Officer Henríquez presented the staff report and recommendations to the Commissioners. Follow up questions from the Commission centered around the LAFCo process, DEIR coordination with the City and the applicability of the USB and UPA on the proposed project.

At the conclusion of questions to staff, Former City of Sacramento Mayor Heather Fargo made a presentation on behalf of the Environmental Council of Sacramento (ECOS) and urged the Commission to vote no on the project.

After ECOS, the City of Sacramento Principal Planner/New Growth Manager Cheryle Hodge presented on the Natomas Basin Conservancy land holdings and HCP fees. It was noted that one third of the project site (121.68 acres) is identified for development and has a designated fee per acreage (2025 HCP Fee \$47,031 per acre or \$44,281 per acre with land dedication).

After the City presentation, the NorthPoint applicant team represented by Geoff Griffin and Nick Advis, presented to the Commission and highlighted other industrial centers owned by them in the region. Additionally, the presentation provided aerial photos of the project area that included construction of nearby industrial buildings and residential neighborhoods with the new freeway interchange and the proposed Watt EV project.

There were many members of the public in attendance that spoke against and for the project. In total, 38 spoke in opposition to the project and eight spoke in support. Those that spoke against the project stated concerns with increased traffic, pollution and a decrease in open space and impact on surrounding agricultural and open space land. Those that spoke in support of the project stated that this project will bring union construction jobs to the community and consistency with the surrounding development in the County. At the end of the last public speaker, the Commission closed public comment.

The alternate City of Sacramento Commissioner Phil Pluckebaum recused himself due to a perceived conflict of interest. Please note that the matter was reviewed by the City's legal team and they determined that he does not have a conflict on this item. He will be in attendance and vote on this item at this meeting.

The Commission had additional questions for staff after the public comment that included the clarification on Parcel 8 of the project area and if a new CEQA document would be required at the time a development project for Parcel 8 is created. Upon recommendation from staff and legal counsel, the Commission decided to continue the item until May 7, 2025 to allow for minor modifications to occur to the Findings of Fact and Statement of Overriding Considerations.

ANALYSIS

Pursuant to Government Code Section 56301, the Commission is responsible for obtaining and furnishing information which will contribute to the logical and reasonable development of local agencies. The Commission promotes cooperative planning efforts between cities, special districts, and the County; and examines urbanization from a regional perspective to promote an equitable distribution of costs, services, and to discourage overlapping and duplicative provision of public services by considering, among other things, whether proposals to modify agency boundaries and spheres of influence would:

1. Encourage orderly urban growth and development to prevent urban sprawl, leapfrog development, and scattered urbanization.
2. Encourage logical formation and determination of boundaries to coordinate property development standards and encourage timely urbanization.
3. Ensure that affected populations receive adequate and efficient governmental services.
4. Guide development away from open space and prime agricultural land uses.

LAFCo reviewed the subject application against the four factors listed above and additionally evaluated its consistency with applicable elements of Cortese-Knox-Hertzberg, local policies for Sacramento LAFCo's office, and other factors.

These four factors can be, and often are, in conflict with each other. In addition, while LAFCo Law explicitly prohibits LAFCos from regulating land use (Government Code 56375), LAFCos cannot fully divorce themselves from the "ultimate use of the land" or the environmental effects of the development proposal (*Bozung v. Local Agency Formation Commission*).

Because of these competing tenets, the law is figuratively asking LAFCos to solve a riddle wrapped in a mystery inside an enigma.

With the increase in e-commerce, it is understandable why the applicant and the City are pursuing the ASI project. There is an opportunity for the applicant to expand its warehouse offerings to giant retailers, as that is Northpoint's business model. The proximity of the project site to the Sacramento International Airport and the already-built Metro Air Park interchange, coupled with the proximity to critical municipal services enables Northpoint to offer a competitive and appealing site to its customers. The City of Sacramento is pursuing this project to capture e-commerce sales tax revenues and transient occupancy taxes. This ASI project is, in essence, the "ultimate use of the land," and an EIR has been prepared to study the environmental impacts of the ASI project.

