AGENDA
Wednesday, January 27, 2016
6:00 P.M.
Joint Chambers—Basement Level
1010 10th Street, Modesto, California 95354

The Stanislaus Local Agency Formation Commission welcomes you to its meetings. As a courtesy, please silence your cell phones during the meeting. If you want to submit documents at this meeting, please bring 15 copies for distribution. Agendas and staff reports are available on our website at least 72 hours before each meeting. Materials related to an item on this Agenda, submitted to the Commission or prepared after distribution of the agenda packet, will be available for public inspection in the LAFCO Office at 1010 10th Street, 3rd Floor, Modesto, during normal business hours.

1. CALL TO ORDER
   A. Pledge of Allegiance to the Flag.
   B. Introduction of Commissioners and Staff.

2. PUBLIC COMMENT PERIOD
   This is the period in which persons may speak on items that are not listed on the regular agenda. All persons wishing to speak during this public comment portion of the meeting are asked to fill out a “Speaker’s Card” and provide it to the Commission Clerk. Each speaker will be limited to a three-minute presentation. No action will be taken by the Commission as a result of any item presented during the public comment period.

3. APPROVAL OF MINUTES
   A. Minutes of the December 2, 2015 Meeting.

4. CORRESPONDENCE
   No correspondence addressed to the Commission, individual Commissioners or staff will be accepted and/or considered unless it has been signed by the author, or sufficiently identifies the person or persons responsible for its creation and submittal.
   A. Specific Correspondence.
      None.
   B. Informational Correspondence.
      1. 39th Annual Planning Commissioners Workshop Flier.
      2. CALAFCO Bulletin - The Implementation of SB 239.
5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

6. CONSENT ITEMS

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the discussion of the matter.

A. MSR No. 15-03 & SOI No. 2015-03: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE MONTEREY PARK TRACT COMMUNITY SERVICES DISTRICT. The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Monterey Park Tract Community Services District. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulations §15306 and §15061(b)(3). (Staff Recommendation: Approve Resolution Nos. 2016-02.)

B. MSR No. 15-04 & SOI No. 2015-04: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE WESTERN HILLS WATER DISTRICT. The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Western Hills Water District. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulations §15306 and §15061(b)(3). (Staff Recommendation: Approve Resolution Nos. 2016-03.)

C. OUT-OF-BOUNDARY SERVICE EXTENSION: 4346 JESSUP ROAD. The Commission will consider a request by A.L Gilbert to receive water and sewer services from the Keyes Community Services District for a proposed warehouse and office at 4346 Jessup Road, located outside the District’s boundaries. Stanislaus County, as Lead Agency, adopted a mitigated negative declaration pursuant to the California Environmental Quality Act (CEQA). LAFCO, as a Responsible Agency, will consider this environmental determination as part of its action. (Staff Recommendation: Approve Resolution No. 2016-04.)

7. OTHER BUSINESS

A. MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2015-2016. (Staff Recommendation: Receive and File Report.)

B. ANNUAL ELECTION OF OFFICERS. (Staff Recommendation: Approve Resolution No. 2016-01.)

8. COMMISSIONER COMMENTS

Commission Members may provide comments regarding LAFCO matters.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

The Commission Chair may announce additional matters regarding LAFCO matters.
10. EXECUTIVE OFFICER’S REPORT

The Commission will receive a verbal report from the Executive Officer regarding current staff activities.

A. On the Horizon.

11. ADJOURNMENT

A. Set the next meeting date of the Commission for February 24, 2016.

B. Adjourn.

**LAFCO Disclosure Requirements**

**Disclosure of Campaign Contributions:** If you wish to participate in a LAFCO proceeding, you are prohibited from making a campaign contribution of more than $250 to any commissioner or alternate. This prohibition begins on the date you begin to actively support or oppose an application before LAFCO and continues until three months after a final decision is rendered by LAFCO. No commissioner or alternate may solicit or accept a campaign contribution of more than $250 from you or your agent during this period if the commissioner or alternate knows, or has reason to know, that you will participate in the proceedings. If you or your agent have made a contribution of more than $250 to any commissioner or alternate during the twelve (12) months preceding the decision, that commissioner or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the commissioner or alternate returns the campaign contribution within thirty (30) days of learning both about the contribution and the fact that you are a participant in the proceedings.

**Lobbying Disclosure:** Any person or group lobbying the Commission or the Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. Any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them.

**Disclosure of Political Expenditures and Contributions Regarding LAFCO Proceedings:** If the proponents or opponents of a LAFCO proposal spend $1,000 with respect to that proposal, they must report their contributions of $100 or more and all of their expenditures under the rules of the Political Reform Act for local initiative measures to the LAFCO Office.

**LAFCO Action in Court:** All persons are invited to testify and submit written comments to the Commission. If you challenge a LAFCO action in court, you may be limited to issues raised at the public hearing or submitted as written comments prior to the close of the public hearing. All written materials received by staff 24 hours before the hearing will be distributed to the Commission.

**Reasonable Accommodations:** In compliance with the Americans with Disabilities Act, hearing devices are available for public use. If hearing devices are needed, please contact the LAFCO Clerk at 525-7660. Notification 24 hours prior to the meeting will enable the Clerk to make arrangements.

**Alternative Formats:** If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 12132) and the Federal rules and regulations adopted in implementation thereof.

**Notice Regarding Non-English Speakers:** Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedure Section 185 which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the Local Agency Formation Commission shall be in English and anyone wishing to address the Commission is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.
1. **CALL TO ORDER**

Chair DeMartini called the meeting to order at 6:00 p.m.

A. **Pledge of Allegiance to Flag.** Chair DeMartini led in the pledge of allegiance to the flag.

B. **Introduction of Commissioners and Staff.** Chair DeMartini led in the introduction of the Commissioners and Staff.

Commissioners Present:  
Jim DeMartini, Chair, County Member  
Bradley Hawn, Vice-Chair, Public Member  
Amy Bublak, City Member  
William O’Brien, Alternate County Member  
Michael Van Winkle, Alternate City Member  
Annabel Gammon, Alternate Public Member

Commissioners Absent:  
Tom Dunlop, City Member  
Terry Withrow, County Member

Staff Present:  
Sara Lytle-Pinhey, Executive Officer  
Javier Camarena, Assistant Executive Officer  
Jennifer Goss, Commission Clerk  
Robert J. Taro, LAFCO Counsel

2. **PUBLIC COMMENT**

None.

3. **APPROVAL OF MINUTES**

A. Minutes of the October 28, 2015 Meeting.

Motion by Commissioner O’Brien, seconded by Commissioner Bublak and carried with a 5-0 vote to approve the Minutes of the August 26, 2015 meeting by the following vote:

Ayes: Commissioners: Bublak, DeMartini, Gammon, O’Brien and Van Winkle  
Noes: Commissioners: None  
Ineligible: Commissioners: None  
Absent: Commissioners: Dunlop and Withrow  
Abstention: Commissioners: Hawn
4. CORRESPONDENCE

A. Specific Correspondence.
   None.

B. Informational Correspondence.
   1. CALAFCO Quarterly – November 2015.

C. “In the News”

5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

6. CONSENT ITEMS

A. **ANNUAL CITY ANNEXATION SUMMARY.** (Staff Recommendation: Accept Report.)

   Motion by Commissioner Hawn, seconded by Commissioner Van Winkle and carried with a 5-0 vote to accept the report as recommended by Staff by the following vote:

   Ayes: Commissioners: Bublak, DeMartini, Hawn, O’Brien and Van Winkle
   Noes: Commissioners: None
   Ineligible: Commissioners: Gammon
   Absent: Commissioners: Dunlop and Withrow
   Abstention: Commissioners: None

B. **MSR No. 14-05 & SOI No. 2014-05: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE ORESTIMBA CREEK AND SAND CREEK FLOOD DISTRICTS.** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Orestimba Creek and Sand Creek Flood Control Districts. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulations §15306 and §15061(b)(3). (Staff Recommendation: Approve Resolution Nos. 2015-15 and 2015-16.)

   Motion by Commissioner Hawn, seconded by Commissioner Van Winkle and carried with a 5-0 vote to adopt Resolution No’s. 2015-15 and 2015-16 approving the proposal as recommended by Staff by the following vote:

   Ayes: Commissioners: Bublak, DeMartini, Hawn, O’Brien and Van Winkle
   Noes: Commissioners: None
   Ineligible: Commissioners: Gammon
   Absent: Commissioners: Dunlop and Withrow
   Abstention: Commissioners: None
7. OTHER BUSINESS

A. 2016 WORK PROGRAM - MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES. (Staff Recommendation: Adopt work program and direct staff as needed.)

Motion by Commissioner O’Brien, seconded by Commissioner Hawn and carried with a 5-0 vote to accept 2016 Work Program by the following vote:

Ayes: Commissioners: Bublak, DeMartini, Hawn, O’Brien and Van Winkle
Noes: Commissioners: None
Ineligible: Commissioners: Gammon
Absent: Commissioners: Dunlop and Withrow
Abstention: Commissioners: None

8. COMMISSIONER COMMENTS

None.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

None.

10. EXECUTIVE OFFICER’S REPORT

A. On the Horizon. The Executive Officer informed the Commission of the following:

- A Mid-Year Budget Report and MSR-SOI updates are being prepared for the January Meeting.
- Staff will be scheduling meetings with the Fire Districts soon.
- Staff anticipates upcoming applications from the City of Riverbank and the Oakdale Irrigation District.

11. ADJOURNMENT

A. Chair DeMartini announced that the next meeting date and time will be January 27, 2016 at 6:00 p.m.

B. The meeting was adjourned 6:24 p.m.

Sara Lytle-Pinhey, Executive Officer
39th Annual Stanislaus County Planning Commissioners’ Workshop

TRAINING SEMINARS ON:

SUBDIVISION MAP ACT
CEQA
PLANNING & ZONING LAW

with Michael Durkee

Join us for a three part training seminar on the Subdivision Map Act, CEQA compliance and Planning & Zoning Law, by the preeminent land use attorney in the area, Michael Durkee of Nossaman, LLP. Mr. Durkee is widely recognized for his expertise on each of the three subjects and is considered one of California’s top creative land use minds.

The trainings will provide clarity, guidance and insight to three critical and foundational laws affecting the daily work of local agencies staff and Planning Commissioners, as well as consultants and others.

Sponsored by: Stanislaus Planning Directors’ Association

Saturday | February 27, 2016
Registration  8:00 am
Seminar  8:30 am – 12:00 pm
Stanislaus County Harvest Hall
3800 Cornucopia Way, Modesto

DON’T WAIT! Seating is limited to first 120 attendees

For more information please contact Angela Freitas, Stanislaus County Planning Director at 209/525.6330 or angela@stancounty.com

RSVP by 2/19/16

Cost
Local Agency: $30
Other: $50
This bulletin is intended to provide our member LAFCos with information on the implementation of SB 239. It is a result of CALAFCO’s meeting with a number of representatives from the Sponsor of the bill along with union representatives from CalFIRE Local 2881 and the CA Fire Chief’s Association. Authored by Senator Hertzberg and sponsored by the California Professional Firefighters, the bill was signed into law by Governor Brown on October 10, 2015, and takes effect January 1, 2016.

In summary, the bill amends Government Code Sections 56017.2 and 56133, and adds GC §56134 relating to the extension of fire protection services outside existing city or district boundaries. The bill deems “existing boundaries” as those that exist as of 12-31, 2015. It requires LAFCo approval on any new contract for the extension of fire services or a contract extension or amendment that transfers greater than 25% of the service area or changes the employment status of more than 25% of employees of any affected agencies. Further, it requires the applicant to include in their application a comprehensive fiscal analysis (CFA) prepared by independent contract, and outlines the required contents of the application and the CFA. The contents of the CFA are identified in Section 56134 (f) and are not as exhaustive as what is required in a CFA for a proposed city incorporation.

