



ECOS

ENVIRONMENTAL
♦ COUNCIL ♦
OF SACRAMENTO

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April 2, 2025

Chair and Members of the Commission
and Jose C. Henriquez, Executive Officer
Sacramento Local Agency Formation Commission
1112 I Street, Suite 100
Sacramento, California 95814

SENT VIA EMAIL to BoardClerk@saccounty.gov henriquezj@saclafco.org

SUBJECT: LAFCo Hearing on April 2, 2025, Agenda Item V-6
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)

Proposed Airport South Industrial Project (ASIP)

Dear Chair and Commission Members:

For the proposed Airport South Industrial Project (ASIP) and the related LAFCo Agenda Item V-6, ECOS has reviewed the Staff Recommendations report, the Final Environmental Report (FEIR), the proposed Findings of Fact and Overriding Considerations, and the Resolution to amend the Spheres of Influence (SOI).¹

We find that the Staff Recommendations report and the FEIR and related documents contain numerous errors and misleading information. They do not conform to state law or LAFCo's own policies and standards.

¹ ECOS is a 501c3 non-profit corporation, a coalition of community-based organizations and individuals from throughout the Sacramento region that helps drive conversation and action for good planning.

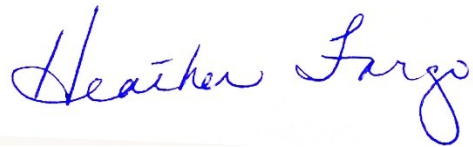
- Our mission is to achieve regional sustainability, livable communities, environmental justice, and a healthy environment and economy for existing and future residents.
- We strive to bring positive change to the Sacramento region by proactively working with the individual and organizational members of ECOS, neighborhood groups, businesses, local and regional agencies and governments.

We include these topics in the following pages:

- Introduction
- Contrary to Staff Recommendation Report, the City of Sacramento has not pursued ASIP
- The FEIR and Staff Recommendations Report failed to properly consider all relevant LAFCo policies
- The Proposed SOI Is Disorderly Development
- The EIR Fails as an Information Document due to many errors and misrepresentations

Thank you for reading our comments carefully and giving them all due consideration.

Sincerely yours,



Heather Fargo
President of the Board of Directors

Introduction

In 2021, we submitted comments for the proposed ASIP's Notice of Preparation and Draft Environmental Impact Report (DEIR). We are represented in the DEIR and FEIR comments by Attorney Patrick Soluri.

At the LAFCo meeting in October, 2021, we brought to your attention the inappropriate approach of the City and LAFCo to act as "dual-leads" for the EIR. This approach was set forth in a joint City/LAFCo Memorandum of Understanding (MOU).

At that same time, we specifically noted that the City Council had not held a hearing on the proposed ASIP, or the related SOI expansion and annexation of County land. We noted that the City Council had not approved the MOU with LAFCo.

In February 2024, the City Council did approve an update to its foundational planning document, and this document, 2040 General Plan, importantly, did not include ASIP and/or SOI.

The Agreement in 2021 with the landowner, City, and LAFCo, called for the landowner to pay staff costs (likely even legal staff) to process its application. Because of that, now in April 2025, staff's recommendation to approve the SOI and the FEIR may be biased and may even reflect a conflict of interest.

Contrary to Staff Recommendation Report, the City of Sacramento has not pursued ASIP

The Staff Recommendations report on page 4 asserts: "With the increase in e-commerce, it is understandable why the applicant and **the City are pursuing the ASI project**. . . . **The City of Sacramento is pursuing this project** to capture e-commerce sales tax revenues and transient occupancy taxes". (*emphasis added*)

