



REPORT TO COUNCIL

City of Sacramento

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Staff Report
July 25, 2006

Honorable Mayor and
Members of the City Council

Title: Implementation of Natomas Joint Vision City-County Memorandum of Understanding (MOU): Initiation of Sphere of Influence Amendment

Location/Council District: Unincorporated portion of the Natomas Basin within Sacramento County.

Recommendations: Adopt a **Resolution 1)** initiating a Sphere of Influence Amendment and related Master Services Report and Environmental Impact Report (EIR) for the Natomas Joint Vision area, consistent with the City-County Natomas Joint Vision MOU, dated December 2002 and 2) directing staff to return within 90 days with the work-plan and schedule, consultant services contracts, and public process for completion of the Natomas Joint Vision (NJV) planning process.

Contacts: Steve Peterson, Principal Planner, (916) 808-5981; Carol Shearly, Director of Planning, (916) 808-5893

Presenters: Carol Shearly

Department: Planning

Division: Long Range Planning

Organization No: 4912

Description/Analysis

Issue: The City-County Natomas Joint Vision Memorandum of Understanding, (Resolution 2002-830 on file with City Clerk), identifies the City as the appropriate agent for new growth in Natomas. However, the County has received several requests to modify the Urban Policy Area to allow development within the Natomas Basin in the County. Formal establishment of the City's ultimate service boundary and jurisdictional authority in the Natomas Joint Vision area requires approval of a Sphere of Influence Amendment by the City and LAFCo.

Policy Considerations: The MOU policies are consistent with the City's General Plan Vision and Guiding Principles and Smart Growth Principles. The MOU establishes a collaborative planning process between the City and County to implement land use and open space planning and revenue sharing principles. The City's General Plan policy area includes the Natomas Joint Vision area as a potential growth area to address anticipated population growth and a modification to the City's Sphere of Influence (SOI) boundary will be required to plan for future growth and open space in the Natomas Joint Vision area.

Committee\Commission Action: None

Environmental Considerations: None at this time. Potential environmental issues related to the City's General Plan Amendment and SOI application will be evaluated in an Environmental Impact Report (EIR). Based on the previous Notice of Preparation (NOP) circulated in 2003, the EIR will evaluate land use, zoning, and adopted plans, traffic and air quality, drainage/water quality, noise, biological resources, cultural resources and cumulative impacts. Additional environmental issues may arise in response to the NOP and other scoping efforts. The Council will consider the EIR at the time the City's General Plan policies and SOI Amendment is considered for adoption. The EIR process will include a full opportunity for review and comment by the public, and would be completed in compliance with the requirements of the California Environmental Quality Act. It is anticipated that the City will enter into an MOU with Sacramento County and LAFCo to utilize one environmental document for City, County and LAFCo approvals.

Prior to approval of any development, a new or amended Habitat Conservation Plan (HCP) will be required because the current Natomas Basin HCP does not permit the City to approve development beyond the 8,050 acres covered by the City's 2003 Incidental Take Permits (ITPs).

Rationale for Recommendation: Both City and County have invested considerable effort into the Natomas Joint Vision since 2001. At the present time, however, the future of this cooperative endeavor is at risk. Although the Board of Supervisors reaffirmed its support for the MOU on May 24, 2006, the Board also indicated that in the absence of direction from City Council to staff to proceed with the planning process, the Board expects to take action on the Ose and Gidaro appeals to expand the Urban Services Boundary at its August 23, 2006 meeting.

Initiation of a SOI Amendment is needed to show action and intent that the City is proceeding with the implementation of the City-County MOU. As directed by Council on April 24, 2006, staff have completed the necessary tasks for authorization of the consultant contract for the open space program. Approval of the consultant contract was placed on the Council agenda as a separate consent item for July 25, 2006. An initiation of a SOI Amendment will formally establish jurisdictional authority and the City's ultimate service boundary consistent with the

City-County MOU. City Council should adopt a resolution to initiate a SOI Amendment to establish the City's authority for land use planning in the Natomas Joint Vision area.