But that is only a portion of the equation, and it not necessarily the question before you. This agenda item relates to the sphere of influence of the City of Sacramento, defined roughly as the "probable physical boundaries and service area" (GC 56076) of the City in

order to plan and shape “the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities” (GC 56425). Ultimately, the question on this Agenda is whether it is logical to expand the sphere of influence for the City to include this site, so that it can be annexed sometime in the future.

If the question is whether the SOI should be expanded, then it stands to reason that the decision should consider whether the City has the capacity and capability to expand services to a new area without compromising services to its existing residents. The targeted MSR found that the City can expand into this area without affecting services to its existing residents.

But if the SOI is expanded, does that mean that annexation of the site into the City is a foregone conclusion? The answer is no for two reasons. First, while LAFCo may be approving an expansion of the SOI, it does not mean that it is foreshadowing an approval of the annexation or even approving a timetable of when the annexation is to be completed. Second, while LAFCo Law has competing goals, the Law is very clear that each decision before LAFCo needs to be independently considered based on its own facts. In other words, one decision is not precedence-setting. Approving an SOI expansion does not mean that LAFCo is endorsing the ASI project, or approving future SOI expansions into the City or other projects in the area. Each of those will be considered based on their own facts should they come before you at some other time.

The information in the following sections provides the analysis that supports staff’s recommendation to approve the sphere of influence amendments.

COMMUNITY CONTEXT

The Sphere of Influence (SOI) amendments area consists of approximately 472.4 acres in an unincorporated area of Sacramento County, immediately northwest of the City of Sacramento’s boundary. The site is located south of Interstate 5 (I-5), southeast of the intersection of Powerline Road and I-5.

Key features adjacent to the project site include I-5 to the north, the Reclamation District 1000 (RD 1000) West Drainage Canal and Paso Verde K-8 School to the south, Powerline Road to the west, and a 200’ buffer and the North Natomas Westlake Residential Subdivision to the east. The project site is located south of Metro Air Park (MAP) and the new Metro Air Parkway/I-5 interchange, southwest of the City of Sacramento’s Northlake development (previously known as Greenbriar), and west of the existing Westlake residential subdivision adjacent to the current City of Sacramento boundary.

PROJECT HISTORY

On May 25, 2021, an application for these SOI amendments was submitted to LAFCo. Then, on July 31, 2021, the City of Sacramento and LAFCo entered a memorandum of understanding relating to the preparation of a coordinated Environmental Review Process for this project.

Basic Principles of the Memorandum of Understanding:

- LAFCo is the lead agency for the Sphere of Influence Amendments.
- The City of Sacramento is the lead agency for the remaining entitlements and approvals required for the project.
- The City of Sacramento and its contractor, in cooperation with LAFCo, prepared the Draft EIR, pursuant to LAFCo requirements for a Sphere of Influence Amendment and reorganizations.
- LAFCo staff had oversight to review and direct the City EIR and MSR team during the preparation of the Draft EIR for the Sphere of Influence Amendments prior to publication.
- It is the intent of LAFCo and the City of Sacramento to also use the EIR to consider the various land use and development approvals and entitlements.

LAFCO POLICIES

On September 5, 1990, a “Policy, Standards, and Procedures” document was adopted for the Sacramento LAFCo office and updated on April 3, 2024. The document contains local policies that generally apply to considerations for LAFCo actions. Staff have determined that the project request is consistent with all applicable local policies noted in Attachment F.

CEQA

The California Environmental Quality Act (CEQA) requires public agencies to consider the environmental consequences of discretionary actions and is intended to inform both decisionmakers and the public about the potential environmental effects of a project.