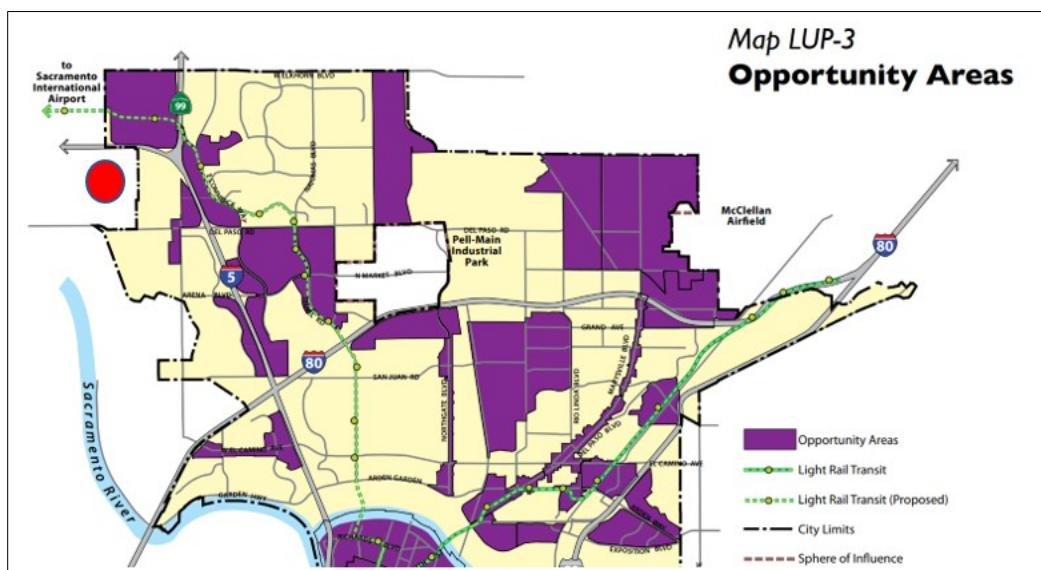
In July 2021, the former City Manager, Howard Chan, approved the MOU to proceed with processing the application, not the City Council. Manager Chan was not authorized by the City Council to start "pursuing the ASI project."

There is nothing on the record to show that anyone other than the City Manager and the City's New Growth Planning Manager were "pursuing the project."

In his April 14 2021 letter to LAFCo, City Planning Director Sandlund took a neutral tone: "The City staff does not object to the landowners' request that has been submitted to LAFCo to initiate a Memorandum of Understand (MOU) between the Commission and the City."

No public hearing has ever been held by City Council to address this project or the proposed SOI. Further, the City's General Plan from 2024 contains no mention of a proposed expansion of the City's industrial capacity at this location.

Even a quick perusal of the City's General Plan [Land Use and Placemaking Element](#) reveals the City's commitment to "A compact urban footprint and sustainable development pattern . . . while protecting surrounding open space lands." (p. 3-9) This element identifies opportunity areas for City economic development in Map LUP-3 (p. 3-10), shown below, that do not include the farmland in the County that is the location of the proposed ASIP. Further, the 2040 General Plan contains no goal or policy to expand warehouse space, and certainly not onto farmland.



Nowhere is there a City document claiming that the project's revenue will benefit the City. LAFCo staff is apparently relying upon a developer-commissioned economic projection of benefits, (Economic and Planning Systems (EPS), "Airport South Industrial Project Economic Impact Analysis," EPS #222161, April 6, 2023). The EPS report identifies no "e-commerce sales tax revenues." And we are unaware of any "e-commerce sales tax revenues" that would accrue to the City from mega-warehouse space.

The EPS report estimates total tax revenues to the City from the proposed ASIP would be \$4 million a year, with sales tax revenue at only \$427,700, per Table 8 on page 25 of the EPS report, shown below. Compare the projected \$427,700 with the City's current total annual revenue of over \$1.6 billion, with sales and use tax revenues at \$110 million. The sales tax revenue from ASIP would be insignificant.