Financial Considerations: The cost for completion of the necessary studies to initiate the Sphere of Influence Amendment/Municipal Service Review, EIR/traffic study, and pay the necessary fees to LAFCo is estimated to be \$518,000. The County of Sacramento has agreed to provide approximately \$94,000 in matching funds for their share of the EIR (not including the traffic study). The City would need to fund the balance of \$424,000. A funding source for this work has yet to be identified (See Attachment 3).

Emerging Small Business Development (ESBD): Not Applicable.

Respectfully Submitted by: 
Steve Peterson
Principal Planner

Approved by: 
Carol Shearly
Director of Planning

Recommendation Approved:

for 
Ray Kerridge
City Manager

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ATTACHMENT 1

Background – Natomas Joint Vision Report Back

On April 25, 2006, the City Council reconfirmed the MOU principles from December 2002; urged the County Board of Supervisors to postpone appeals and other development applications in the Natomas Joint Vision area; and directed staff to initiate the open space contract, and report back within 90 days on several issues related to the implementation of the Natomas Joint Vision MOU as follows:

- 1) Provide information about citywide linkage to infill goals and North Natomas Community Plan goals;
- 2) Provide more information about the possible inclusion of the Eastern Policy Area in the SOI.
- 3) Obtain a flood protection update from SAFCA;

On May 24, 2006, the Sacramento County Board of Supervisors heard appeals by Ose and Gidaro contesting the Planning Director's rejection of their applications to extend the Urban Services Boundary (USB), as required by County General Plan policy.

The Board's action was as follows: Reaffirm support for the principles contained in the Natomas Joint Vision Memorandum of Understanding, and clarify the intent of the language in the Natomas Joint Vision Memorandum of Understanding regarding open space as amended. The Board informed the City Council that, in the absence of direction from the Council to staff to proceed with the appropriate planning process to support the General Plan Amendments and the Sphere of Influence expansion, the Board expects to take action on the appeals on August 23, 2006. The Board directed staff to continue to work with City staff, landowners, environmental advocates, neighborhood groups, local, state and federal agencies, and others. Further, the Board directed staff to provide analysis of open space information, status of the special study, and matrix provisions as related to the Boot area.

1. Linkages to Fulfill North Natomas and Infill Goals

The City-County MOU adopted by City Council on December 13, 2002, contains the following language about infill:

“Linkage Policy: New growth will support the City’s Infill Strategy & contribute to the sustainability of established neighborhoods, commercial corridors, and business districts.”

“Implementation: Create a linkage program between new growth and the City’s Infill Strategy, extension of the Downtown/Natomas/Airport transit line and implementation of the North Natomas Community Plan goals and objectives as part of the General Plan amendment process.”

New growth within the Natomas Joint Vision area would be linked to substantial completion of the North Natomas Community Plan (NNCP) and the City's infill goals. The following table summarizes the City's progress towards completion of the NNCP goals.

LINKAGE GOALS FOR NORTH NATOMAS COMMUNITY PLAN	CURRENT STATUS, (01/01/1998 to 06/30/2006)	ESTIMATED DATE TO LINKAGE GOALS
Building permits issued for 75% of the total residential plan build-out	Building permits have been issued for 58% of the total residential plan build-out	75% residential build-out estimated in 2007
Building permits issued for 50% of the total multi-family residential plan build out	Building permits have been issued for 44% of the multi-family residential plan build-out	50% build-out of multi-family residential estimated in 2007.
Building permits issued for 75% of the community/neighborhood serving retail uses	Building permits have been issued for 55% of the community/neighborhood serving retail uses	75% build-out estimated in 2008.
Final planning entitlements issued for 50% of the Employment Center acreage located within one-quarter mile of the anticipated transit stations served by the Downtown Natomas (DNA) line	Final planning entitlements have been issued for 20-25% of the Employment Center acreage located within one-quarter mile of the anticipated transit stations served by the Downtown Natomas Airport (DNA) line	Unknown.
Building permits issued for Phase I of the Town Center – (defined as education component including high school, community college center, library and retail /mixed use component).	Phase I of Town Center is approximately 75% complete. High school is built, community college center is mostly built. The retail is built, and the mixed-use component is partially complete.	Anticipate completion of Phase I of Town Center and library at end of 2008
Civic & public facilities, including two new fire stations, one library, one community center, and 80% of the neighborhood parks are built and operational.	One fire station is built, and 35% of the neighborhood parks are built and operational.	Unknown

The North Natomas Community Plan residential goals are primarily accomplished. The employment center, retail, and community facility goals have lagged due to slow market demand and timing of financing.