What the bill is intended to do according to the sponsor:

- Require the applicant to provide LAFCo, as part of the application, proof that the 25% trigger is occurring.
- It is up to each LAFCo to determine what the required proof would be (for example, service maps demonstrating the change of +25% of the service area, or employment statistics that would provide proof of the +25% of change in employment status). Each LAFCo is encouraged to create local policies on what they would require as the proper documentation.
- While the term “employment status” found in 56134 (B) is not defined, it is the intent of the sponsor that this means a change in service providers (department as employer). While a change in wages/benefits/hours worked/working conditions may be viewed by some as a change in “employment status, but, it was, according to the sponsor, not the original intent of the term. Each LAFCo is encouraged to create a local policy to define this term.
- The change of +25% in employment status of the employees of any public agency affected by the contract or agreement is intended to apply to the entire department. In other words, +25% as compared to the department affected.
- Section 56134 (a) (2) states in part, that if a contract or agreement that, in combination with other contracts or agreements, triggers the +25% change in service area or employment status, it shall be subject to the definition of a fire protection contract pursuant to this section, and as such will not be exempt from this process. What is unclear about this situation is if it is just this one contract that is subject to the law, or if all existing contracts within the jurisdictional area are affected. The sponsor indicated it is their intent that it be just the one contract rather than all of the contracts within that service area, as all of the other contracts are not the trigger of the +25%. Each LAFCo is encouraged to consider a local policy to clarify this situation.

What the bill is not intended to do according to the sponsor:

- The bill is not intended to apply to the renewal of existing contracts, unless the renewal included amendments or the inclusion of new territory that triggered the +25% change in service area or employment status.
- The bill is not intended to apply to mutual or automatic aid agreements.
- The bill is not intended to apply to ambulance services agreements.
- If a current contract expires and a service area no longer wants to contract for services and will take over providing the services themselves, this bill does not apply, as there is no contract to review and approve.

What has yet to be determined:

- What happens if both parties agree on the contract? It has been suggested that future consideration may be given to an exemption in these cases. For now, if the situation meets the criteria, the new law must be followed, even though both parties may be in full agreement to the proposed changes.
- How to measure the cumulative effect of incremental extensions affecting less than 25% of the service area of employment status. Since the law requires the public agencies to go to LAFCo only in the instances where they have identified a greater than 25% impact, questions remain as to the process of documenting cumulative impacts to either the affected service area or the employment status when changes of either are less than 25%.

All LAFCos are encouraged to meet early with all of the stakeholders that may be impacted by this new law. You are also encouraged to create local policies as noted above to best implement the law based on local conditions and circumstances. Please contact CALAFCO with any questions.
CORRESPONDENCE – IN THE NEWS

Newspaper Articles

➢ The Modesto Bee, November 24, 2015, “TID will expand water conservation project”.

➢ Westside Index, November 24, 2015, “LAFCO essential for good planning”.

➢ The Modesto Bee, November 29, 2015, “MID to seek more water income for higher-tech meters”.

➢ Westside Index, December 2, 2015, “Water district braces for another rough year”.

➢ Westside Index, December 9, 2015, “Ambulance progress outlined in report”.

➢ The Modesto Bee, December 10, 2015, “Turlock Irrigation District modifies water conservation project”.

➢ The Modesto Bee, December 24, 2015, “Short-term plan would shift more costs of Stanislaus 911 dispatch service of fire agencies”.

➢ The Modesto Bee, December 29, 2015, “Stanislaus County prevails in water wells lawsuit”.

➢ The Modesto Bee, January 5, 2016, “Water agencies balk at Stanislaus County’s quest for groundwater grants”.

➢ The Modesto Bee, January 9, 2016, “Water recharge project east of Turlock backed by most landowners”.

➢ The Modesto Bee, January 12, 2016, “MID hopes future pond is golden”.
TID will expand water conservation project

By John Holland

A small reservoir near Hilmar proved its worth this year in catching excess canal flows, so the Turlock Irrigation District will more than triple its size over winter.

The district board voted 4-0 on Tuesday to spend $2.5 million to expand the reservoir, created a year ago at a cost of $2.15 million. It can now capture up to 2,550 acre-feet of water over an irrigation season, and the upcoming work will bring that to 9,000, said Matt Hazen, associate civil engineer for TID.

The 9,000 acre-feet is about 2 percent of average annual deliveries throughout the district, but it could come in handy during drought. This year, for example, they got about 40 percent of their accustomed amount. TID also faces the likelihood of reduced Tuolumne River supplies over the long term because of state and federal efforts to protect fish.

The district serves the Hilmar area via the Highline Canal, which sometimes carries more than farmers can take and spills into the Merced River. The reservoir had been part of a treatment plant for the Hilmar County Water District, then was abandoned. TID bought it last year.

The water in the reservoir is released to Laterals 7 and 8, which branch off the Highline Canal and serve the south part of the district. A separate project last winter outfitted them with high-tech controls that also help with water conservation.

TID plans to start work Tuesday on the reservoir expansion and finish in early March, before the start of the 2016 irrigation season. The reservoir surface area will increase from 7 to 25.5 acres.

The plan had included a concrete liner for the bottom, at a cost of $915,000. A board majority preferred to have no lining for now, so the district staff can see if it helps to recharge groundwater in that area.

Director Michael Frantz supported the lining during a workshop that preceded the vote. He was not present when the other board members — Charles Fernandes, Joe Alamo, Rob Santos and Ron Macedo — voted for an unlined reservoir.
LAFCO essential for good planning

By Jim DeMartini, County Supervisor

Most people know that planning commissions are responsible for reviewing and acting on matters related to land-use planning and development, but how many of us know what LAFCO is? Local Agency Formation Commissions, or LAFCOs, were created by the legislature in 1963 in response to California’s booming population growth, sprawl of cities and the proliferation of limited purpose special districts. LAFCOs are unique to California and exist in all 58 counties.

California law gives LAFCOs three main purposes: discouraging urban sprawl, encouraging orderly government boundaries and preserving open space and prime agricultural land. LAFCOs do this by reviewing applications for city annexations, extension of services and municipal service reviews of special districts. Stanislaus LAFCO oversees boundaries for the nine cities and 74 special districts in the county, ranging from irrigation districts to mosquito abatement districts and everything in between. LAFCO also adopts future boundaries for each of these agencies, as well as for the cities. These boundaries are known as “spheres of influence,” LAFCOs conduct studies about the services these cities and districts provide. LAFCOs also have the authority to eliminate a special district if it no longer serves a useful function. Although this is rarely done, it did happen to a Bay Area hospital district in 2012.

When applying for a new annexation, cities must demonstrate to LAFCO that they will have the ability to provide the same level of municipal services that currently exist within city boundaries. Cities must be capable of providing the same services to newly-annexed territory such as adequate police and fire protection, water, sewer service (which might require increased capacity), parks and schools. Stanislaus LAFCO also requires cities to have a strategy for agricultural preservation, such as mitigation for loss of prime farmland or urban limit lines. Annexations are not approved until all conditions are met. This insures orderly boundaries and efficient delivery of public services.

The existence of LAFCOs keeps decisions about growth and provision of services at the local level. The LAFCO process is thorough and allows an opportunity for the public to be involved and provide input on growth in their area. Stanislaus LAFCO has five commissioners; two members of the Board of Supervisors appointed by the Chairman of the Board, two city council members appointed by the mayors of the nine cities and one public member appointed by the city and county members. There are alternates for each seat on the commission to insure there is always a quorum. The commission is intended to represent the interest of the county as a whole and not solely the interest of a voting member’s jurisdiction. In fact it is improper for appointing bodies, whether it be the county or the cities, to require a LAFCO commissioner to vote a certain way. All commissioners take off their county, city or special district hats and sit as members of a truly independent body. LAFCO responsibilities can involve competing interests, for instance promoting orderly development and efficient services while also preserving agricultural land. Commissioners are often tasked with difficult decisions which impact our
valuable and limited resources such as water and agricultural land. Ultimately, LAFCOs act as the checks and balances for boundaries and services in the county. Three years ago Stanislaus LAFCO received the state LAFCO's highest award, Most Effective Commission, and Project of the Year for our Agricultural Preservation Policy. This year, in competition with all of California's 58 LAFCOs, former commissioner Matt Beekman received the award for Commissioner of the Year.

LAFCOs exercise independent judgment involving a broad perspective representing the public as a whole. City annexation wars, leap-frog development and urban sprawl have essentially been eliminated in California by LAFCO commissions. LAFCOs are all about good governance and a better quality of life for all Californians.

Jim DeMartini is the District 5 Stanislaus County Supervisor. His district includes the West Side.
MID to seek more water income for higher-tech meters

By Garth Stapley

Whether Modesto-area farmers are willing to cover the cost of fancy water delivery meters – about $4.5 million – will be seen next year in a vote of Modesto Irrigation District growers.

Particulars, including how much farmers might expect to see water bills rise, are unknown. They are bracing for a separate rate hike, probably in January.

State laws enacted before and during the drought require higher-tech measuring. MID this year tested several models at various spots on its canals, and the district is developing a strategy to make sure the district doesn’t get in trouble with California water enforcers.

The strategy, including a voting procedure asking customers to weigh in, is expected out in three or four months. Its framework became public when MID released a draft update of the district’s Agricultural Water Management Plan, with a public hearing scheduled for Dec. 15.

Farmers have been expecting this since a groundswell of opposition killed a proposal for selling MID water to San Francisco in 2012, said Jake Wenger, who farms west of Modesto. He was among critics then and since has been elected to the MID board.

"The threat at the time was, 'If we don’t sell this water, your rates are going to go up.' Growers said they would gladly pay for improvements if they kept the water here," Wenger said. So the upcoming vote has been "on growers' radar since," he said.

MID relies on ditchtenders’ estimates for measuring water being delivered from district canals to private canals or pipelines and on to fields or orchards. It’s an imperfect science, partly because calculations have a manually noted time component and no instrument verifies ditchtenders’ records.

The Water Conservation Act of 2009 allows a margin of error of up to 12 percent for existing meters and 5 percent for new, and “the current measurement methods may not comply with regulated accuracy requirements in all circumstances," MID’s ag-water management plan says.

The district this year tested various devices made by different companies at eight locations to get a sense for which work best. Upgrades are needed at 300 points, and staff came up with a strategy for installing about 60 a year over five years.

If most MID growers agree, the district could float bonds and use money collected from higher water rates to repay that debt, the ag-water management plan says. If not, “the district may not have sufficient funding” for new devices, the document says.

Board member Nick Blom said growers won’t be surprised because most are aware of similar upgrades introduced a year or two ago by the neighboring Turlock Irrigation District, costing about $11 million. TID is roughly twice the size of MID.
“This shouldn’t be a stunner,” said Blom, who farms land in both districts.

In unrelated news, he is curious about the emerging idea for a future small reservoir in his district holding canal water that could be pumped back upstream through a pipeline 3 or 4 miles in something akin to recycling. That would be expensive, but the high value of water could justify the expense, Blom and Wenger said.

The ag-water management plan is meant to satisfy Gov. Jerry Brown’s April edict for coping with the drought, as well as previous water conservation legislation. It mentions that MID is conducting environmental studies needed for a separate Comprehensive Water Resources Management Plan, which would outline a schedule for replacing aging parts of MID’s system, among other things.

The ag-water management plan says growers have been converting from flood irrigation to micro-drip and sprinklers at a rate of about 130 acres a year. That trend could produce an unspecified “negative impact” on groundwater as flood irrigating, which is best for replenishing aquifers, declines, the report says.