Table 8 Airport South Industrial Economic Impact Analysis Detailed Summary of Annual Public-Sector Revenues (Rounded 2023\$)		Annual Public-Sector Revenues			
Revenue Category	Source	Projected Public-Sector Tax Revenues			
		City of Sacramento	Sacramento County & Other Local Taxing Entities	State of California	Total
Annual Public-Sector Tax Revenues					
Proposed NorthPoint/AKT Project					
Property Tax	Table B-1	\$1,594,100	\$5,459,400	-	\$7,053,500
Property Tax In Lieu of Motor Vehicle License Fee Revenue	Table B-1	\$615,200	\$751,000	-	\$1,366,200
Sales Tax [1]	Table B-3	\$427,700	\$124,800	\$1,410,900	\$1,963,400
Prop. 172 Public Safety Sales Tax	Table B-3	\$14,100	\$98,800	-	\$112,900
Transient Occupancy Tax (TOT)	Table B-8	\$625,500	-	-	\$625,500
Total Annual Tax Revenues Generated by the Project		\$3,276,600	\$6,434,000	\$1,410,900	\$11,121,500
Potential Remaining Development					
Property Tax	Table B-1	\$517,300	\$1,771,500	-	\$2,288,800
Property Tax In Lieu of Motor Vehicle License Fee Revenue	Table B-1	\$199,600	\$243,700	-	\$443,300
Sales Tax [1]	Table B-4	\$23,500	\$11,800	\$98,100	\$133,400
Prop. 172 Public Safety Sales Tax	Table B-4	\$800	\$7,100	-	\$7,900
Transient Occupancy Tax (TOT)	Table B-8	-	-	-	-
Total Annual Tax Revenues Generated by the Project		\$741,200	\$2,034,100	\$98,100	\$2,873,400
Total Project					
Property Tax	Table B-1	\$2,111,400	\$7,231,000	-	\$9,342,400
Property Tax In Lieu of Motor Vehicle License Fee Revenue	Table B-1	\$814,800	\$994,700	-	\$1,809,500
Sales Tax [1]	Table B-5	\$451,200	\$136,500	\$1,509,000	\$2,096,700
Prop. 172 Public Safety Sales Tax	Table B-5	\$14,800	\$105,900	-	\$120,700
Transient Occupancy Tax (TOT)	Table B-8	\$625,500	-	-	\$625,500
Total Annual Tax Revenues Generated by the Project		\$4,017,700	\$8,468,100	\$1,509,000	\$13,994,800

Source: NorthPoint Development, LLC; EPS.

NOTE: This analysis reflects key tax revenues to the public sector only. Other revenues to fund development impacts and ongoing operations and maintenance costs will be generated.

[1] Includes sales tax revenues generated through the Bradley-Burns local 1% Uniform Local Sales Tax rate, the City's Measure U 1% rate approved by voters in 2018, and the statewide sales tax rate.

Prepared by EPS 4/6/2023 25

The EPS report does not address net revenue. There is no comparison of projected tax revenues and the cost of delivering City services to the project area. It does not account for lost revenue from existing warehouse facilities, lost tenants because of the availability of new warehouses. And it assumes without documentation that there would be a demand for new hotel space on I-5 across from the airport.

The EPS report is a projection paid for by the landowner, prepared before the change in federal trade policy initiated this year which promises to reduce imports and exports, reducing demand for warehouse space.

The FEIR and Staff Recommendations Report Failed to Properly Consider All Relevant LAFCo Policies

LAFCo policies are referenced in the FEIR on Page 4.9-16, Table 4.9-6, Discussion of Relevant Sacramento LAFCo Policies (p. 2-66, 2-67), Chapter 4.9-4, Land Use and Planning/Population and Housing, of the Draft EIR, and slightly modified in the FEIR.

"The Sacramento LAFCo Policy, Standards, and Procedures Manual outlines the adopted specific standards for its action to ensure that it renders fair and consistent decisions for specific actions, such as annexations and detachments, in accordance with State law. The Sacramento LAFCo uses these specific standards, as well as the applicable policies and general standards, during its decision-making process. Specific goals and policies from Chapter V, Specific Standards by Type of Action, of LAFCo's Policy, Standards, and Procedures Manual are applicable to the proposed project are listed in Table 4.9-6. (DEIR,p. 4.9-13)"

Thus, the FEIR only considers selected LAFCo policies and does not disclose nor analyze the full range of applicable LAFCo policies. As noted below, applicable LAFCo policies are also in "Chapter IV. GENERAL STANDARDS."

The following are deemed to have "less than significant impact" on LAFCo policies based on this partial assessment (Table 4.9-6):

- 4.9-2 Cause a significant environmental impact due to a conflict with any Sacramento LAFCo plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect.
- 4.9-3 Cause a significant environmental impact due to a conflict with the City of Sacramento 2040 General Plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect.
- 4.9-5 Cause a significant cumulative environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect.

The FEIR fully acknowledges that the proposed ASIP project has significant and unavoidable impacts on the loss of agricultural land and the air quality plan.

Yet it avoids acknowledging that these impacts are environmental impacts which LAFCo's statutory purpose and adopted policies are designed to avoid.

The Staff Recommendations Report on page 5 states:

"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.*" (Emphasis added)

Appendix F is found on page 289 page of the Staff Recommendations Report. It states

"The LAFCo will generally treat a proposed amendment to an agency's Sphere of Influence similarly to an application for approval of a Sphere of Influence. The LAFCo's policies will be applied to applications for amendment to a Sphere of Influence as if it were an annexation planned for the mid- to long-range future. Below is an *analysis on how the following set of policies apply to the subject application to amend the SOI pursuant to Section V-8 of Sacramento LAFCo's Policies, Standards, and Procedures* as amended and approved by the Commission on April 2, 2025." (Emphasis added)

Section V-8 of Sacramento LAFCo's Policies, Standards, and Procedures is entitled "Sphere of Influence Plans." The LAFCo decision at hand is not on a Sphere of Influence Plan.