The City's Infill Strategy, adopted in May 2002, contains goals for specific target areas in the City. The table below shows the infill goals, and the number of final building permits issued in 2004 and 2005, respectively.

Infill Category	Infill Goal	2004 (Building Permits Issued)	2005 (Building Permits Issued)
Infill Target Residential Neighborhoods	30-80 dwelling units/year	414 dwelling units	284 dwelling units
Transit Station Areas	100-200 dwelling units/year	10 dwelling units	16 dwelling units
Central City	500 dwelling units per year	233 dwelling units	271 dwelling units
Neighborhood Commercial Corridors	NA	30 dwelling units 181,757 sq. ft. bldg. area	27 dwelling units 68,308 sq. ft. bldg. area

There are currently a number of Central City projects in the development review process that would cumulatively provide over 4,000 dwelling units. Staff anticipate that infill goals for Central City will be met in 2006 because the projects that will obtain building permits will include approximately 500 dwelling units. However, the infill goals for the transit station areas were not met in 2004 or 2005, and there is no evidence that they will be met in 2006.

2. Inclusion of the Eastern Policy Area in the Proposed Sphere of Influence (SOI) Amendment:

The Eastern Policy Area consists of approximately 3,500 acres of land located south of the Rosemont Community which is being considered for conversion from abandoned gravel pits to urban development as a new growth area/village center in the General Plan Update.

Council requested an estimate for the inclusion of the Eastern Policy Area in a comprehensive citywide Sphere of Influence amendment. The Municipal Service Review required to support an SOI Amendment will cost \$80,000.

The advantage of including this area as a part of the SOI Amendment would be a cost savings in the combined approach versus preparing separate SOI Amendments for the Natomas Joint Vision and the Eastern Policy Area. The disadvantage would be that the Natomas Joint Vision needs to move forward more quickly, and the Eastern Policy Area requires more work before it will be ready for initiation. Therefore, staff recommend that the SOI Amendments move forward on separate tracks.

3. Flood Protection Studies

In March 2006, Sacramento Area Flood Control Agency (SAFCA) released the public review draft of the Natomas Levee Evaluation Report. The report summarized the conclusions and recommendations of the Natomas Levee Evaluation Study contained in a series of technical studies and reports commissioned by SAFCA. The report concluded that a considerable amount of work is needed along the south levee of the Natomas Cross Canal, the east levee of the Sacramento River, and the north levee of the American River in order to provide the Natomas area with at least 200-year flood protection to bring the area to a 'low' risk status.

The study also indicated that the risk of flooding at the 100-year level is greater than previously assumed, underscoring the urgency of expediting the higher priority of improvements.

The costs of improvements to address levee freeboard, levee foundation stability, and streambank erosion problems, were estimated to be about \$300 million. The report recommended that additional consideration should be given to construction of a secondary levee in the upper reach of the Natomas area, which would add \$54 million to \$134 million to the total cost of improvements.

The report also recommended taking a comprehensive approach to mitigating unavoidable environmental impacts to complement ongoing habitat conservation efforts in the Natomas Basin and the Sacramento River channel. Ultimately, a comprehensive approach will reduce project costs and delays due to requirements related to compliance with environmental laws.

The full report can be viewed on SAFCA's website at:

<http://www.safca.org/about/documents/NatomasLeveeEvaluationReportPublicReviewDraft.pdf>

Funding sources for flood control improvements need to be defined before considering future urban development in the Natomas Basin, but this doesn't preclude the City from initiating the SOI Amendment.