Of the 66,451 acres served by MID in 2012, more than one third – 23,758 acres – were almond orchards, and other non-row crops such as vineyards brought permanent-crop acreage to 36,266, the report says.

The document also quotes a San Francisco climate change study predicting that snow-free portions of the mountain basin draining into the Tuolumne River watershed will rise from 13 percent in 2000 to 57 percent by 2100. Fruit crops such as apples, cherries and pears could suffer from not having enough winter chill as temperatures rise, the study says.

A public hearing for MID’s draft ag-water management plan is expected at 9 a.m. Dec. 15 in the chamber at 1231 11th St., Modesto.
Water district braces for another rough year

A West Side water district faces the possibility of a third consecutive year without an allocation of surface water, even as it moves forward with an innovative project that would bring recycled water to its fields and orchards in the future.

The toll taken on agriculture in the Del Puerto Water District through two years of zero allocation has been immense - in terms of fallowed land, lost production and high prices for what little water has been available - and despite the potential of a wet winter driven by the predicted El Nino the water forecast for 2016 is grim.

A project to recycle highly-treated wastewater from the cities of Modesto, Turlock and Ceres promises a measure of relief a few years down the road, said district General Manager Anthea Hansen, but the short-term outlook does not bode well for growers.

The peak demand period for the 2015 water year has passed and Hansen anticipates that what carryover water growers have in their account will remain in storage for use next year.

The long, narrow federal water district stretches along the I-5 corridor from Vernalis to Santa Nella, and encompasses about 45,000 acres of viable farmland.

This year, Hansen estimated, at least 25 percent of that land was fallowed due to lack of water.

She said the district was able to deliver about 26,000 acre-feet of water this year - at a rate of $750 per acre-foot, or more than 10 times the typical fee charged by the district.

"In addition to fallowing, there has probably been a hard pull on groundwater in places where it has been available, and deficit irrigation. That is very damaging, not only to current-year production but to the health and production of trees and vines in future years," explained Hansen, who described the district’s water situation as “devastating.”

"Currently there is a small amount of water that people have conserved, and we have a plan to execute a series of transactions over the winter that will help us put some water into storage in San Luis Reservoir," Hansen told Mattos Newspapers. "If all goes as planned, we should start the next water year with about 28,000 acre-feet of water in storage (compared to 30,000 this year). We have some transactions lined up. By the grace of God, if they come through, we will get that water stored."

But the reality facing the district, Hansen said, is that it may very well face a third consecutive year with a zero allocation of surface water to distribute to its growers.

"When you are a federal contractor south of the delta, you are at the bottom of the (allocation) pile. Right now, the planning horizon is that next year will also be a zero percent allocation," she commented. "There is always the hope that a series of good storms and snow pack can get us
into a position where some minimal allocation is available. Given the hierarchy of our contract, and the other obligations of the federal project, we are not planning on it."

On a more optimistic note, Hansen said, the North Valley Regional Recycled Water Program took a significant step forward recently with the Modesto City Council's approval of a 40-year agreement to sell treated wastewater to the district. Modesto also took actions supporting a low-interest loan for the project and brought a consultant on board for project design and construction.

"That solidified the Del Puerto-Modesto relationship in the project. That portion of the project has everything it needs to go forward once the final permits and water rights are issued," Hansen stated. "It appears that the Turlock council is close behind on the set of actions that we would need to bring them on board and be part of the final project as well. Things are really moving."

Ceres is involved because it delivers wastewater to both the Turlock and Modesto plants, and Stanislaus County is a partner in the nearly $100 million project as well.

If both Modesto and Turlock participate, Hansen said last spring, the project would initially deliver about 30,000 acre-feet of recycled water each year, with the potential to double that volume in the future as the cities grow.

That volume of water would satisfy only a portion of the district's needs, Hansen noted - but would also give a measure of certainty which growers now lack.

"The beauty of this is that it is reliable," she said in March, adding that the recycled water would provide a base supply that growers would know was available - and at what cost.

The target date is to begin accepting recycled water in December 2017.

"It changes the future of the district in a meaningful way," Hansen said of the project.

"We are hanging on right now," she stated, "and hoping for a better future."

district is working to complete water purchases over the course of winter.
Ambulance progress outlined in report

West Side Community Ambulance has seen significant progress operationally and financially since it brought in an outside firm to provide management services, its board of directors was told recently.

The board of the West Side Community Healthcare District, which operates the taxpayer-supported ambulance, heard an outline of positive strides for the service and took part in a brief discussion on response time requirements.

Because it operates in both Stanislaus and Merced counties, each with its own emergency medical services oversight agency, West Side must meet different response times to be in compliance with its contracts.

The seven and one-half minute standard for responding to Code 3 (highest priority) calls into Newman is the most restrictive - and is one that has proven problematic at times.

But Steve Melander, who oversees West Side Ambulance operations for the non-profit Sierra Medical Services Alliance (SEMSA), said the service has resolved the Newman response time violations which had led to fines being levied by the Mountain Valley Emergency Medical Services Agency and has achieved compliance.

Richard Murdock, executive director of that agency, acknowledged in response to a question posed by board President George Schmidt that the Stanislaus County standards are among the most rigid in the state.

"There is no standard rule for response times. They vary across the state," Murdock explained. The response times were set by the Board of Supervisors "probably 15 years ago," he added, and the board has shown no interest in making changes to those standards.

Murdock said that the response time standard into Newman is the same as that in Modesto, and is based on population density per square mile.

Typically, Melander said, the response time into Newman is just over five minutes. But response times can be extended when both West Side units are unavailable and resources to provide coverage have not yet been in place when a call comes in, he added.

West Side must meet its response time on 90 percent of calls to be in compliance with its contract.

Murdock noted that his agency has relaxed the requirement somewhat to provide an exemption when West Side is unable to meet response times because it has a unit out of the district on a mutual aid call to a neighboring provider.

But he emphasized that West Side was at the table when its current contract was adopted and stood behind the response times.

"When an ambulance provider has an exclusive operating area, they are saying they can manage that area with the resources they have," Murdock told the board. "The agreement with rural providers is the contract you have, and it doesn't change until 2018."
While that threshold will be an opportunity to discuss changes in the contract, he added, “one thing that will probably not change is response time.”

Murdock did applaud the local provider for progress made since SEMSA has come on board as a contract management service.

“In all areas of compliance within our contractual agreements, we have seen nothing but improvement,” he told the board. “We have nothing but praise for SEMSA in the direction we believe they are leading West Side.”

Melander offered a number of specifics in his year-end review.

In addition to the response time improvement, he said, regulatory complaints and citations have been settled, as has a lawsuit. SEMSA has also enacted a stringent quality control standard and upgraded its controlled medication handling protocols, worked to improve employee-management relations and increased its transport volume, he told the board.

In July 2014, Melander said, the agency was losing $207 per transport but is now making $165 on each transport.

Medical supply costs have dropped by more than 50 percent, he added, while the district’s financial balances have increased.

“Most importantly,” he told the board, “I want you to think back to a year ago and how employee relations were and think about what you spent time addressing during your board meetings. It takes three years to change the culture of an organization. Look how far we have come in only one year.”

Mike Williams, the SEMSA executive who conducted the initial review of the West Side operation, said he too was pleased at the progress of the past year.

“We are financially solvent, which is the whole thing that brought us into the organization in the first place,” he commented. “I think we have a much better relationship between the board and employees. It is a work environment that is much healthier than it was a year or two ago.”

Challenges remain, Williams acknowledged. They include finalizing the sale of the former West Side Community Hospital building, reaching agreement on a new contract with employees and offering a competitive compensation package to recruit and retain medics in a highly-competitive market.
Turlock Irrigation District modifies water conservation project

By John Holland

The Turlock Irrigation District board made a change this week to a water conservation project near Hilmar.

The project involves fixing up a small, abandoned reservoir to catch flows in the Highline Canal that sometimes are more than farmers can take.

The board last year approved a $2.15 million pilot project that used seven of the 25.5 acres of reservoir land. Last month, it approved a $2.5 million expansion that will bring it to full size for the 2016 irrigation season.

A board majority agreed last month that the reservoir should not have a concrete bottom for now, so the staff could see if it helps with groundwater recharge. Tuesday, directors reversed that decision, adding $915,000 to the cost but increasing the amount of surface water captured.

The expanded reservoir will save up to 9,000 acre-feet of water per year, said Matt Hazen, associate civil engineer for TID, in a report to the board last month. That is just 2 percent of average annual deliveries, but district leaders said it is worth the cost because of recurring drought and the prospect of losing some of the river water to fish.

The reservoir had been part of a treatment plant for the Hilmar County Water District, which sold it to TID last year.

The Highline Canal carries Tuolumne River water to the south part of TID and has spilled at times into the Merced River without the control in place. The captured water will go into Laterals 7 and 8, which branch off the Highline and were outfitted with their own water-saving controls last winter.

The project returned to the board this week because the environmental review it approved last month had to be amended to reflect the removal of the lining. Directors Joe Alamo and Rob Santos continued to favor an unlined reservoir, but Santos joined in a subsequent 4-1 vote to move the project along, liner included.
Short-term plan would shift more costs of Stanislaus 911 dispatch service to fire agencies

By Ken Carlson

The emotions have settled down as partners in the Stanislaus Regional 911 dispatch service work on a new model for allocating costs to member agencies and try to make the service operate more efficiently.

In November, the commission that oversees the emergency dispatch center approved a plan that shifts more of the costs from law enforcement agencies to fire departments. Operated through a joint powers accord between the county and Modesto, Stanislaus Regional 911 handles dispatches for Modesto police, the county Sheriff's Department, the Modesto and Ceres fire departments, and rural fire districts.

County officials were taken aback when a May 2014 consultant's report, commissioned by Modesto Police Chief Galen Carroll, blasted the dispatch center, airing years of frustration for MPD officials. The report said the department wasn't getting its money's worth from the center because of ineffective management, a demoralized workforce and out-of-control employee costs.

County Chief Executive Officer Stan Risen and Modesto City Manager Jim Holgersson smoothed things over by hiring Matrix Consulting Group to study issues at the dispatch center. Deputy City Manager Joe Lopez and Assistant County Executive Officer Jody Hayes have led a subcommittee that's evaluated the Matrix recommendations.

A new model for allocating $8.1 million in annual dispatch center costs to member agencies is set to take effect with the start of the next budget year in July. Rather than basing each agency's costs on population and call volume, the new model distributes 75 percent of costs based on the dispatch resources assigned each day to Modesto police, the sheriff's office and its four contract cities, and fire agencies.

The remaining 25 percent of cost allocations are based on annual incident counts for individual agencies. Officials said the new formula makes sense because dispatch staffing is daily committed to each agency, whether it has 10 calls or 1,000.

The plan is a method for allocating costs to agencies in the short-term. The partners in Stanislaus Regional 911 have yet to discuss an agreement for running the dispatch system after the joint powers accord expires in 2019.

Officials are still figuring the cost implications of the short-term model for member agencies. But a comparison in a staff report shows a $100,000 net increase in cost for Modesto, as costs are
shifted from police to fire service. The combined dispatch costs for the sheriff's office and Riverbank, Patterson, Waterford and Hughson police could decrease by almost $700,000.

The plan could shift more than $1 million in costs to city and rural fire departments. The burden for rural fire districts will likely fall on the county general fund, because the county fire warden's budget has picked up dispatch costs for districts serving the unincorporated areas. The county makes a decision on the subsidy year by year.

"The fire districts probably won't notice a thing," county Supervisor Bill O'Brien said.

The fire warden's office has not covered Newman's fire dispatch costs since Newman police departed from Stanislaus 911 a year ago.