Thus, staff avoids analyzing policies in Section V-11 entitled "Amendments to Spheres of Influence," the appropriate standards to be applied. Staff has presented the LAFCo Commission with a recommendation based on analysis of policies (V-8) that don't apply to this application.

The Staff analysis of policies also does not include policies in Chapter V-1, ANNEXATIONS TO CITIES and Chapter IV GENERAL STANDARDS as required by Policies, Standards and Procedures for LAFCo, p. 50).

Among the specific LAFCo requirements not included in Attachment F, that should have been but were not applied to the application consideration, are the following three:

1. Application for annexation must follow Sphere of Influence amendment.

"3. The Sphere of Influence amendments shall precede applications for annexations." (p. 50, *Sacramento LAFCo's Policies, Standards, and Procedures*)

The application attached to the staff report unquestionably provides that an application for SOI Amendment did not precede the application for annexation. Thus, the project is unquestionably inconsistent with LAFCO Policy.

2. Sphere of Influence Amendment Must Include Consideration of General Policies, Annexation Policies and Policies Specific to Spheres of Influence or Amendments to Spheres of Influence.

"1. The LAFCo will generally treat a proposed amendment to an agency's Sphere of Influence similarly to an application for approval of a Sphere of Influence. The LAFCo's policies will be applied to applications for amendment to a Sphere of Influence as if it were an annexation planned for the mid- to long-range future. For that reason, each of the following sets of policies will apply to applications for amendments to Spheres of Influence:

1. General policies;
2. Specific policies and standards for annexations to cities and special districts; and
3. Specific policies and standards or amendments to Spheres of Influence. " (p. 50, *Sacramento LAFCo's Policies, Standards, and Procedures*)

As shown above, the LAFCo staff report limited policy consideration to an inappropriate portion of the policies required by LAFCo and did not consider all those policies required to be considered.

3. General policies include these prohibitions on SOI approval. (*ibid.*, pp 28-29):

1. "The LAFCo will approve only applications with boundaries that do the following:
 - a. Seek to correct where relevant illogical boundaries within the affected agency's Spheres of Influence;
 - b. Provide for a mixture of revenue producing and non- or limited- revenue producing properties; and
 - c. Follow where relevant natural or man-made features and include logical service areas.. . . .
3. The LAFCo will not approve applications with boundaries which:
 - a. Split neighborhoods or divide an existing identifiable community, commercial district, or other area having a social or economic identity;
 - b. Result in islands, corridors or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries;
 - c. Are drawn for the exclusive purpose of encompassing revenue-producing territories;"

A case can be made that this application creates a peninsula of incorporated territory solely for the purpose of producing revenue for government and the developer. It's clearly a strip development of I-5. There is no natural feature that distinguishes this property from the agricultural and mitigation land immediately south of it which belong to the Natomas Basin Conservancy and serve to mitigate North Natomas development. The staff report claims that the City is pursuing it for revenue. Yet the staff report fails to consider whether it violates these two required standards for LAFCo consideration.

The Proposed SOI Is Disorderly Development

As we and others have pointed out, the EIR and Staff Recommendations Report are inadequate in acknowledging and analyzing how this proposed SOI conflicts with orderly development. Numerous LAFCo policies intended to ensure orderly development are ignored in both the EIR and staff recommendations report.

The County General Plan is dismissed as irrelevant and the assessment of consistency with the City General Plan ignores the obvious conflict while claiming compatibility with selected specific City policies.

The County and City General Plans are the fundamental basis of orderly development. The proposed land use change for ASIP is not authorized anywhere in these Plans. The fact is that the County General Plan policies, policies which an SOI and Annexation of the property would alter, were put in place to ensure orderly development, protection of open space, agriculture and natural resources (including wildlife habitat) and to underpin infrastructure planning within the County within the permanent urban boundary, called the Urban Services Boundary.

The fact that the FEIR identifies significant and unavoidable impacts of the project is another indicator that the proposed ASIP is not orderly development and should not be approved by LAFCo. It is out of sync with every planning document adopted for the region and the county -- transportation, air quality, land use, and habitat conservation.