4. Preliminary Calculation of Available Mitigation Lands

The maps on the following pages were provided by County staff. The maps were used to calculate the following information for the two possible scenarios previously referred to as "Exhibit A", the "General Plan Amendment/Urban Reserve" and "Exhibit B", the "One-Mile Buffer Alternative". The land available for mitigation for Exhibit A, the General Plan Amendment/Urban Reserve is slightly more than the land potentially available for future development. Specifically, there are 6,831 acres of mitigation land to 6,805 acres potentially available for future development, assuming that there is no reclamation of the floodplain within the Urban Reserve.

For the One-Mile Buffer Alternative shown on Exhibit B, there is inadequate mitigation land available. Specifically, 6,175 acres would be available to mitigate for 7,688 acres potentially available for future development under this scenario. This also assumes that none of the floodplain inside the Urban Reserve is reclaimed. The amount of floodplain that could be reclaimed is not known at this time. For both Exhibit A and Exhibit B, reclamation of the floodplain makes the ratio more unfavorable.

A more detailed analysis will be prepared as a part of the Natomas Joint Vision Open Space Program.

Preliminary Calculations of Available Mitigation Lands in the Natomas Joint Vision Planning Area

Within One-Mile Buffer & Community Separator	Acres
Total Area (One-Mile Buffer & Community Separator)	10962.00
Teal Bend Golf Course	-255.14
Airport Lands	-576.00
Airport Expansion	-722.14
Co-Owned Lands	-1306.50
Currently Preserved	-2214.22
Within SOI A & B to be Developed	-72.00
Balance Available for Mitigation w/in One-Mile Buffer	5816.00

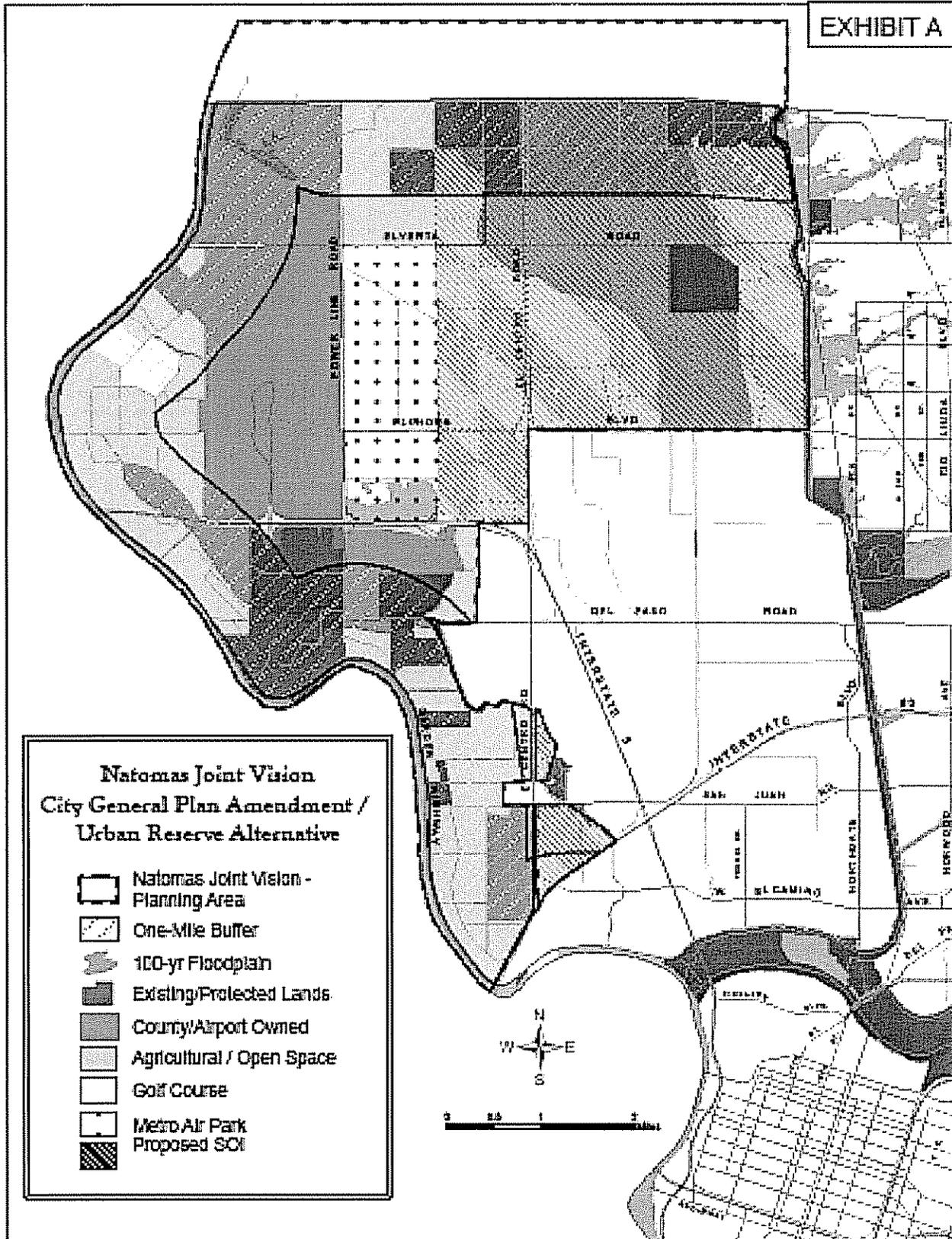
City General Plan Amendment / Urban Reserve (A)	Acres
Total Area	9553.29
Community Separator (w/in SOI & Buffer)	-2343.00
NBC Owned Land (Outside Buffer w/in SOI)*	-317.10
Available Land for Development Under Scenario	6805.38
Land in Floodplain**	-2340.63
Land Available outside Floodplain	4464.75
Ag/OS Land Remaining (Outside Buffer & SOI)	1015.00
Total Available for Mitigation Under Scenario	6831.00