Hayes said cost implications of the new model will be discussed with the agencies in January and February. The member agencies could consider lowering their costs by having fewer dispatch resources dedicated to them, though it could affect service levels.

In addition, the county and Modesto are trying to further reduce costs by setting budget targets for the dispatch center. Managers will prepare two budget scenarios for cutting costs by $500,000 and $1 million, and show how the proposals would affect service.

Dave Woods, president of the Stanislaus Consolidated Fire Protection District board of directors, said Wednesday that he was not aware of the new cost-allocation plan but was interested in reviewing it.

Fire Chief Mike Hillar of Burbank-Paradise Fire District said the plan will squeeze fire district budgets if the shifted costs are not borne by the county. The chief said it's an opportune time to discuss other concerns with dispatch services.

"I don't want to comment too much," Hillar said. "There needs to be a complete look at the system and how it is functioning."

Modesto Councilman Bill Zoslocki, who was chairman of the Stanislaus 911 commission until last month, said the city and county are making progress on issues with the dispatch center.

He said he believes the center can cut overtime costs by having more personnel cross-trained in using different types of communication systems. If there is a busy day for police calls, the center incurs overtime costs by calling in additional dispatchers, instead of moving people over from another channel, Zoslocki said.

The councilman said the Stanislaus 911 partners are working through the issues without finger-pointing.
IN THE NEWS – The Modesto Bee, December 24, 2015 (Continued Page 3)

The county and the union representing dispatchers have held 13 negotiating sessions on a new contract and have taken their remaining contract issues to a mediator. The costs of a new contract are unknown.

O’Brien said he believes measures can be taken to reduce expenses at the dispatch center.

“A lot of concern with 911 service is that we are spending too much money on it,” O’Brien said. “I don’t know if we can get to $1 million (in cost reductions), but we won’t know until we do that exercise and know what it does to levels of service.”

### NEW COST ALLOCATION MODEL FOR 911 SERVICE

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**Note:** The county may continue to cover dispatch costs for rural fire districts.
Stanislaus County prevails in water wells lawsuit

By Garth Stapley

Stanislaus County need not require environmental studies each time someone applies to dig a water well, a judge ruled recently in a high-stakes lawsuit.

However, Judge Roger Beauchesne – noting widespread concern over the health of aquifers – wants the county to provide well construction data during the next year, allowing him to monitor application approvals and denials.

“The issue is of sufficient seriousness and importance to require the court’s jurisdictional oversight,” Beauchesne wrote in the ruling, dated Dec. 16, while acknowledging that a judge’s ongoing involvement in such matters is “unusual.”

The ruling is a victory for county officials who have “properly exercised oversight in issuing well construction permits for some thirty years,” the judge wrote.

The lawsuit had claimed that the permitting policy was unlawful because it allowed hundreds of new wells without determining whether they might harm the environment. Warnings would surface in studies complying with the California Environmental Quality Act, said plaintiffs including Protecting Our Water and Environmental Resources and the California Sportfishing Protection Alliance.

The first group was formed by retired lawyer Jerry Cadagan of Sonora specifically to foster the lawsuit, which was filed in January 2014, followed by a second targeting more than a dozen farmers who had drilled huge agricultural wells in 2013. Dozens of private home wells have gone dry in competition with larger wells drilled to feed millions of almond and walnut saplings planted in recent years, particularly in hills on the county’s east side.

The second lawsuit settled out of court in August 2014 when most defendants agreed to pay $190,000 toward the study of groundwater conditions. Cadagan died in an apparent suicide in May, while San Francisco attorney Thomas Lippe pressed on with the first lawsuit against the county. Neither he nor county attorneys could be reached Tuesday.

State law requires that counties make sure wells are constructed properly, not that counties regulate pumping, the county contended – although some measure of monitoring is coming thanks to state laws more recently enacted. Beauchesne agreed, saying county officials “have taken their responsibility for stewardship of perhaps the Central Valley’s most precious resource – water – seriously.”

County officials, worried about the water table and drought, adopted a groundwater mining ordinance in 2014 and adopted guidelines for a new well-permitting process in August; whether the latter was prompted by the lawsuit is debatable but ultimately irrelevant, Beauchesne said.
The county is seeking a $250,000 state grant to help pay for a $585,000 groundwater study in preparation for other state requirements including a "groundwater sustainability plan" due in 2022; the rest would be paid by the county, cities, water districts and agribusiness.

The grant application notes "significant stress on groundwater resources," particularly on the east side, where more than 60,000 acres of former grazing land have been transformed into nut orchards. The application also notes "medium to high potential for future subsidence" on the east side, or land sinking because of overpumping.

"Information compiled by the county suggests that groundwater levels have fallen in some areas by tens of feet in recent years," the application says.

In his ruling, Beauchesne stopped short of requiring well construction data for the coming year, opting instead to "suggest" that the county provide him quarterly reports on the number of applications, as well as how many were rejected and why, and the number deemed to require special environmental study.
Water agencies balk at Stanislaus County's quest for groundwater grants

By Garth Stapley

Stanislaus County's three largest water districts have failed to get squarely behind county leaders' latest idea for addressing groundwater problems.

The county is asking state water officials for hefty grants to help pay for expensive groundwater studies. Leaders asked the county's nine cities, various water agencies and other entities to send support letters. They received several, but got a cold shoulder from the Modesto, Turlock and Oakdale irrigation districts.

MID and TID think that "years of good work" done by them and other water agencies should serve as a starting point for groundwater policy, rather than the county charting a new course, the districts' general managers wrote in a reply to the county's request for support.

OID is more concerned with the money that all partners would be asked to contribute toward studies to attract matching state grants. An OID report questions why water districts should pay anything because their river water replenishes aquifers while cities' pumping strains them.

"This grant application is a county program. Why isn't the county funding its own program?" reads the report.

That kind of response reminds county Supervisor Terry Withrow, he said, of the resistance water agencies put up when the county formed its Water Advisory Committee in early 2014.

"People in silos want to be sure we're not treading on their ground," Withrow said. "Every now and then, the 'me, me, me' (refrain) rears its ugly head."

The county hopes to land two state grants: One would provide $250,000 toward the $585,000 total cost of an environmental impact report on a new county well-permitting process. It's meant to help "counties with stressed basins."

But among the eight counties in the San Joaquin Valley, Stanislaus is the only one with basins that are not considered at high risk of "critical overdraft," or sucking out groundwater at alarming rates, perhaps leading to land-sinking subsidence. In a Dec. 8 letter declining to support the county's grant application, MID and TID credit "our sustainable management practices." MID, for example, has spared Modesto from pumping millions of gallons each year by turning Tuolumne River water into tap water, and TID hopes to do the same for Turlock, Ceres and south Modesto.

If state officials approve the application, local cities, water agencies and businesses would be asked to cover the remaining cost. "OID is not in a position to meet the funding needs of a
county program ... that serves no direct benefit to OID,” its staff report says, adding, “The first burden to pay should come from those who are contributing to the problem.”

City leaders with Modesto, Turlock, Ceres, Patterson, Newman and Riverbank sent letters of support, as did the county’s Water Advisory Committee, several small agencies and the Eastside Water District, which is exploring a recharge project of its own. Not lining up behind the grant application were the large water districts and east side cities of Oakdale, Waterford and Hughson.

The second application, which has yet to be submitted, would pay a consultant about $350,000 to study places best suited for groundwater recharge basins to capture stormwater that otherwise runs down rivers to the ocean.

“It’s a lot of money, but not if you divide it by 16 or 20 partners,” said Keith Boggs, county assistant executive officer.

To win and shore up support, county leaders this week will start paying visits to local agencies. OID General Manager Steve Knell said the county won’t get to him and OID board Chairman Steve Webb until February.

The OID board on Tuesday unanimously agreed to lend moral but not financial support.

Withrow said he hopes fears will subside as the county explains things in person.

“I appreciate their concerns, but we’re all in this together,” he said Tuesday. “Part of the grant process is making sure this benefits everyone. Sometimes we have to help them see the bigger picture.”
Water recharge project east of Turlock backed by most landowners

By John Holland

Landowners in the Eastside Water District have agreed to pay about $6 million for a groundwater recharge project aimed at reducing about a tenth of its overdraft.

The proposal drew protests from owners of only 28 of the 605 parcels in eastern Stanislaus and Merced counties. That was far less than the majority required under state law to block assessments.

The tally was announced at a meeting Thursday of the district board, which plans to vote next month on a resolution approving the project.

Eastside plans to build a few shallow basins that, in wet years, will hold excess rainwater delivered in a Turlock Irrigation District canal, plus runoff from Mustang and Sand creeks. Eastside has virtually no surface water of its own for its 61,000 acres, which have suffered from overdraft since the 1950s.

The creek portions of the project could have happened as early as this winter because of strong runoff from recent storms and an executive order from Gov. Jerry Brown that shortens the water-rights process for certain drought-fighting efforts. This would have involved drilling several wells and filling them with gravel to help with infiltration.

"We could build facilities this year to put water in the ground and use water that we otherwise would not have rights to, other than this executive order," district consultant Kevin Kauffman said.

Board chairman Al Rossini said the weather could turn dry later this winter, but the expedited permit would be worth pursuing for possible use next winter.

For the overall project, farmers will pay up to $30 per irrigated acre per year to start. The charge will be adjusted for inflation over the 10-year build-out and will be roughly $20 to $30 per year in the ensuing 15 years. Owners of unirrigated land will pay much less.

The project could be the first of several that deal with overdraft averaging about 70,000 acre-feet of water per year in Eastside, a key part of the region’s almond production.

Up to 4,000 acre-feet per year will come from Sand and Mustang creeks. The district will buy up to 2,500 more acre-feet from TID at a price to be negotiated.
MID hopes future pond is golden

By Garth Stapley

The Modesto Irrigation District is moving closer to constructing a small reservoir east of Modesto.

MID board members on Tuesday approved an initial environmental study for the future reservoir, which would cost about $6 million and allow the district to better manage flows in two nearby canals, making water deliveries to farms more efficient.

The board also hired a new attorney, agreed to continue watching whether ash from the 2013 Rim fire is harming the Tuolumne River, and learned that lots more rain and snow are needed to climb out of the drought.

Plans for a regulating reservoir on 60 acres near Milnes Road and Church Street, north of Empire, are about 95 percent done, MID senior civil engineer Chad Tienken told the board Tuesday. The oversized pond would hold about 265 acre-feet of water, or about 86 million gallons, fed by MID’s main canal from the Tuolumne.

By comparison, MID’s principal foothills reservoir, Don Pedro, can hold more than 2 million acre-feet, and Modesto Reservoir, 29,000.

Another canal at the Empire property diverts a third of the main canal’s water to feed crops. A reservoir there would allow MID to keep water levels in both canals more constant, Tienken said. The district has looked at other sites for similar reservoirs, including one in Salida, but they’re very expensive and farmers pay only a fraction of the current cost of water delivery, a benefit subsidized by electricity customers.

Next steps for the Empire reservoir include more environmental documents and finding money to pay for it.

Such projects figured in the 2012 battle over a proposal to sell water to San Francisco. Proponents said profits would help pay for needed upgrades; some farm leaders urged options, including examining whether farmers might cover the cost of some work, and public outcry eventually doomed the water-export proposal.

Board member John Mensinger said it’s good that the Empire reservoir would not be lined, allowing water to seep down and replenish an aquifer. “We’re entering a world where we need sustainable groundwater management,” he said.

