

RESOLUTION NO. 2007-01

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE  
COUNTY OF SUTTER MAKING DETERMINATIONS AND APPROVING A  
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR  
THE CITY OF LIVE OAK

**Recitals**

1. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires each Local Agency Formation Commission (LAFCO) in every County to update spheres of influence every five years pursuant with Section 56425(g).
2. The Act requires LAFCOs to conduct a municipal service review prior to or concurrently with updating an agency's sphere of influence and at the same time make nine written statements of determination with respect to each of the following:
  - a. Infrastructure needs or deficiencies.
  - b. Growth and population projections for the affected area.
  - c. Financing constraints and opportunities.
  - d. Cost avoidance opportunities.
  - e. Opportunities for rate restructuring.
  - f. Opportunities for shared facilities.
  - g. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
  - h. Evaluation of management efficiencies.
  - i. Local accountability and governance.
3. On July 28, 2005, the Sutter County Local Agency Formation Commission adopted Resolution No. 2005-05, initiating municipal service review and sphere of influence updates for all cities and districts in Sutter County requiring such reviews.
4. On February 22, 2007, the Commission reviewed and considered the Executive Officer's report, and pursuant to the Rules of Procedure for the Sutter County Local Agency Formation Commission, as amended April 24, 2003, conducted a public hearing at which it heard and received all oral and written comments, evidence, and objections which were made, presented, or filed regarding the municipal service review and sphere of influence update. All persons present were given an opportunity to hear and be heard.

The LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SUTTER resolves, determines, orders, and finds as follows:

Section 1. The Commission has determined that the municipal service review study is not a project subject to the California Environmental Quality Act (CEQA). To the extent that it may be so considered, it is not subject to CEQA by virtue of two applicable exemptions. First, the municipal service review and sphere of influence update is Categorical Exempt from CEQA pursuant with Section 15306 of the Guidelines which exempts basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. This exemption may be used strictly for information gathering purposes, or as part of a study leading to an action which a public agency

**Resolution No. 2007-01**

**Page 2 of 7**

(LAFCO) has not yet approved, adopted or funded. The information gathered for the municipal service review will not have an effect upon an environmental resource. The sphere of influence update will validate the boundary of the existing City sphere and no changes to that sphere of influence will occur. Therefore, no environmental impacts will result and the Executive Officer is directed to file a Categorical Exemption for this proposal.

Second, the Commission has determined the municipal service review and sphere of influence update is also covered by the general rule of CEQA, Section 15061b(3) of the CEQA Guidelines that states that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This Municipal Service Review evaluates current operations and does not propose any changes of organization or reorganization to the City structure. In addition, the City's sphere of influence will remain unchanged. As a result, the municipal service review and sphere of influence update will not have any impact upon the environment and therefore is not subject to CEQA.

Section 2. The Commission adopts and incorporates by reference the Executive Officer's Report dated February 15, 2007 and its attachments and appendices, as its Statement of Reasons for the municipal service review and sphere of influence update.

Section 3. In accordance with Government Code Section 56430, LAFCO makes the following written determinations for the municipal service review for the City of Live Oak.

1) **Growth and Population Projections for the Affected Area Determination** – The City of Live Oak's population is expected to grow substantially in the near future, based on SACOG's projections of an annual growth rate of 2.3 percent. Future housing development in the City is more difficult to predict, due to past infrastructure constraints. However, the City has more than adequate land on which to construct its share of the Regional Housing Needs Allocation prepared by SACOG.

The City currently is updating its General Plan, which would include a new buildout scenario. This scenario would significantly change future population and housing projections for the City. However, since the update of the General Plan is still in progress, future projections are unavailable at this time. According to SACOG's Blueprint Project, housing growth in Live Oak under the Preferred Scenario would occur at a rate of 100 units per year on average. However, the SACOG projection is considered low, and the final land use scenario developed under the updated General Plan will likely reflect a higher growth rate.

Upon completion of the General Plan update and adoption of other updated plans, annexations will contribute to growth in Live Oak. This may have significant impacts on overall growth projections. However, the City's updated General Plan will include development guidance for the City's Sphere of Influence. Therefore, future growth projections will consider areas currently outside the City limits. These will include the 950-acre Southwest Specific Plan area and the 200-acre Northeast Plan area, and may include an area northwest of the City.