CEQA Document – Environmental Impact Report (EIR)

For this project, LAFCo and the City of Sacramento cooperated to prepare an Environmental Impact Report (EIR) pursuant to an agreement as described in Section 15051(d) of the CEQA Guidelines. The EIR provides an evaluation of potential environmental impacts associated with the development of the project area. The EIR identifies potentially significant environmental impacts of the proposed ASI project, on a direct, indirect, and cumulative basis; mitigation measures that may be feasible to lessen or avoid such impacts; alternatives that may lessen one or more potentially significant impacts associated with the proposed project; growth-inducing effects of the project; and irreversible significant effects.

As mentioned above, the EIR evaluates the following separate and discretionary actions:

1. The Sacramento LAFCo’s potential approval of:
 - a. A Sphere of Influence amendment (SOIA, including a related targeted Municipal Services Review), and

- b. The Reorganization (annexation and related detachments) of the project site into the City of Sacramento and SacSewer; and,
2. The City of Sacramento's potential approval of a Pre-zone, General Plan Amendment (GPA), Tentative Master Parcel Map, Development Agreement (DA) and Planned Unit Development (PUD) to accommodate the ASI project on the project site.

Please note item 1a above is the only item considered on this Agenda.

NATOMAS BASIN HABITAT CONSERVATION PLAN

The Natomas Basin Habitat Conservation Plan (HCP) is a conservation plan designed to protect endangered species and their habitats within the Natomas Basin. It is a shared effort of various agencies to balance the development of urban areas with the preservation of natural ecosystems. Agencies involved include:

- *U.S. Fish and Wildlife Service (USFWS)* - As a federal agency, the USFWS plays a primary role in administering the Endangered Species Act (ESA) and ensuring that the HCP meets federal requirements for the protection of endangered species, such as the Giant Garter Snake and Swainson's Hawk.
- *California Department of Fish and Wildlife (CDFW)* - The CDFW works at the state level to enforce the California Endangered Species Act (CESA) and assists with the implementation of the HCP within the state. It also collaborates with other agencies to ensure that state-level requirements for species protection are met.
- *Natomas Basin Conservancy (NBC)* - The Natomas Basin Conservancy is a non-profit organization that was established to implement the HCP. It manages the conserved lands, including habitat restoration and monitoring, to support the endangered species within the basin. The NBC coordinates conservation efforts and ensures that the mitigation obligations are fulfilled.
- *Sacramento County* - The County is a key local agency overseeing land-use planning, zoning, and development in the region.

However, the County is not directly required to offer other properties outside of the designated Natomas Basin HCP area for development mitigation. This is because the Natomas Basin Habitat Conservation Plan (HCP) specifically outlines a framework for mitigation within the plan's boundaries, and the county's role primarily involves enforcing local land-use regulations.

- *City of Sacramento* - The City of Sacramento also plays an important role in land-use planning and development within the Natomas Basin. Like Sacramento County, it ensures compliance with the HCP when urban growth occurs in the area.
- *Other Local Entities and Developers* - Developers, property owners, and other stakeholders involved in land development within the Natomas Basin may be required, pursuant to the conditions of their project approvals, to follow the HCP's mitigation

requirements. These include providing funds for habitat conservation or setting aside land for conservation efforts as part of their development activities.

The plan was created to meet the requirements of the federal Endangered Species Act (ESA) and the California Endangered Species Act (CESA), addressing the impacts of urban growth and development on endangered species and their habitats.

Key aspects of the Natomas Basin HCP include:

1. *Species Protection*: The HCP focuses on, among other things, the protection of several endangered species, including the Giant Garter Snake, Swainson's Hawk, and Valley Elderberry Longhorn Beetle.
2. *Habitat Conservation*: The plan sets aside and manages land in the Natomas Basin for conservation, ensuring these species have adequate habitat to survive and thrive.
3. *Development Mitigation*: Developers in the region may be required to contribute funds or set aside land for conservation as part of their mitigation for the impact of new development. This ensures that growth does not come at the expense of these endangered species.
4. *Monitoring and Management*: The HCP includes provisions for monitoring the species and habitats covered by the plan, as well as adaptive management strategies to ensure the long-term success of conservation efforts.