The SOI proposal is the opposite of orderly development. It is inherently disorderly development.

The EIR Fails as an Information Document Due to Many Errors and Misrepresentations

In this section, we identify two key issues of particular concern to the protection of the environment. We note that the FEIR does not include all feasible mitigation. CEQA mandates that agencies must impose all feasible mitigation measures when a project may result in significant environmental impacts.

1. Require Incidental Take Permits from the State and Federal Wildlife Agencies

The EIR errs in not requiring the applicant to obtain state and federal incidental take permits prior to annexation. An EIR must consider all feasible mitigation measures, but the EIR indulges in a "work around" by claiming that the impacts on the Natomas Basin Habitat Conservation Plan (NBHCP), the Natomas Basin Conservancy (NBC) operations and properties, and the Conservation Program underway by the NBHCP, are less than significant.

It does so without substantial evidence to support the finding and in disregard for the City's commitment to the NBHCP agreement, which states that proposed expansion of urban uses to areas not in the "Permit Area" trigger a complete reassessment of the permit issued to the City for development in North Natomas.

The EIR also fails to acknowledge and assess the proposed ASIP project's impact on the two adjacent parcels to the south which are permanently protected for habitat and agriculture by the NBC.

It couldn't be more obvious that the proposed ASIP has a significant impact on the NBHCP and NBC that requires disclosure, analysis and all feasible mitigation.

By requiring incidental take permits be sought prior to annexation, the LAFCo will be assured that the project mitigation is adequate to reduce the impacts on wildlife, the Natomas Basin Habitat Conservation Plan (NBHCP), the NBC mitigation preserves, and the NBHCP Conservation Strategy. There is no substitute for permit review process by the wildlife agencies to ensure that the project fully mitigates for its impacts.

We strongly disagree with the EIR's claim that the proposed ASIP's impacts on these important resources are less than significant. But the way to resolve the conflict is to require the permits that the agencies have issued to other development in Natomas. To not require the permits in the EIR is inconsistent with past practice and in conflict with the City's policies to protect the NBHCP and NBC, and its commitment to the Implementation Agreement for the NBHCP.

An EIR should include sufficient mitigation to reduce impacts to a level of "less than significant" and not leave that judgement, as has been done here, to the discretion of the City Council and LAFCO.

2. Mitigation Phased by Building Permit Will Not Mitigate Impacts to Less than Significant

A major purpose of habitat conservation planning (HCPs) is to avoid piecemeal mitigation that is not adequate to offset the impacts of development. Scattered small parcels of land do not mitigate for the loss of over 450 acres of farmland located in a farmland and mitigation corridor where county policies protect the agricultural zoning. In Natomas, major developments such as these have been required to comply with state and federal incidental take permits and those permits have required habitat conservation plans.

This EIR enables a very backward step in protecting agricultural, open space and wildlife habitat resources in the Natomas Basin. It is not consistent with past practice.

For example, the mitigation measure on *Page 2-8, 4.2-1* Impacts related to the conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance to non- agricultural use.

"c. Phasing: The Airport South Industrial Project will develop in phases, as such, the amount of On-Site and Off-Site Open Space to be provided hereunder shall be in proportion to the amount of acreage proposed to be impacted by such development by the issuance of a grading permit therefor."

The EIR acknowledges that the mitigation includes habitat and open space mitigation and acknowledges that it must be considered in context of requirements of the Natomas Basin Habitat Conservation Plan (NBHCP). This phasing requirement substantially conflicts with achieving compliance with the NBHCP criteria and acquisition of suitable properties. This phasing requirement enables piecemeal acquisition of mitigation land in parcels of less than 400 acres or non-contiguous with other mitigation land. The phasing of mitigation acquisition is inappropriate because it would undermine the mitigation purpose. It also contradicts the claim that the project will be consistent with the NBHCP.

It is long established in the Natomas Basin (and elsewhere) that mitigation land must be acquired prior to grubbing, grading, or other land disturbance on the project site. The NBHCP requires land up front, of specific quality and location.

The developer has identified two adjacent agricultural properties totaling less than 118 acres that it will dedicate for mitigation. However, the EIR does not require that these properties be conveyed for conservation prior to the first building permit issuance. This is clearly a feasible mitigation measure.

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ECOS urges you to reject the EIR and SOI. Thank you for your consideration.