2) **Infrastructure Needs or Deficiencies Determination** – Existing facilities and long-range planning for the City of Live Oak water system are insufficient to ensure adequate water

**Resolution No. 2007-01**

**Page 3 of 7**

supply and distribution. The City has identified a need to add storage capacity to its water system to ensure steady water flows. City officials have noted that there is inadequate information on unaccounted-for water. To address this, the City recently completed a meter retrofit program to install meters on all service connections. Water meters are presently being installed on all un-metered services, which will more accurately reflect water consumption and help residents preserve water. Therefore, information on unaccounted-for water should become available in the near future. The City anticipates preparation of a Water Master Plan following its General Plan Update, currently underway and scheduled for completion in 2007. The Water Master Plan is expected to include strategies to accommodate needs for upgraded infrastructure, as well as a program to reduce infiltration and inflow into its water system. The City is also proposing to conduct a study on arsenic in groundwater, in which the City will evaluate the option of converting to use of water from the Feather River. The analysis will compare the costs of conversion with the costs of continued use of groundwater and treatment thereof.

The City has adequate capacity in its wastewater treatment plant to accommodate population growth to the year 2023. However, improvements may be required before that year to meet wastewater discharge requirements. The City has anticipated the need for such improvements in its Wastewater Treatment Plant Facility Plan. According to the Plan, the majority of the City's wastewater collection system is in good condition, but portions are aging and will need replacement.

There is little information available at this time to determine if the City has an adequate storm drainage system to accommodate existing and future development. However, RD 777 facilities utilized by the City are inadequate to accommodate flows, primarily due to lack of maintenance. The City anticipates a comprehensive review of its drainage system during its current General Plan update. This review is expected to provide data that will enable the City to determine the adequacy of existing streams and channels, based on 10-year and 100-year storm events. The City has completed a Storm Drainage Plan and a nexus fee study that establish a mechanism for installation of drainage improvements.

Solid waste collection services appear adequate for the City both now and in the future. Collection agencies can provide service when demanded, and the landfill that accepts the City's solid waste has adequate capacity to accommodate future growth.

Traffic circulation on most City streets meets LOS standards set by the City. However, traffic problems have been identified on SR 99 and Pennington Road near their intersections, and other City intersections have LOS at levels that warrant signalization. The Circulation Element of the City's updated General Plan intends to address these deficiencies by providing policies and implementation programs related to existing and future vehicular and other traffic. Alternative transportation facilities, specifically for bicycle and pedestrian traffic, are lacking in Live Oak; this will also be addressed in the General Plan update, and will include plans for expansions and improvements of existing facilities.

Calls for law enforcement service in the City have increased in recent years, and continued population growth by the City will place greater strains on law enforcement resources. As the City's population grows, Law enforcement officials have stated that they will need to consider funding additional facilities to house law enforcement services, including a multi-service facility.

Fire protection service in the City of Live Oak is considered adequate. However, service outside the current City limits has a significantly lower ISO rating, than service within the City. As the City annexes unincorporated lands, officials have stated that the CSA will need to upgrade facilities on these lands to maintain its current ISO rating, and that future growth will likely generate the need for additional personnel, vehicles, and building space.

Based on standards established by City policy, the City currently has inadequate park space for its residents. The City has identified areas for park development and now requires new development to provide park space for each subdivision or to pay an impact fee. The impact fee funds new parks or improvements to existing parks. The City has adequate indoor recreational facilities, mainly due to its sharing of facilities with other agencies.

3) **Financing Constraints and Opportunities Determination** – The City of Live Oak has managed its finances well. Budgets are forecasted conservatively, with higher cost assumptions and lower revenues. Recent past actual data showed lower cost and higher revenues than forecasted. The City is offsetting the loss of some general funds, such as grant proceeds, some facility user fees and interfund transfers, with property tax in lieu of Vehicle License Fees. Enterprise fund revenues have increased, which pay the costs of services. Declines in full-time salary costs have enabled budgets to balance.