Overall, the Natomas Basin HCP is designed to allow for controlled development in a rapidly growing area while ensuring the preservation of valuable ecosystems and species.

CLARIFICATIONS TO THE ENVIRONMENTAL FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS

The April Findings of Fact and Statement of Overriding Considerations (accessible via the QR code in Attachment E) did not adequately differentiate between LAFCo's responsibilities under CEQA and the City's responsibilities and restated various legal standards and requirements under CEQA that are not required to be included in a public agency's findings or certifying resolutions. The May Findings of Fact and Statement of Overriding Considerations have been revised to add language clarifying the responsibilities of the City of Sacramento in implementing certain mitigation measures of the EIR, to more clearly state LAFCo's role under its discretionary authority on the certification of the EIR, and to remove the unnecessary legal discussions; thereby shortening and simplifying the Findings of Fact and Statement of Overriding Considerations.

CONCLUSION

The proposal is consistent with the Commission's purpose and responsibility for planning, shaping and coordinating the logical and orderly development of local governmental agencies to advantageously provide for the needs of the surrounding community. Additionally, the proposed sphere of influence amendments to the City of Sacramento

and SacSewer are consistent with Cortese-Knox-Hertzberg Act, applicable local policies, and the applicable principal acts.

I respectfully recommend that the Commission adopt the amended spheres of influence.

SOI PROJECT DETERMINATIONS

Staff recommend the following determinations based on project research, state law and local policies:

1. The present and planned land uses in the area, including agricultural and open space lands.

The project site was historically used as hay fields, with intermittent rice fields from 1937 until at least 2020. The project site is not currently used for active, large scale agricultural production purposes and is not irrigated. The site has been used for intermittent agricultural activity, such as seasonal crops. The project site is not subject to a Williamson Act contract. Under the California Department of Conservation Farmland Mapping and Monitoring Program, the project site is primarily identified as Farmland of Local Importance. According to Government Code Section 56064, prime agricultural land is defined as an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

- a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.
- d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

The project site contains an approximate total of 385.3 acres of soil that qualifies for rating as Class II when irrigated in the Soil Conservation Service land use capability classification. Criteria (a) of the above definition of prime agricultural land applies to soils that qualify as Class I or Class II, regardless of whether the soil is non-irrigated

or irrigated, if irrigation is feasible. Therefore, the project would result in a significant impact with regards to compliance with LAFCo's policies related to the conversion of agricultural land to urban uses.

A portion of the project site is located within the Natomas Basin Habitat Conservation Plan (HCP) permit area boundaries. To mitigate the impact described above, the proposed project is subject to applicable fees for the conversion of habitat to urban uses within the Natomas Basin HCP policy area. There is surplus acreage under the City's Natomas Basin HCP allocation that may be available for use by the remainder of the project site. To address potential impacts to Swainson's hawk foraging habitat that occurs on-site and outside the Natomas Basin HCP permit area, Mitigation Measure 4.4-5(b) states the proposed project is required to identify appropriate lands to be set aside in permanent conservation easement(s) at a ratio of one acre of habitat located within the Natomas Basin HCP policy area converted to urban land uses to 0.5-acre of habitat preserved. The proposed project would involve the conversion of farmland to non-agricultural uses, through compliance with Natomas Basin HCP requirements, open space lands would be preserved elsewhere at a 0.5:1 ratio.

Additionally, another mitigation requires the preservation of off-site farmland at a ratio of one Farmland acre converted to urban land uses outside the Natomas Basin HCP policy area to 0.5-acre preserved, which, combined with the biological resources mitigation mentioned previously results in an overall preservation at a 1:1 ratio. While this mitigation measure would preserve an equivalent acreage of Farmland elsewhere, the proposed project would result in the conversion of agricultural land to urban uses and would not create new agricultural land; as such, the proposed project would lead to an overall loss of Farmland.