City One-Mile Buffer Alternative (B)	Acres
Total Area	10386.76
Community Separator (w/in SOI & Buffer)	-2343.00
NBC Owned Land (Outside Buffer w/in SOI)*	-356.10
Available Land for Development Under Scenario	7687.76
Land in Floodplain**	-2340.63
Additional Land in Floodplain	-607.56
Land Available outside Floodplain	4739.57
Ag/OS Land Remaining (Outside Buffer & SOI)	359.00
Total Available for Mitigation Under Scenario	6175.00

Metro Air Park	Acres
Total Land	1874.00
Airports/County	Acres
Airport Expansion	803.00
Total Land	5493.62

*NBC owned lands. Uncertainty remains due to possible land swap

**Unknown how much floodplain will be reclaimed. Figure represents no change to the existing floodplain



ATTACHMENT 2

**TENTATIVE CITY-COUNTY NATOMAS JOINT VISION SCHEDULE
(UPDATED 6/29/06)**

<u>DATE</u>	<u>EVENT</u>	<u>AGENCY</u>
7/25/06 – 8/06	Direction/Workplan	City/County
10/06 – 11/06	Contract Approval/Initiation	City/County
11/06 – 12/06	1 st OS Workshop	City/County
2/07 – 3/07	Distribute NOP/GPA	City/County
2/07 – 3/07	2 nd OS Workshop (Preliminary alternatives)	City/County
4/06 – 5/07	Sphere of Influence Application	City/LAFCo
5/07 – 6/07	3 rd OS Workshop (Preferred alternative review)	City/County
10/07 – 11/07	4 th OS Workshop (Responses to 1 st Draft)	City/County
11/07 – 12/07	Publish DEIR/MSR	City/County/LAFCo
4/08 – 5/08	Publish FEIR/MSR	City/County/LAFCo
5/08 – 7/08	Open Space/GPA Hearings	City/County
10/08 – 11/08	SOI Hearings	LAFCo

Work Products (Agencies)

GPA – General Plan Amendments (City/County)

OS – Open Space Program (City/County)

SOI/MSR – Sphere of Influence/Municipal Service Review (City/LAFCo)

NOP – Notice of Preparation (City/County/LAFCo)