Water rates last increased in December 2003, which have raised additional revenue. Cost increases occurring since 2003 are not reflected in the current rates. A recent water rate and fee study recommended potential rate increases. Sewer rates are adjusted annually by the Consumer Price Index plus 1 percent. This has helped to maintain the pace of cost increases. A recent sewer rate study reviewed two bond scenarios and recommended potential rate increases to pay for annual increases in operating costs and debt service for the upgrade and expansion of the Wastewater Treatment Plant.

The city has adopted investment policies that comply with state law. The policies guide the city's investment decisions to maintain its cash principal and earn reasonable interest on its investments.

4) **Cost Avoidance Opportunities Determination** - The City of Live Oak has taken several actions to avoid costs. It utilizes outside expertise for large comprehensive project studies like the General Plan update. This avoids continuous costs for staff and benefits after completion of the project. Burdens on the General Fund are minimized by the presence of enterprise funds and various fee programs, such as Development Impact Fees and user fees. The City also minimizes impacts on the General Fund by actions such as pursuit of grant funding and requirements for new development to provide facilities that provide a public use. The City participates in the regional public transit system that connects residents in Live Oak with local jurisdictions and downtown Sacramento. There is no duplication of transit service.

5) **Opportunities for Rate Restructuring Determination** - The City of Live Oak annually reviews and updates fees, including sewer rates and other master fee charges. The last update in water rates was December 2003. A recently completed water rate and fee study recommended an increase in rates. A separate sewer rate study also recommended rate increases to pay for annual increases in operating costs and debt service for upgrades and expansion of the Wastewater Treatment Plant. The General Plan update process will include

an update of development impact fees. This update will allocate impact fees supporting public infrastructure on new development planned over the long term.

6) **Opportunities for Shared Facilities Determination** - The City of Live Oak takes advantage of opportunities to share facilities with public or private agencies, whenever such opportunities become available. The City seeks to work with developers of residential subdivisions to provide facilities that could be used by the City and its residents, including requiring developers to incorporate open space and park uses with new detention ponds. This provides additional park and storm drainage facilities. The City also projects that one facility will house police, fire, and City services in the future. In addition, the City currently participates with other agencies in sharing facilities and services. It is anticipated that the City will continue such participation.

7) **Government Structure Options Determination** - Live Oak is a General Law city, which means the City operates within the parameters and guidelines of California municipal law. The City and its voters have the option to become a Charter city, which would require drafting a City Charter and approval by a majority vote of City residents. Becoming a Charter city is only necessary when a City is in a unique position, under which it cannot attain its goals under only California municipal law. The City appears to function well under General Law governance, so no change is considered necessary, especially with the cost of converting to a Charter city. The City takes advantage of several government structure options that allow delivery of services to City residents. These include arrangements with County agencies for the provision of services, agreements with private agencies, and the use of Mello-Roos authority.

8) **Evaluation of Management Efficiencies Determination** - Overall, the City of Live Oak is employing sound management practices to ensure the efficient use of its resources. The City's current management structure performs adequately, as the number of departments is limited. The City contracts out some services that otherwise would require additional City departments, which potentially could adversely affect management of City operations. Efficient management practices also are reflected in the good condition of the City's budget.

9) **Local Accountability and Governance Determination** - The City of Live Oak actively seeks public participation in its governmental operations, which also increases the accountability of its members. The City Council conducts its meetings in accordance with open meeting laws, and meetings are held during times when most citizens are able to attend. Local governance includes advisory commissions that promote and hold open public meetings. The City also promotes openness through its noticing and scheduling of meetings, its complaint and suggestion forms, and other mechanisms.

Section 4. In accordance with Government Code Section 56425(e), LAFCO makes the following written determinations with regard to the sphere of influence for the City of Live Oak.

1. **The present and planned land uses in the area, including agricultural and open space lands.** The City's existing General Plan Land Use Diagram reflects the land use framework for Live Oak within its City limits. The existing Diagram shows the City has adopted nine different land use designations, excluding the Planned Development designation. Land use distribution generally can be described as general commercial concentrated around SR 99, surrounded by higher-density residential areas that in turn are surrounded by low-density

residential areas. Agricultural lands surround the City in the unincorporated area outside the City limits. However, an industrial area is located within the southern boundary of the City's SOI. There are scatterings of low-density residential areas to the City's southeast.