After meeting in closed session, the board announced a unanimous vote to hire Hilmar attorney Ronda Lucas as MID general counsel. She succeeds Joy Warren, who left for undisclosed reasons in late May.
Lucas worked 11 years for the California Farm Bureau, first as an environmental policy analyst, and later, after working through law school, as an attorney. She opened her law practice in 2007; in 2012, Lucas spoke publicly against the MID proposal to sell water to San Francisco. Lucas will join MID in February with a $169,800 annual salary.

The MID board received good news about winter weather, boosting the water level in Don Pedro Reservoir nearly as high as when the 2015 irrigation season began, with more rain and snow expected this year. A huge storm with potential for dumping up to 10 inches in parts of the Central Valley is expected to hit mid-next week, said John Davids, the district’s irrigation operations manager.

However, "we're not out of the woods yet," Davids said.

MID hopes the weather will ease effects of the lengthy drought, which limited farmers to 16 inches of water in 2015. That was down from 24 inches in 2014, and from 36 inches in 2013, when the Rim fire started in the Stanislaus National Forest and ravaged 400 square miles, becoming the third-largest wildfire in California history.

Worried that ash would wash into Don Pedro and pollute the Tuolumne, MID and its partner, the Turlock Irrigation District, paid a federal agency to study water quality. But comparatively little water in the past two dry winters prevented scientists from capturing useful data, so the MID board agreed to pay another $33,500 to look at El Niño runoff this year.

The board also agreed to continue last year's leadership in 2016, with Larry Byrd as board chairman and Mensinger as vice chairman.
EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 27, 2016

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: MSR NO. 15-03, SOI UPDATE 2015-03: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE MONTEREY PARK TRACT COMMUNITY SERVICES DISTRICT.

INTRODUCTION

This proposal was initiated by the Local Agency Formation Commission in response to State mandates that require the Commission to conduct municipal service reviews and sphere of influence updates for all cities and special districts every five years, as needed. The current review covers the Monterey Park Tract Community Services District in Stanislaus County. The previous update for these districts was adopted June 23, 2010.

DISCUSSION

The Monterey Park Tract Community Services District (MPTCSD) was organized under §61000 et. seq. of the Government Code to provide domestic water service to the residents in the Monterey Park Tract, an unincorporated area. The District is considered a “registered voter district,” as board members are elected by the registered voters residing in the District’s boundaries.

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for districts to share accurate and current data, accomplishments and information regarding the services they provide. LAFCO Staff sent the MPTCSD requests for information, researched District reports and reviewed the MPTCSD’s most recent audits and financial statements. Once this data was collected, a revised Municipal Service Review and Sphere of Influence Update document was drafted and circulated for comments. As of preparation of this staff report, no comments have been received.

Minor changes have been made to the document since the previous update to reflect recent additions to State law, including the requirement that LAFCOs identify “disadvantaged unincorporated communities” within or contiguous to city and district spheres of influence. Pursuant to Government Code §56033.5, a “disadvantaged unincorporated community” is defined as inhabited territory (12 or more registered voters), or as determined by commission policy, that constitutes all or a portion of a community with an annual median household income that is less than 80% of the statewide annual median household income (AMI). Staff utilizes available information from the Census, including American Community Survey data, as well as a mapping tool developed by the Department of Water Resources that identifies known Census Designated Places that meet the income criteria for disadvantaged communities. Based on the Monterey Park Tract’s AMI being below 80% of the statewide level, the MPTCSD is identified as a Disadvantaged Unincorporated Community.

The proposed Municipal Service Review and Sphere of Influence document is attached to this report as Exhibit 1. The relevant factors as set forth by the Cortese-Knox-Hertzberg Act are discussed for the MPTCSD. No changes are being proposed for the MPTCSD’s Sphere of Influence at this time. The document serves to affirm the MPTCSD’s current Spheres of Influence. This is the third Municipal Service Review and Sphere of Influence Update that the Commission has approved for the MPTCSD.
In January of 2015, the Stanislaus County Board of Supervisors approved a Water Service Agreement (WSA) between Stanislaus County, the City of Ceres and the MPTCSD. The agreement enables the MPTCSD to connect to the City of Ceres’ domestic water supply. The MPTCSD’s current system wells contain high nitrates, arsenic, manganese, and Total Dissolved Solids.

The WSA requires that if for any reason the MPTCSD is unable to meet its obligations described in the WSA, the County agrees to take formal action to assume all obligations of the MPTCSD in order to provide continued water service the residents within the MPTCSD. This information has been incorporated into the updated MSR-SOI document.

As a municipal service review is considered a “snapshot in time,” LAFCO Staff will continue to monitor the MPTCSD, as it does with all of the special districts, and offer itself as a resource to the Districts where possible.

ENVIRONMENTAL REVIEW RECOMMENDATIONS

Pursuant to the California Environmental Quality Act (CEQA), the adoption of a municipal service review is considered to be categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation §15306). Further, LAFCO’s concurrent reaffirmation of an existing sphere of influence qualifies for a General Exemption as outlined in CEQA Regulation §15061(b)(3), which states:

*The activity is covered by the general rule that CEQA applies only to projects which 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.*

As there are no land use changes, boundary changes, or environmental impacts associated with the Municipal Service Review and Sphere of Influence Update, an exemption from further environmental review is appropriate.

ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted, the Commission should consider choosing one of the following options:

**Option 1:** APPROVE the Municipal Service Review and Sphere of Influence Update for the Monterey Park Tract Community Services District.

**Option 2:** DENY the update.

**Option 3:** If the Commission needs more information, it should CONTINUE this matter to a future meeting (maximum 70 days).
RECOMMENDED ACTION

Approve Option 1. Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the Monterey Park Tract Community Services District. Therefore, Staff recommends that the Commission adopt Resolution No. 2016-02, which:

1. Determines that the Municipal Service Review and Sphere of Influence Update qualifies for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulations Sections 15306 and 15061(b)(3).

2. Makes determinations related to the Municipal Service Review and Sphere of Influence Update as required by Government Code Sections 56425 and 56430.

3. Determines that the Sphere of Influence for Monterey Park Tract Community Services District should be affirmed as it currently exists.

4. Directs Staff to circulate the subject resolution depicting the District’s adopted Sphere of Influence to all affected agencies.

Attachments:

Exhibit 1 - Draft Municipal Service Review and Sphere of Influence Update for the Monterey Park Tract Community Services District

Exhibit 2 - Draft Resolution No. 2016-02 (Monterey Park Tract Community Services District)

Exhibit 3 – Water Service Agreement
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MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:

MONTEREY PARK TRACT COMMUNITY SERVICES DISTRICT

Prepared By:

Stanislaus Local Agency Formation Commission
1010 Tenth Street, Third Floor
Modesto, CA 95354
Phone: (209) 525-7660

Adopted: __________________
COMMISSIONERS

Jim DeMartini, County Member (Chair)
Terry Withrow, County Member
William O’Brien, Alternate County Member
Amy Bublak, City Member
Tom Dunlop, City Member
Michael Van Winkle, Alternate City Member
Brad Hawn, Public Member (Vice Chair)
Annabel Gammon, Alternate Public Member

STAFF

Sara Lytle-Pinhey, Executive Officer
Javier Camarena, Assistant Executive Officer
Jennifer Goss, Commission Clerk
Robert J. Taro, Legal Counsel
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Municipal Service Review and Sphere of Influence Update for the Monterey Park Tract Community Services District

Introduction

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 Act (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County. A Sphere of Influence is defined by Government Code §56076 as “...a plan for the probable physical boundary and service area of a local agency, as determined by the Commission.” The Act further requires that a Municipal Service Review (MSR) be conducted prior to or, in conjunction with, the update of a Sphere of Influence (SOI).

The legislative authority for conducting Service Reviews is provided in Government Code Section 56430 of the CKH Act. The Act states, that “in order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area...” A Service Review must have written determinations that address the following factors:

Service Review Factors to be Addressed

1. Growth and population projections for the affected area

2. The location and characteristics of any disadvantaged, unincorporated communities within or contiguous to the sphere of influence

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

4. Financial ability of agencies to provide services

5. Status of, and opportunities for, shared facilities

6. Accountability for community service needs, including governmental structure and operational efficiencies

7. Any other matter related to effective or efficient service delivery, as required by commission policy

State Guidelines and Commission policies encourage cooperation among a variety of stakeholders involved in the preparation of a Service Review. This Service Review will analyze the existing and future services for the Monterey Park Tract Community Services District. The Service Review will also provide a basis for the District and LAFCO to evaluate, and, if appropriate, make changes to the Sphere of Influence.
**Sphere of Influence Update Process**

A special district is a government agency that is required to have an adopted and updated Sphere of Influence. Section 56425(g) of the CKH Act calls for Spheres of Influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes the Service Review and Sphere of Influence Updates concurrently to ensure efficient use of resources. For rural special districts, which do not have the typical municipal level services to review, this Service Review will be used to determine what type of services the district is expected to provide and the extent to which it is actually able to do so. The Sphere of Influence will delineate the service capability and expansion capacity of the agency, if applicable.
Service Review – Monterey Park Tract Community Services District

Authority

The Monterey Park Tract Community Services District was organized under Section 61000 et. seq. of the Government Code. In addition, the District is considered a “registered voter district”, as the board members are elected by the registered voters residing within the district’s boundaries.

Background

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewer, water, and street lighting. California has over 3,300 special districts, which provide over 30 different types of services. There are 50 major types of special districts ranging from airports to fire protection to mosquito abatement to water conservation. To date, there are approximately 325 Community Services Districts (CSDs) in California.

Purpose

Community Services Districts may be formed to provide water, sewer, garbage services, fire protection, public recreation, street lighting, mosquito abatement, police services, library services, street improvements, conversion of overhead electric and communication facilities to underground locations, ambulance services, airport facilities, flood control and transportation services.

Governance

Five Board members, elected by the registered voters within the District boundaries, govern the District. Meetings are held on the fourth Monday of each month at 7:00 p.m., in the Monterey Park Tract Community Center.

Formation

The Monterey Park Tract Community Services District (MPTCSD) was formed on June 18, 1984.

Location and Size

The District serves a small, rural residential subdivision known as the Monterey Park Tract located in the unincorporated area of Stanislaus County, 4.5 miles southwest of the City of Ceres. The District encompasses an area of 31 acres and serves a population of approximately 133 people.

The District is mostly comprised of 10,000 square foot residential parcels. The area within the District has a designation of Agriculture in the Stanislaus County General Plan and is completely surrounded by agricultural operations.
**Characteristics**

The District serves the Monterey Park Tract Community exclusively. The United States Census Bureau identifies Monterey Park Tract as a Census Designated Place (CDP). A CDP provides statistical information for settled concentrations of population that are not incorporated. According to the 2013 American Community Survey, the annual median household income within the Monterey Park Tract CDP is $43,750.00. This amount is below 80 percent of the statewide level. Therefore, Monterey Park Tract is considered a Disadvantaged Unincorporated Community as defined in Section 56033.5 of the CKH Act.

**Sphere of Influence**

The District’s Sphere of Influence is coterminous with its current boundaries. No amendments to the District’s boundaries or sphere of influence are being proposed with this Municipal Service Review and Sphere of Influence Update.

**Personnel**

The District employs one part-time secretary who provides administrative services for the District and clerical services for public meetings.

**Services**

The District owns and operates the community’s water system which currently serves approximately 47 households, a church, and a community center for a total of 49 water service connections.

The Monterey Park Tract’s water supply consists of two wells: the north well (Well 1) or primary well, and the south well (Well 2) or secondary well. Water quality issues involving the two wells include high nitrates, arsenic, manganese, and Total Dissolved Solids (TDS). In order to address these issues, the District will be connecting to the City of Ceres domestic water supply.