The existing City land uses located east, and northeast of the project site are generally developed with residential uses. The undeveloped areas surrounding the project site to the north, south and west have Sacramento County land use designation of agricultural or industrial uses.

The existing adjacent land uses include the following City land use designations:

- Neighborhood (N) which supports residential uses which complement neighborhood-serving commercial and public uses such as like corner markets, coffee shops, hair salons, shops, gyms, and fitness centers; office uses; assembly facilities; and compatible public and quasi-public uses.
- Open Space (OS) which is intended to improve open spaces for passive recreation, resource protection, and/or hazard avoidance. Allowable uses include natural underdeveloped parks; woodland preserves; habitat and wetlands; agriculture; floodplains; areas with permanent open space easements; buffers between urban areas; and compatible public and quasi-public uses.

The existing adjacent land uses include the following County land use designations:

- Cemetery, Public/Quasi-Public. The Public/Quasi-Public designation establishes areas for uses such as education, solid and liquid waste disposal, and cemeteries. This designation identifies public and quasi-public areas that are of significant size, under County jurisdiction, regional in scope, specified by State law, or have significant land use impacts. Some facilities (e.g. elementary schools and fire stations) are too small or numerous to show on the Land Use Diagram but may be identified on other diagrams in the Plan.
- Resource Conservation Area-Protected. The purpose of the Resource Conservation Area Protected combining designation is to identify areas with special resource management needs that are currently preserved or permanently protected under conservation easements or another form of protection. The designation illustrates certain natural resources as being important on the Land Use Diagram while recognizing the validity of the underlying land use designation. The Resource Conservation Area-Protected combining designation may be combined with Recreation, Natural Preserve, Agricultural-Cropland, and General Agricultural (20 and 80 acres) designations.

There are two components to the project site that comprise the request for this sphere of influence amendment.

- The first component is the development of an industrial park (ASI project) that would allow for construction of up to 5,204,500 square feet (sf) of industrial uses within five parcels totaling 235.6 acres, as well as approximately 98,200 sf of retail/highway commercial uses, including approximately 73,400 sf of hotel/hospitality uses, on approximately 13.4 acres of the overall site. The first component parcels are generally situated south of the intersection of I-5 and Metro Air Parkway and are owned by the applicant.
- The second component in the project site are referred to as “nonparticipating parcels,” comprised of approximately 83 acres. The proposed project would result in first-tier entitlements for future industrial uses of approximately 1,404,800 sf within the nonparticipating parcels. The nonparticipating parcels include five existing parcels controlled by separate owners who, as LAFCo staff understands it, are not opposed to being included in the SOI amendment application. These parcels were included in the application in order to create an orderly SOI boundary.

2. The present and probable need for public facilities and services in the area.

As mentioned previously, the project area is outside the County of Sacramento’s Urban Services Boundary (USB) and the Urban Policy Area (UPA). The County USB and UPA are used to guide the extension of infrastructure and urban services to promote orderly growth and land preservation within the County. Therefore, this project area is not currently included in the City’s service area or SacSewer’s service area. If the SOI amendments were to be approved, then public services could be extended to serve any proposed development.

As detailed in both the EIR and the Targeted MSR, the major municipal services that would need to be extended into the project area include the following:

- *Water Service* - The City of Sacramento is both a water retailer and a water wholesaler for its 101-square-mile service area and their service includes the operation and maintenance of an infrastructure system that produces, treats, stores, and delivers potable water to its customers. In proximity to the ASI project site, the City operates and maintains a 30" water transmission main that is located in South Bayou Way. This facility terminates near the east edge of the SOI expansion area, which provides a point of connection to serve development of the ASI project. It is from this point of connection that new water infrastructure would be constructed to extend existing off-site infrastructure to the project site to serve development of the ASI project. The design and location of existing water infrastructure, including its water supply, treatment facilities, and delivery system, is sufficient to provide service to the ASI project. Additional information about the City's water utilities is outlined in Section 6.1 of the MSR.
- *Wastewater Service* - The ASI project site is not currently located within SacSewer's Master Plans as a future area to be served. The district must amend their Master Plans prior to or concurrent with the annexation process as part of the analysis to support the SOI expansion. Development of the ASI project includes the construction of on-site sewer pipelines, a pump station, and off-site force mains, which have been preliminarily designed to accommodate full buildout. The on-site sewer system is designed to collect wastewater from each parcel and convey it via gravity to a central pump station. Funding to support the expansion of service will be collected from impact fees as well as new service fees generated from development in the project area. Additional information about the City's wastewater systems is outlined in Section 6.2 of the MSR.
- *Circulation and Roadways* - The City's roadway network includes Federal interstates, State highways, and City streets (arterials, collectors, and local streets). While the roadway system has historically designed to primarily accommodate vehicular travel, the City supports all travel modes including public transit, bicycling, and walking. Sacramento also implements Transportation Demand Management programs that are intended to reduce traffic congestion, optimize transportation system usage, and improve air quality. These consist of both a Transportation Systems Management (TSM) program that requires smaller employers to achieve a 35 percent trip reduction and a Transportation Management Plan (TMP) that requires larger employers to provide enhanced facilities that incentivize usage of alternative transportation modes.

Development of the ASI project includes roadways, bikeways, and pedestrian facilities. Roadway construction will create access to all commercial and industrial parcels, with connections to existing roadways including Power Line Road, Bayou Way, and Metro Air Parkway, which provides access to I-5. Roadways have been designed consistent with Sacramento's adopted design standards and include the appropriate travel lanes to support traffic associated with project buildout. Additionally, on-street bike lanes and street-separated sidewalks for pedestrians

are included in the ASI's roadway design and will be constructed in accordance with the City's requirements. Additional information about the City's roadway network and other transportation modes is outlined in Section 6.3 of the MSR.

- *Animal Care* - Animal Care services within the City of Sacramento are primarily operated from the Front Street Animal Shelter, located at 2172 Front Street. Development of the ASI project would introduce a mix of industrial and commercial uses that will not impact capacity or demand for animal care services in the City of Sacramento. No improvements or extension to animal care services in the City will be necessary. Additional information about the City's animal care services is outlined in Section 6.4 of the MSR.
- *Code Compliance* - The Sacramento Code Compliance Division of the Community Development Department provides code enforcement services throughout the City. Development of the ASI project site with new commercial and industrial uses will be required by the City to meet all current Building Code and safety standards. Development of the ASI project is not anticipated to significantly impact the Code Compliance Division's service levels or require expansion of services or facilities, as the division predominantly carries out tasks related to degradation and blight of existing structures. Additional information about the City's code compliance services is outlined in Section 6.5 of the MSR.
- *Law Enforcement* - The City of Sacramento operates its law enforcement services from Police Headquarters at 5770 Freeport Boulevard and several substations throughout the City, each responsible for specific districts. Upon expansion of the SOI, the Airport South Industrial site would be served by the North Area Substation. Implementation of the ASI project will be subject to all applicable City regulatory requirements. Development projects in the ASI area will be required to pay applicable development impact fees for the maintenance, improvement, and expansion of police facilities. The proposed development does not include residential uses or impact the City's resident population, therefore, the impact to calls for police services is anticipated to be minimal. Additional information about the City's law enforcement services is outlined in Section 6.6 of the MSR.
- *Fire Protection* - The Sacramento Fire Department (SFD) provides fire protection services to the entire City and some small unincorporated areas within the County that include Pacific-Fruitridge and Natomas Fire Protection Districts. The Fire Department headquarters are located at the Public Safety Center at 5770 Freemont Boulevard. The SFD currently provides fire protection and emergency response services to the proposed ASI SOI expansion area. The ASI project would be primarily served by Fire Station #43, which is the nearest station to the project site. It is located approximately 2.5 miles to the southeast of the ASI project site at 4201 El Centro Road in unincorporated Sacramento County. Additional information about the City's fire protection services is outlined in Section 6.7 of the MSR.