DEIR/FEIR – Draft/Final Environmental Impact Report (City/County/LAFCo)

ATTACHMENT 3

BUDGET: NATOMAS JOINT VISION / SPHERE OF INFLUENCE PROJECT

Updated 7/12/06

<u>Work Product</u>	<u>Cost</u>	<u>County Share</u>	<u>City Share</u>
EIR	280,000	94,000*	186,000
Traffic Study	95,000		95,000
MSR / SOI	83,000		83,000
LAFCo Fees	35,000		35,000
EIR staff costs	25,000		25,000
Subtotal	518,000	94,000	424,000
Open Space Program (separate report)	<u>214,915</u>	<u>*107,458</u>	<u>107,458</u>
Total	732,915	201,458	531,458

*County share assumes 1/3 of EIR consultant costs and 1/2 of open space program.

RESOLUTION NO.

Adopted by the Sacramento City Council

RESOLUTION INITIATING AN AMENDMENT TO THE CITY'S SPHERE OF INFLUENCE (SOI) FOR THE NATOMAS JOINT VISION AREA AND DIRECTING STAFF TO REPORT BACK IN 90 DAYS WITH A WORK PLAN AND SCHEDULE, CONSULTANT SERVICES CONTRACT, AND PUBLIC PROCESS FOR COMPLETING OF THE NATOMAS JOINT VISION PLANNING PROCESS.

BACKGROUND

- A. On December 10, 2002, the Sacramento City Council and the Sacramento County Board of Supervisors approved the Memorandum of Understanding (MOU) regarding principles of land use and revenue sharing for the Natomas area. This has come to be known as the "Natomas Joint Vision".
- B. The City-County MOU identifies the City of Sacramento as the lead agency for development within the Natomas Joint Vision Area.
- C. On September 16, 2003, the City Council approved a Natomas Joint Vision work-plan and a map of the conceptual boundaries for the proposed sphere of influence and one-mile buffer alternative to be considered as part of the EIR.
- D. This Sphere of Influence (SOI) amendment is being initiated pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 *et seq.* (the "Act")).
- E. A map of the exterior boundaries of the affected territory subject to this SOI amendment is attached hereto as Exhibit A incorporated herein by reference.
- F. The City Manager and County Executive Officer have met to discuss the proposed SOI amendment, and its boundaries, as called for under the Act.
- G. The reasons for the SOI amendment are as follows:
 - 1. The SOI amendment is required in order to carry out the City's responsibilities for planning and shaping the logical orderly development of the proposed territory. The SOI amendment represents a logical and reasonable future physical boundary of the City, since it is located adjacent to the City limits on the south and east and adjacent to development of Metro Airpark on the west.

2. The City will have the capacity of public facilities and services to support the SOI area, which will be demonstrated in a Municipal Services Review (MSR).
3. The City of Sacramento's existing SOI was adopted by the Sacramento LAFCo in 1981, and has been updated periodically since that time. Beginning in 2000, the Act requires the City's sphere of influence to be reviewed and updated, as necessary, not less than once every five years.
4. The affected territory is designated for urban development under the Sacramento Area Council of Governments (SACOG) Blueprint regional project and is necessary to accommodate future growth anticipated in the City's General Plan Update.
5. The affected territory is within the Natomas Joint Vision area, and any future development within the SOI amendment area will be governed by and will be consistent with the principles of the City-County MOU.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council of the City of Sacramento hereby initiates the Sphere of Influence Amendment for the territory shown and described in Exhibit A by directing staff to file a written request with the Sacramento Local Agency Formation Commission (LAFCo) that proceedings are taken for the proposal pursuant to the Act.
- Section 2. The City Council of the City of Sacramento hereby directs staff to return within 90 days with the work-plan and schedule, consultant services contracts, public process to initiate the SOI (including completing the MSR and EIR) for completing the Natomas Joint Vision planning process and to recommend a funding source for the City's portion of the estimated costs of \$424,000 shown in Attachment 3.

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Exhibit A: Sphere of Influence Amendment Map

Exhibit A - City of Sacramento Sphere of Influence Amendment