In January of 2015, the Stanislaus County Board of Supervisors approved a Water Service Agreement (WSA) between Stanislaus County, the City of Ceres and the MPTCSD. As part of the agreement, the City of Ceres will provide water to the MPTCSD. The MPTCSD will be responsible for improvements, maintenance and operation.

The City of Ceres will supply up to 60,000 gallons of water per day at a rate no greater than 41 gallons per minute through a water delivery system consisting of underground pipes, valves, pumps and metering equipment. The water delivery system will connect to City water at a water main on Crows Landing Road approximately one-half (1/2) mile south of Service Road and extend approximately 4.5 miles to the District’s delivery system.

As part of the connection, Well 1 will be abandoned and sealed off. Well 2 will receive minor modifications to existing controls and valves and will include a water line that will connect to a new steel water storage tank. The new storage tank will be located on two parcels on Monterey Avenue within the District and will receive water from both the City of Ceres and Well 2.

**Support Agencies**

The District maintains positive and collaborative relationships with other agencies, such as Stanislaus County and the City of Ceres.
**Funding Sources**

The District’s source of revenue is derived from connection fees and monthly water service fees.

In 2012, MPTCSD secured a $2.2 million Prop 84 grant to address water quality issues. The grant will help fund the construction of the water line from the City of Ceres to MPTCSD and pay for connection fees.

To support the City of Ceres rate structure, presently and in the near future, MPTCSD conducted a Prop 218 ballot procedure to increase water rates. The vote passed in May of 2012 and new rates were implemented in July that year. The new rate structure is aligned with anticipated rate increases as projected by the City of Ceres.

As part of the WSA, mentioned previously, between Stanislaus County, the City of Ceres, and MPTCSD, the District will deposit a sum of $75,000 into a reserve account upon completion of the City of Ceres to MPTCSD connection. The purpose of the reserve account will be to ensure that the City has sufficient funds to cover MPTCSD water service billings on a monthly basis. The $75,000 provides approximately 2.5 years of reserve utility billing.

The WSA also states that if for any reason MPTCSD is unable to meet the obligations described in the WSA, the County agrees to take formal action to assume all obligations of MPTCSD in order to provide continued water service to the residents of Monterey Park Tract. After a 15 year term, if the MPTCSD shows fiscal solvency, the obligation of the County may be reduced.

**Service Review Determinations:**

The following provides an analysis of the six categories or components required by Section 56430 for a Service Review for the Monterey Park Tract Community Services District:

1. **Growth and Population Projections for the Affected Area**

   The District serves a small, rural residential subdivision known as the Monterey Park Tract. The area is designated as “Agricultural” in the Stanislaus County General Plan and does not expect any significant population growth in the near future. The District currently serves approximately 49 service connections.

2. **The location and characteristics of any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

   Based on annual median household income, the area within Monterey Park Tract Community Services District is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000. No additional DUCs have been identified within or contiguous to the District’s sphere of influence.
3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.

The current condition of the District’s water system is in need of immediate improvement and upgrades due to poor water quality, and is of utmost importance for the community.

To address this issue, the Monterey Park Tract Community Service District (MPTCSD) will connect into the City of Ceres’ domestic water supply as part of a Water Service Agreement between the MPTCSD, Stanislaus County and the City of Ceres. The MPTCSD shall be responsible for design, construction, maintenance and repair of all improvements necessary to deliver water from the City to the District.

The planned water delivery system will provide sufficient and safe drinking water for MPTCSD users.

4. Financial Ability of Agencies to Provide Services

The District has expanded its financial ability to provide services. In order to support the City of Ceres rate structure, the District has conducted a Prop 218 ballot procedure to increase water rates. The ballot item was passed by the voters. In addition, as part of the Water Service Agreement, the District will hold a $75,000 reserve account to ensure that the City has sufficient funds to cover water service billings on a monthly basis.

5. Status of, and Opportunities for, Shared Facilities

The District has entered into a Water Service Agreement (WSA) with Stanislaus County and the City of Ceres for domestic water supply. The City of Ceres will be providing domestic water to the District. If MPTCSD is unable to meet the obligations as described in the WSA, the County agrees to take formal action to assume all obligations of MPTCSD in order to provide continued water service to the residents of Monterey Park Tract.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

The District is governed by a five member Board of Directors, elected by registered voters within the District. The District is subject to the provisions of the Brown Act requiring opening meetings.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

None.
Sphere of Influence Update for the Monterey Park Tract Community Services District

In determining the Sphere of Influence (SOI) of each local agency, the Commission shall consider and prepare determinations with respect to each of the following factors pursuant to Government Code Section 56425:

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

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

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

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

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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

This document proposes no changes to the District’s existing Sphere of Influence. Rather, it serves to reaffirm the existing SOI boundary. As part of this process, Staff researched the history of the establishment of the District’s SOI. A map of the current District boundary and Sphere of Influence is attached in Appendix “A”.

The following determinations for the Monterey Park Tract Community Services District’s Sphere of Influence update are made in conformance with Government Code §56425 and Commission policy.

Determinations:

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

   The District’s Sphere of Influence (SOI) encompasses a land area of approximately 31 acres (coterminous with the existing District boundaries). Territory within the District boundaries consists of rural-residential land uses. The District has a designation of Agriculture in the Stanislaus County General Plan and is completely surrounded by agricultural operations. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County.

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

   Presently, the most critical need for the District is improved water quality. The future need for water services within the District is not expected to diminish, as residents within the District are dependent on the water services they receive.
3. The present capacity of public facilities and adequacy of public services that the agency provides, or is authorized to provide.

The capacity of the existing District facilities is hindered by the fact that the water system is in need of major upgrades. The quality of the water is poor, exceeding standards for nitrates and arsenic. There is also a build-up of manganese in the pipelines, which has restricted water flows.

In order to provide adequate and safe water, the Monterey Park Tract Community Service District (MPTCSD) will connect into the City of Ceres' domestic water supply as part of a Water Service Agreement between the MPTCSD, Stanislaus County and the City of Ceres. The WSA outlines MPTCSD responsibilities which include, design, construction, maintenance and repair of all improvements necessary to deliver water from the City to the District.

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

The Monterey Park Tract, created by a subdivision map in 1941, is the only community within the boundaries of the District. The District is surrounded by large scale agricultural operations. There are no other communities of interest in the 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The Monterey Park Tract is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

The current condition of the District’s water system is in need of improvement and upgrades due to poor water quality. The City of Ceres has agreed to provide domestic water to the MPTCSD through a future water line. The planned water delivery system will provide sufficient and safe drinking water for the Monterey Park Tract.

Additional services, such as sewer and structural fire protection, are provided through other special districts or by way of private systems.
APPENDIX “A”
DISTRICT SUMMARY PROFILE

District: MONTEREY PARK TRACT COMMUNITY SERVICES DISTRICT

Contact Information: P.O. Box 1301 Ceres, CA 95307
Ph. (209) 204-4353

Location: Approximately 4.5 miles southwest of the City of Ceres, in the unincorporated area of Stanislaus County.

Service Area: 31 acres
Population*: 133 persons
Land Use: Rural-residential
Date of Formation: May 29, 1984

Governing Body: Five Member Board of Directors, elected by the registered voters within the District
Administration: One Part-time employee – a secretary

District Services: Domestic Water
Total Revenues: $60,598 (Fiscal year 2012-2013)
Revenue Sources: Monthly service fees and connection fees

*Source: 2010 Census
MAP 1:
MONTEREY PARK TRACT COMMUNITY SERVICES DISTRICT
BOUNDARIES AND SPHERE OF INFLUENCE

Source: Stanislaus LAFCO
Date: December 2015

District Boundary
(31 +/- acres)

District Sphere of Influence
(31 +/- acres)
REFERENCES

6. Stanislaus County, Board of Supervisor’s Agenda Item #C-2 Staff Report, Agenda Date January 13, 2015.
8. U.S. Environmental Protection Agency website (www.epa.gov/safewater).

INDIVIDUALS AND AGENCIES CONTACTED

1. Debbie Stanard, Clerk, Monterey Park Tract Community Services District
2. Francisco Diaz, Board President, Monterey Park Tract Community Services District
3. Eddie Ocampo, Community Development Specialist, Self-Help Enterprises
STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

RESOLUTION

DATE: January 27, 2016

NO. 2016-02

SUBJECT: MSR No. 15-03 and SOI Update No. 2015-03 – Making Written Determinations and Approving the Service Review and Sphere of Influence Update for the Monterey Park Tract Community Services District

On the motion of Commissioner __________, seconded by Commissioner __________, and approved by the following vote:

Ayes: Commissioners:
Noes: Commissioners:
Absent: Commissioners:
Ineligible: Commissioners:

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a Service Review mandated by California Government Code Section 56430 and a Sphere of Influence Update mandated by California Government Code Section 56425, has been conducted for the Monterey Park Tract Community Services District, in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000;

WHEREAS, at the time and in the form and manner provided by law, the Executive Officer has given notice of the January 27, 2016 public hearing by this Commission on this matter;

WHEREAS, the subject document is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines;

WHEREAS, Staff has reviewed all existing and available information from the District and has prepared a report including recommendations thereon, and related information as presented to and considered by this Commission;

WHEREAS, at the hearing, all persons present were given an opportunity to hear and be heard in respect to any matter in relation to the review, in evidence presented at the hearing;

WHEREAS, the following determinations are made in conformance with Government Code Section 56430 and local Commission policy:

1. **Growth and Population Projections for the Affected Area**

   The District serves a small, rural residential subdivision known as the Monterey Park Tract. The area is designated as “Agricultural” in the Stanislaus County General Plan and does not expect any significant population growth in the near future. The District currently serves approximately 49 service connections.
2. The location and characteristics of any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

Based on annual median household income, the area within Monterey Park Tract Community Services District is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000. No additional DUCs have been identified within or contiguous to the District’s sphere of influence.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.

The current condition of the District’s water system is in need of immediate improvement and upgrades due to poor water quality, and is of utmost importance for the community.

To address this issue, the Monterey Park Tract Community Service District (MPTCSD) will connect into the City of Ceres’ domestic water supply as part of a Water Service Agreement between the MPTCSD, Stanislaus County and the City of Ceres. The MPTCSD shall be responsible for design, construction, maintenance and repair of all improvements necessary to deliver water from the City to the District.

The planned water delivery system will provide sufficient and safe drinking water for MPTCSD users.

4. Financial Ability of Agencies to Provide Services

The District has expanded its financial ability to provide services. In order to support the City of Ceres rate structure, the District has conducted a Prop 218 ballot procedure to increase water rates. The ballot item was passed by the voters. In addition, as part of the Water Service Agreement, the District will hold a $75,000 reserve account to ensure that the City has sufficient funds to cover water service billings on a monthly basis.

5. Status of, and Opportunities for, Shared Facilities

The District has entered into a Water Service Agreement (WSA) with Stanislaus County and the City of Ceres for domestic water supply. The City of Ceres will be providing domestic water to the District. If MPTCSD is unable to meet the obligations as described in the WSA, the County agrees to take formal action to assume all obligations of MPTCSD in order to provide continued water service to the residents of Monterey Park Tract.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies
The District is governed by a five member Board of Directors, elected by registered voters within the District. The District is subject to the provisions of the Brown Act requiring opening meetings.

7. **Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy**

None.

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy in determining a sphere of influence for the Monterey Park Tract Community Services District:

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

   The District’s Sphere of Influence (SOI) encompasses a land area of approximately 31 acres (coterminous with the existing District boundaries). Territory within the District boundaries consists of rural-residential land uses. The District has a designation of Agriculture in the Stanislaus County General Plan and is completely surrounded by agricultural operations. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County.

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

   Presently, the most critical need for the District is improved water quality. The future need for water services within the District is not expected to diminish, as residents within the District are dependent on the water services they receive.