- **Solid Waste** - The City of Sacramento's Recycling and Solid Waste Division collects residential solid waste generated throughout the City, including household waste, recycling, and organic wastes. Solid waste collected by the City is transported to the Sacramento County North Area Recovery Station (NARS), Sacramento Recycling and Transfer Station (SRTS), and various other facilities for processing, with most garbage being further transported to the Sacramento County Kiefer Landfill for disposal. Solid waste generated by construction and operation of the ASI project site will be collected by private commercial franchised haulers or self-hauled by subcontractors to a construction and demolition recycling facility. The franchised commercial waste hauling services in the City are adequate to support solid waste generated by the industrial and commercial operations of the proposed ASI project. Additional information about the solid waste services in the City is outlined in Section 6.8 of the MSR.
- **Storm Drainage and Flood Control** - The ASI project/SOI expansion area is located in the Natomas Basin, an approximately 50,000-acre, 15-mile-long basin that has historically experienced flooding from the Sacramento and American Rivers. The Natomas Basin has been outfitted with levees, internal drainage channels, and pump stations to make the land useable for agricultural purposes and development. The Natomas Basin is under the jurisdiction of the United States Army Corps of Engineers (USACE).

The ASI project site is served by Reclamation District 1000 (RD 1000), which provides drainage, flood control, and levee maintenance. RD 1000 maintains regional drainage facilities both adjacent to, and within, the ASI project site, which convey off-site stormwater runoff to pumping facilities where it is discharged into the Sacramento River. Stormwater drainage services for the ASI project will be provided by the City of Sacramento and RD 1000 in a similar manner as is currently performed in North Natomas and other areas of the Natomas Basin. The ASI project's on-site drainage systems have been designed to mitigate post-project runoff levels to be equal to, or less than, pre-project levels, consistent with RD 1000's requirements. This includes a system of detention/retention basins, pumping facilities, and weirs that connect the on-site system with RD 1000's system. Additional information about the City's storm drainage and flood control systems is outlined in Section 6.9 of the MSR.

- **Parks and Recreation** - The City of Sacramento maintains a network of parks, open spaces, and recreation areas throughout the City, which includes over 4,330 acres of parks, parkways, and open space areas Citywide. Demand for parks and recreation in the City is primarily generated by an increase in population resulting from the development of new housing units. The commercial and industrial uses planned for the ASI project are not anticipated to impact existing parks in the area and will not add to parks and recreation service level needs. Additional information about the City's parks and recreation facilities is outlined in Section 6.10 of the MSR.

- *Libraries* - The Sacramento Public Library (SPL) system includes 27 locations serving the City of Sacramento, Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova, and the County of Sacramento. Because development of the ASI project site with commercial and industrial uses will not increase the City's residential population, it is not expected that the City's existing library services will be negatively impacted. Therefore, no expansion of current library resources is warranted by the proposed project. Additional information about the City's library facilities is outlined in Section 6.11 of the MSR.
- *Electricity and Natural Gas* - The Sacramento Municipal Utility District (SMUD) provides electrical service to the City of Sacramento and most of Sacramento County, with electricity sourced from a combination of hydroelectric, thermal (natural gas), wind, and solar resources. Pacific Gas & Electric (PG&E) supplies natural gas to the Sacramento area. Upon buildout of the ASI project, SMUD-supplied electricity infrastructure and PG&E natural gas service lines will be extended to the project site in order to provide electricity and natural gas services. Local regulations for energy efficiency in new construction will be applied as individual buildings on the project site are constructed. Additional information about the City's electric and natural gas utilities is outlined in Section 6.12 of the MSR.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