The City of Live Oak currently is updating its General Plan. This update will include a new Land Use Diagram that outlines proposed land uses within the City's Planning Area.

**2. The present and probable need for public facilities and services in the area.** The present and probable need for public facilities and services are discussed in detail under the Infrastructure section of the MSR. In summary, the present and probable need for public facilities and services revolve around water, sewer and storm drainage.

At this time, it appears that the City has sufficient production capacity from its wells to supply domestic water to City residents and businesses until at least 2010 and probably beyond. However, the City's General Plan may allow for more development than that previously projected. The City is considering a conversion from groundwater to surface water from the Feather River. However, the use of Feather River water would require construction of a water treatment plant. An analysis of this conversion will be included in an updated Water Master Plan, anticipated in 2006. The City should pursue efforts to add storage capacity to its water system to ensure steady water flows. It also should obtain adequate information on unaccounted-for water as soon as feasible and incorporate into its Water Master Plan a program to reduce infiltration and inflow to more efficiently utilize its water resources.

The City has adequate capacity in its wastewater treatment plant to accommodate population growth to the year 2023 (according to Census 2000 projections.) However, improvements may be required before that year to meet wastewater discharge requirements. The City has anticipated the need for such improvements in its *Wastewater Treatment Plant Facility Plan*. While the majority of the City's wastewater collection system is in good condition, portions are aging and will need replacement. The City should develop a schedule for replacement of sewer lines that are near or at the end of their serviceable life.

As part of the City's General Plan update, there will be an extensive review of the drainage system for the City and its Sphere of Influence, including an evaluation of existing baseline conditions. In conjunction with the preparation of the existing Storm Drainage Master Plan and the AB 1600 Nexus Study prepared in 2005, it was determined that new drainage and flood control facilities were needed to address impacts associated with new development. The City should prepare an updated Storm Drainage Master Plan that includes a strategy for upgrading existing infrastructure, while accommodating expansion for new development.

The City is in a good position to continue to meet the demands of other services, such as police and fire protection. In many cases, the City will rely on other agencies or the private sector to provide needed facilities and services. The City is well aware of present and probable needs, and it is taking prudent steps to plan and prepare for them.

**3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.** The City presently maintains the capacity to provide adequate facilities and services to its residents. There is adequate water and wastewater treatment capacity to meet present water and sewer demands and the City has

adequately funded police and fire protection to provide a satisfactory level of services to City residents. Areas where a question may exist are storm drainage and parks and recreation services. The adequacy of the City's storm drainage facilities cannot be determined, but an evaluation of existing conditions will occur during the City's General Plan update. The City currently has a deficiency in park area, by its own policy. However, the City has mechanisms in place to provide more park spaces as new development occurs.

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.** A variety of social communities of interest can be found in Live Oak, including people of different cultural backgrounds. According to the 2000 U.S. Census, 49.7 percent of the City's residents were White, 9.6 percent were Asian/Pacific Islander (mostly Asian Indian), and 40.7 percent were other races or more than one race. 48.6 percent of City residents were Hispanic, an ethnic designation that can cover more than one race. The City's Housing Element indicates that the racial composition of the City's population has changed, with the proportion of White residents decreasing and proportions of Hispanic and Asian residents increasing. In the City, 26 percent of families and 30.2 percent of individuals had incomes below the poverty level. This constitutes an economic community of interest, as this community would have a greater need for particular City services than those of average or above-average income. This community likely would suffer more from reductions in City services than other income groups.

Section 5. The Commission determines the existing boundary of the sphere of influence for the City of Live Oak is adequate to serve the City's needs and therefore re-adopts the existing sphere of influence boundary as shown in the municipal service review staff report Attachment A.

Passed and adopted this 22<sup>nd</sup> day of February 2007, by the following vote:

AYES:

NOES:

ABSTAIN:

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CHAIRPERSON

ATTEST:

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LARRY T. COMBS  
EXECUTIVE OFFICER