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

   The capacity of the existing District facilities is hindered by the fact that the water system is in need of major upgrades. The quality of the water is poor, exceeding standards for nitrates and arsenic. There is also a build-up of manganese in the pipelines, which has restricted water flows.

   In order to provide adequate and safe water, the Monterey Park Tract Community Service District (MPTCSD) will connect into the City of Ceres’ domestic water supply as part of a Water Service Agreement between the MPTCSD, Stanislaus County and the City of Ceres. The WSA outlines MPTCSD responsibilities which include, design, construction, maintenance and repair of all improvements necessary to deliver water from the City to the District.
4. **The existence of any social or economic communities of interest in the area if the Commission determines they are relevant.**

   The Monterey Park Tract, created by a subdivision map in 1941, is the only community within the boundaries of the District. The District is surrounded by large scale agricultural operations. There are no other communities of interest in the 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

   The Monterey Park Tract is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

   The current condition of the District’s water system is in need of improvement and upgrades due to poor water quality. The City of Ceres has agreed to provide domestic water to the MPTCSD through a future water line. The planned water delivery system will provide sufficient and safe drinking water for the Monterey Park Tract.

   Additional services, such as sewer and structural fire protection, are provided through other special districts or by way of private systems.

WHEREAS, the Monterey Park Tract Community Services District was established to provide domestic water services within its boundaries;

WHEREAS, pursuant to Government Code Section 56425(h), the range of services provided by the Monterey Park Tract Community Services District are limited to those as identified above, and such range of services shall not be changed unless approved by this Commission; and

WHEREAS, no changes to the District’s Sphere of Influence are proposed or contemplated through this review.

NOW, THEREFORE, BE IT RESOLVED by the Commission:

1. Certifies that the project is statutorily exempt under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

2. Approves the Service Review prepared in compliance with State law for the review and update of the Monterey Park Tract Community Services District Sphere of Influence, and written determinations prepared by the Staff and contained herein.

3. Determines that except as otherwise stated, no new or different function or class of services shall be provided by the District, unless approved by the Commission.

4. Determines, based on presently existing evidence, facts, and circumstances filed and considered by the Commission, that the Sphere of Influence for the Monterey Park Tract
Community Services District should be affirmed as it currently exists, as more specifically described on the map contained within the Service Review document.

5. Directs the Executive Officer to circulate this resolution depicting the adopted Sphere of Influence Update to all affected agencies, including the Monterey Park Tract Community Services District.
WATER SERVICE AGREEMENT

This WATER SERVICE AGREEMENT is made by and between the Monterey Park Tract Community Services District (DISTRICT), the City of Ceres (CITY), and Stanislaus County (COUNTY), collectively identified as the "PARTIES".

RECITALS

WHEREAS, the PARTIES entered into a Memorandum Of Understanding in June of 2013, which established the framework and conditions precedent to the execution by the PARTIES of a Water Service Agreement for the provision of potable drinking water to the residents of the DISTRICT from the CITY’S municipal water delivery system; and,

WHEREAS, the PARTIES have negotiated this WATER SERVICE AGREEMENT, the terms of which are consistent with the provisions of the said Memorandum Of Understanding.

NOW THEREFORE in consideration of covenants and conditions of the PARTIES contained herein the PARTIES do agree as follows:

1. **The Project.** The "Project" consists of the following components:

   a. Pursuant to the letter dated October 28, 2013 from the Stanislaus County Local Formation Commission (LAFCO), an out of boundary service agreement is not required per government code section 56133(e) and LAFCO adopted policy 15.

   b. An Initial Study/Mitigated Negative Declaration was adopted by the Board of Directors of the DISTRICT on October 27, 2014.

   c. The construction of a water delivery system consisting of underground pipes, valves, pumps and metering equipment to measure the amount of water provided by the CITY. The DISTRICT will be solely responsible for the cost of the design, construction and acquisition of any easements necessary for completion of the water delivery system. The water delivery system will connect to CITY water at the CITY'S water main on Crows Landing Road approximately one-half (1/2) mile south of Service Road and extend approximately 4.5 miles to the DISTRICT'S delivery system.

   d. The provision by the CITY to the DISTRICT of potable drinking water in a maximum amount as hereafter specified from the CITY'S municipal water delivery system.
2. **Term/Termination**

This WATER SERVICES AGREEMENT shall be for an indeterminate period of time, but shall be subject to termination as provided in paragraphs 4.a.vi and 5.1.

3. **Responsibilities Of DISTRICT Regarding Construction And Maintenance Of Water Delivery Facilities.**

   a. DISTRICT will construct, maintain, and repair at its sole cost and expense all improvements necessary to deliver water from the end of the CITY’S water main located on Crows Landing Road approximately one-half (1/2) mile south of Service Road to the DISTRICT’s water distribution system. The construction of that portion of the improvements involving the connection to CITY improvements shall be subject to the following conditions:

      i. DISTRICT shall prepare plans and specifications for the connection to the CITY water system. No work shall be initiated until plans and specifications are approved by the CITY and COUNTY. CITY review and approval shall be limited to the connection to existing CITY facilities.

      ii. All construction costs shall be at the DISTRICT’S expense.

      iii. Connection to the CITY water system and materials used shall be installed by the DISTRICT to CITY Standards, including pressure and bacteria testing.

      iv. DISTRICT shall design and install a Reduced Pressure Principle device and a flow control valve, as approved by the City, to ensure no more than 41 gallons per minute will flow downstream through the meter.

      v. DISTRICT shall contract with a licensed contractor to perform the construction work.

      vi. DISTRICT shall obtain an encroachment permit from the CITY for work involving connection to CITY improvements prior to the start of construction activities. The CITY encroachment permit will include provisions for CITY inspection and the payment of connection and inspection fees.

   b. DISTRICT will design, construct, own and be solely responsible for the construction, operation and maintenance of the improvements which are downstream of the CITY water meter at the water service connection to the CITY’S water main. This includes the annual backflow maintenance
testing and submittal of the evidence of testing to the CITY. The CITY and its customers shall have no responsibility for operation, maintenance and repair of the facilities owned by the DISTRICT.

c. DISTRICT is solely responsible for the sufficiency of the facilities and the adequacy of the design necessary to deliver sufficient water volume and pressure to meet the requirements from the connection point with the CITY facilities. These improvements may include a booster pump, tanks or other facilities necessary to ensure adequate system operation and fire flow pressures and volumes for the DISTRICT facilities.

d. DISTRICT shall obtain an encroachment permit from Stanislaus County for the construction of the facilities within the jurisdiction of the COUNTY.

4. Responsibility of CITY to Deliver Water to District/Terms and Conditions of Delivery and Payment.

a. Upon CITY approval of the execution of this Water Service Agreement and the completion of the construction of the facilities, by DISTRICT, CITY agrees to serve DISTRICT with potable water in exchange for payment by DISTRICT of the CITY’s water charges as established by the CITY. DISTRICT acknowledges that in accordance with section 13.04.100 and 13.04.070 of the CITY municipal code, the DISTRICT is required to pay one and one-half (1.5) times the adopted water connection and water usage fees as established by the CITY. DISTRICT agrees that it will be subject to any changes in the CITY’S water ordinances, regulations and rates. The following additional conditions shall apply to the CITY’S provision of water under this Water Service Agreement:

i. The CITY will supply a maximum of 60,000 gallons per day of potable water at a rate no greater than 41 gallons per minute (gpm).

ii. The water connection fee shall be computed on the basis of service to 55 connections per the Water Supply Study conducted by the DISTRICT, dated September 2011. For the purposes of calculating the connection fee, the rate shall use the single family rate for connections outside of the City limits. The existing conditions as of the date of this agreement include 49 single family home connections, a church and a small community center. The City will allocate the difference in the connection fee between the existing connections and the ultimate connections to establish a reserve account of 75,000 for the purposes of ensuring the CITY has sufficient funds to cover DISTRICT water service billings on a monthly basis. If the District is late or misses a monthly payment, the CITY will draw from the
reserve account. CITY will provide a statement demonstrating the current balance of the reserve to the DISTRICT and the COUNTY.

iii. The CITY will bill the DISTRICT on a monthly basis for the water provided to the DISTRICT based upon the size of the meter connection of the water service at the “non-single family” rate times one and one-half the rate charged for such services to residents of the CITY. The bill shall be due and payable upon presentation and if not paid shall be delinquent on the sixth day of the month following the month in which the DISTRICT was billed. A penalty of ten percent (10%) of the amount of the bill shall be added for any delinquent payment consistent with CITY policy for utility accounts.

iv. If the reserve account balance drops below $50,000, the parties agree to meet and confer within 30 days of notice.

v. If the reserve account balance is extinguished, DISTRICT will be subject to all provisions of the CITY municipal code regarding penalties, fines, shut-off provisions, and collections of outstanding bills.

vi. If for any reason, DISTRICT is unable to meet the financial requirements for payment under the terms of this Water Service Agreement, the water service will be turned off and the Water Service Agreement terminated unless the COUNTY formally agrees to assume responsibility for those payments as the services continue to be delivered to the DISTRICT area.

5. Notices.

Any notice or communication required hereunder must be in writing, and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party’s facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal
Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

City: City of Ceres
2720 2nd Street
Ceres, California 95307
Attention: Toby Wells, City Manager
Tel: (209) 538-5751

District: Monterey Park Tract Community Service District
PO BOX 1301
Ceres, CA 95307
Attention: Francisco Diaz, Board President
Tel: (209) 499-1113

County: Stanislaus County
1010 10th Street, Suite 6800
Modesto, CA 95354
Attention: Stan Risen, Chief Executive Office
(209) 525-6333


a. DISTRICT acknowledges that the CITY is a member of the Stanislaus Regional Water Authority (SRWA) which is pursuing the installation of surface water improvements. The development of improvements necessitated by the SRWA or other regulatory agency to CITY system improvements may lead to increased connection and water usage fees in the future. DISTRICT agrees to pay CITY the fees as adopted by the Ceres CITY Council.

b. DISTRICT acknowledges that in the event of operational or emergency needs of the CITY, the water system may need to be shut down for a limited period of time. CITY shall endeavor to provide as much notice as possible regarding any operational shut downs of the CITY system.

c. The DISTRICT shall be solely responsible to conduct the necessary Proposition 218 or other legal processes necessary to ensure the adequacy of funds to pay the fees as assessed by CITY.
d. CITY will provide water that meets all State and Federal Water Quality Standards at the CITY point of connection and provide the legally required notices related to Water Quality. CITY is not responsible for any water quality issues of the DISTRICT's system downstream of the CITY water meter.

e. DISTRICT agrees that all communication regarding the terms, conditions, and requirements contained herein, shall be by and through the DISTRICT's authorized representative. The DISTRICT Board of Directors shall provide written documentation of the Board's appointment of the individual authorized to act on the DISTRICT's behalf pursuant to Section 5 of this agreement.

f. The DISTRICT, CITY and COUNTY agree to meet and confer on an annual basis (at the beginning of each fiscal year) to ensure that the terms of this Water Service Agreement are adequately met and to address issues and concerns as they may arise.

g. CITY shall provide water services to the DISTRICT for domestic purposes to serve the existing uses in the community and only within the limits of the DISTRICT as it currently exists as of the date of this agreement.

h. DISTRICT shall comply with any and all City ordinances and/or policies, standards and specifications regarding water use and conservation.

i. All water delivered to the DISTRICT shall be protected from cross connection by approved protection devices consistent with CITY policy.

j. The DISTRICT, COUNTY and the CITY are separate legal entities created under the laws of the State of California, and nothing contained in this Water Service Agreement shall in any way be construed to imply that the CITY has any responsibility or liability for the construction, operation, maintenance, repair or proper design or functioning of the water system improvements to be constructed by the DISTRICT.

k. DISTRICT shall indemnify, hold harmless, and defend the CITY and its officers, officials and employees from and against all claims, damages, losses and expenses including reasonable attorney fees arising in any manner out of the CITY'S participation in the project described herein, caused in whole or in part by any negligent act or omission of the DISTRICT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of the CITY.