A Targeted Municipal Services Review (MSR) has been prepared to evaluate the SOI amendments for the City of Sacramento and SacSewer, in order to accommodate the proposed Airport South Industrial (ASI) project. The City provides municipal services that will meet the future service needs associated with development of the ASI project in the SOI expansion area. Where the City is not the lead provider of a service, such as SacSewer, other agencies/districts will provide services consistent with current practices within the City.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The nearest social or economic community of interest to the project site is the City of Sacramento. Adding the project site to the City would not split any other community of interest. This site itself is of interest to both the City and the County to build up as industrial and commercial base to accommodate trucking needs generated by with the presence of Sacramento International Airport (SMF). The City is pursuing this project site, and the proposed ASI project, to capture tax revenue associated with warehouse/shipping economic activity (caused by increased online shopping) as well as transient occupancy tax (TOT).

The proposed project site is not currently used for active, large-scale production agricultural purposes and parcels to the east and north of the project site are either currently developed or are under construction. Although the land west and south of the project site currently consist of agricultural land and an existing K-8 school, the

parcels adjacent to the project site to the west are planned for future development as part of the Sacramento International Airport Master Plan.

In addition, within the City and in the surrounding unincorporated area provides numerous employment and housing opportunities with an estimated additional 700 acres of under-utilized vacant parcels in a five-mile radius from the project area.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The project site is not developed and is located in unincorporated Sacramento County; however it lies adjacent to a portion of the western edge of Sacramento's City limits. The area surrounding the project site consists of a combination of undeveloped/vacant land and developed land. To the east of the proposed expansion area, existing development consists of single-family residential neighborhoods that are part of a gated community in the City of Sacramento. To the north of the project site, across I-5, existing and planned development consists of non-residential, industrial/warehousing uses within the Metro Air Park. To the south and west of the project site, an existing K-8 school and land that is vacant with a portion of these areas are designated for permanent open space for natural resources. None of these surrounding areas meet the definition of a disadvantaged unincorporated community.

STAFF'S RECOMMENDATION ON THE PUBLIC'S ABILITY TO COMMENT ON THIS ITEM

When considering items, the Commission typically follows this format:

1. Staff's presentation
2. Questions to staff from the Commission
3. Applicant and/or agency may address the Commission
4. Open the item to public comment
5. Close the public comment and go into Commission deliberations
6. Take action on the item

As indicated in the "Commission Hearing on April 2, 2025 – Summary" section, due to some confusion, staff recommended that LAFCo deviate from this format on this item to allow for presentations by ECOS, the City of Sacramento and the Applicant's representatives in lieu of #3 above. However, the Commission followed this format after those presentations and opened public comment (#4) and then the Commission closed the public comment and started deliberations (#5). Also as noted above, the Commission continued this item to May 7th in order to administratively clarify some items in the environmental Findings of Fact and Statement of Overriding Considerations.

Once public comment periods are closed, they are not reopened. In addition, the clarifications made to the information already provided in the April 2nd meeting are minimal. As a result public comment periods are also not opened for these types of administrative changes.

In this case, given that it is a new meeting, as well as the public's interest in this item, opening the public comment period on the clarified environmental Findings of Fact and Statement of Overriding Considerations seems reasonable.

ATTACHMENTS

- Attachment A: Target Municipal Service Review
- Attachment B: City of Sacramento SOIA Map
- Attachment C: SacSewer SOIA Map
- Attachment D Application
- Attachment E Environmental Impact Review Documents QR Codes
- Attachment F: Policy and Procedures Consistency
- Attachment G: LAFCO Draft Resolution LAFC 2025-05 (CEQA)
- Attachment H: LAFCO Draft Resolution LAFC 2025-06 (City of Sacramento SOIA)
- Attachment I: LAFCO Draft Resolution LAFC 2025-11 (SacSewer SOIA)
- Attachment J: Public Comments (Received as of April 22, 2025)