The DISTRICT shall procure and maintain a policy of general liability insurance acceptable to the CITY with limits of at least $1,000,000 dollars per
occurrence for bodily injury and personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate limit shall be twice the required occurrence limit. The CITY shall be named as an additional insured on the policy. For any claims related to this project the DISTRICT’S insurance coverage shall be primary as respects the CITY, its officers, officials, employees and volunteers. Any insurance maintained by the CITY, its officers, officials, employees or volunteers shall be excess of DISTRICT’S insurance and shall not contribute with it.

DISTRICT’S obligation to defend, indemnify, and hold CITY, its agents, officers, and employees harmless under the provisions of this paragraph is not limited to or restricted by the requirement that the DISTRICT procure and maintain a policy of insurance.

1. If for any reason, the DISTRICT is unable to meet the obligations as delineated in this Water Service Agreement, the COUNTY agrees to take formal action to assume all obligations of the DISTRICT in order to provide continued water service to the residents of Monterey Park Tract. Absent formal action to assume all obligations of the DISTRICT, the COUNTY shall request that the water service be turned off and the Water Service Agreement terminated.

m. At least 120 days prior to the beginning of year 15 of this Water Service Agreement, the CITY and the COUNTY agree to meet and evaluate the ongoing fiscal obligations of each party associated with this Water Service Agreement. The COUNTY and the CITY will consider those findings and make a recommendation on how to structure the fiscal obligations for the remaining term of this Water Services Agreement.

n. This Water Services Agreement contains the entire understanding between the PARTIES. All previous proposals, offers and communications relative to this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement. No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by all the PARTIES.

o. If any party of this Water Services Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking
depositions and discovery, and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable if such action is prosecuted to judgment.

Dated: JAN. 26, 2014

CITY OF CERES, a municipal corporation

By: Toby Wells, City Manager

Dated: JAN. 26, 2014

MONTEREY PARK TRACT
COMMUNITY SERVICES
DISTRICT

By: Francisco Diaz, Board President

Dated: December 12, 2014

COUNTY OF STANISLAUS

By:

Typed Name and Title: Terrance Withrow

Chairman, Stanislaus County Board of Supervisors

APPROVED AS TO FORM

Michael E. Lyons, City Attorney

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL

By:

Date: 12/30/2014
TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: MSR NO. 15-04, SOI UPDATE 2015-04: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE WESTERN HILLS WATER DISTRICT

INTRODUCTION

This proposal was initiated by the Local Agency Formation Commission in response to State mandates that require the Commission to conduct municipal service reviews and sphere of influence updates for all cities and special districts every five years, as needed. The current review covers the Western Hills Water District, which provides water, sewer, and storm drainage services to the Diablo Grande Specific Plan area, located in the western foothills in Stanislaus County. The previous update for the District was adopted June 23, 2010.

DISCUSSION

The Western Hills Water District (WHWD) was organized under California Water Code Division 13, §34000 - §38501, which allows for water districts to be formed for purposes such as to: produce, store and distribute water for irrigation, domestic, industrial and municipal uses; drain and reclaim lands; collect, treat and dispose of sewage, waste and storm water; generate hydroelectric power; allocate water to crops and acreage; and protect groundwater from contamination.

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for districts to share accurate and current data, accomplishments and information regarding the services they provide. LAFCO Staff sent the WHWD requests for information, researched District reports and reviewed the WHWD’s most recent audits and financial statements. Once this data was collected, a revised Municipal Service Review and Sphere of Influence Update document was drafted and circulated for comments. As of preparation of this staff report, no comments have been received.

Minor changes have been made to the document since the previous update to reflect recent additions to State law, including the requirement that LAFCOs identify “disadvantaged unincorporated communities” within or contiguous to city and district spheres of influence. Pursuant to Government Code §56033.5, a “disadvantaged unincorporated community” is defined as inhabited territory (12 or more registered voters), or as determined by commission policy, that constitutes all or a portion of a community with an annual median household income that is less than 80% of the statewide annual median household income (AMI). Staff utilizes available information from the Census, including American Community Survey data, as well as a mapping tool developed by the Department of Water Resources that identifies known Census Designated Places that meet the income criteria for disadvantaged communities. In this case, the WHWD does not meet the definition of a disadvantaged unincorporated community because the AMI is above 80% for residents within the District boundaries.

The proposed Municipal Service Review and Sphere of Influence document is attached to this report as Exhibit 1. The relevant factors as set forth by the Cortese-Knox-Hertzberg Act are discussed for the District. No changes are being proposed for the District’s Spheres of Influence at this time. The document serves to affirm the District’s current Sphere of Influence.
For the Western Hills Water District, this is the third Municipal Service Review and Sphere of Influence Update that the Commission has approved. Since the previous MSR-SOI update issues related to water supply and revenue have developed.

The District was receiving 8,000 acre-feet of water per year from the Kern County Water Agency (KCWA). In 2010, the District negotiated a water banking agreement with districts of the Kern County Water Agency and Dudley Ridge Water District (collectively known as the “Westside Districts”). The agreement allows the WHWD to bank excess water with the Westside Districts which is credited to WHWD for future use in drought and emergency situations. On January 31, 2014, the California Department of Water Resources announced a zero percent (0%) allocation of water to all State Water Project contractors, including KCWA. At this time, WHWD is only receiving 10% of its allocation; however, the district is not using its banked water. Should the district require additional water, WHWD can purchase water from the water bank to meet the minimum water needs of the Diablo Grande community. The initial term of the banking agreement is from 2010 to 2019.

Historically, the WHWD’s expenses have been greater than its revenue due to a small customer base. Revenue deficits have been covered by the current developer. The WHWD anticipates new income streams resulting from commercial and residential development. A recent Water Rate Study conducted by the WHWD provides recommendations that the District is currently considering. The recommendations include phasing usage rate increases over the next five-year planning period and establishing a service charge for all customer classes. Implementation of these recommendations along with anticipated growth will reduce the deficit and create a revenue stream that will cover expenses.

As a municipal service review is considered a “snapshot in time,” LAFCO Staff will continue to monitor the Western Hills Water District, as it does with all of the special districts, and offer itself as a resource to the District where possible.

ENVIRONMENTAL REVIEW RECOMMENDATIONS

Pursuant to the California Environmental Quality Act (CEQA), the adoption of a municipal service review is considered to be categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation §15306). Further, LAFCO’s concurrent reaffirmation of an existing sphere of influence qualifies for a General Exemption as outlined in CEQA Regulation §15061(b)(3), which states:

_The activity is covered by the general rule that CEQA applies only to projects which 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._

As there are no land use changes, boundary changes, or environmental impacts associated with the Municipal Service Review and Sphere of Influence Update, an exemption from further environmental review is appropriate.
ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted, the Commission should consider choosing one of the following options:

Option 1: APPROVE the Municipal Service Review and Sphere of Influence Update for the Western Hills Water District.

Option 2: DENY the update.

Option 3: If the Commission needs more information, it should CONTINUE this matter to a future meeting (maximum 70 days).

RECOMMENDED ACTION

Approve Option 1. Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the Western Hills Water District. Therefore, Staff recommends that the Commission adopt Resolution No. 2016-13, which:

1. Determines that the Municipal Service Review and Sphere of Influence Update qualifies for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulations Sections 15306 and 15061(b)(3).

2. Makes determinations related to the Municipal Service Review and Sphere of Influence Update as required by Government Code Sections 56425 and 56430.

3. Determines that the Sphere of Influence for Western Hills Water District should be affirmed as it currently exists.

4. Directs Staff to circulate the subject resolution depicting the District’s adopted Sphere of Influence to all affected agencies.

Attachments:

Exhibit 1 - Draft Municipal Service Review and Sphere of Influence Update for the Western Hills Water District

Exhibit 2 - Draft Resolution No. 2016-13 (Western Hills Water District)
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MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:

WESTERN HILLS WATER DISTRICT

Prepared By:

Stanislaus Local Agency Formation Commission
1010 Tenth Street, Third Floor
Modesto, CA 95354
Phone: (209) 525-7660

Adopted: ________________
COMMISSIONERS
Jim DeMartini, County Member (Chair)
Terry Withrow, County Member
William O’Brien, Alternate County Member
Amy Bublak, City Member
Tom Dunlop, City Member
Michael Van Winkle, Alternate City Member
Brad Hawn, Public Member (Vice Chair)
Annabel Gammon, Alternate Public Member

STAFF
Sara Lytle-Pinhey, Executive Officer
Javier Camarena, Assistant Executive Officer
Jennifer Goss, Commission Clerk
Robert J. Taro, Legal Counsel
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Municipal Service Review and Sphere of Influence Update
For the Western Hills Water District

Introduction

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 Act (CKH Act) requires the Local Agency Formation Commission (LAFCO) update the Spheres of Influence (SOI) for all applicable jurisdictions in the County. A Sphere of Influence is defined by Government Code §56076 as “...a plan for the probable physical boundary and service area of a local agency, as determined by the commission.” The Act further requires that a Municipal Service Review (MSR) be conducted prior to or, in conjunction with, the update of a Sphere of Influence (SOI).

The legislative authority for conducting Service Reviews is provided in Government Code Section 56430 of the CKH Act. The Act states, that “in order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area...” A Service Review must have written determinations that address the following factors:

Service Review Factors to be Addressed

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged, unincorporated communities within or contiguous to the sphere of influence
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

State Guidelines and Commission policies encourage cooperation among a variety of stakeholders involved in the preparation of a Service Review. This Service Review will analyze the existing and future services for the Western Hills Water District (WHWD). The Service Review will also provide a basis for the District and LAFCO to evaluate, and, if appropriate, make changes to the District’s Sphere of Influence.
**Sphere of Influence Update Process**

A special district is a government agency that is required to have an adopted and updated Sphere of Influence. Section 56425(g) of the CKH Act calls for Spheres of Influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes the Service Review and Sphere of Influence Updates concurrently to ensure efficient use of resources. For rural special districts, which do not have the typical municipal level services to review, this Service Review will be used to determine what type of services the district is expected to provide and the extent to which they are actually able to do so. The Sphere of Influence will delineate the service capability and expansion capacity of the agency, if applicable.
Service Review – Western Hills Water District

Authority

The Western Hills Water District (WHWD) was organized under the California Water Code, Division 13, §34000-38501. The District is considered to be a “landowner-voter district”, as the board members are elected by landowners within the District’s boundaries.

Background

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewer, water, and street lighting. In California, there are over 3,300 special districts with a great diversity of purposes, governance structures, and financing mechanisms. Some districts are responsible for one type of specific duty, while other districts provide multiple public services, as is the case of the WHWD.

Purpose

Water districts are formed for purposes such as to: produce, store and distribute water for irrigation, domestic, industrial and municipal uses; drain and reclaim lands; collect, treat and dispose of sewage, waste and storm water; generate hydroelectric power; allocate water to crops and acreage; and protect groundwater from contamination.

Governance

A five member Board of Directors governs the District. Meetings are held on the second Wednesday of each month at 4:00 p.m. at 9521 Morton Davis Drive, Patterson, CA.

Formation

The WHWD was formed on June 8, 1992.

Location and Size

The District is located in the western foothills of the unincorporated area of Stanislaus County, west of Interstate 5, and approximately 5 miles southwest of the City of Patterson. The WHWD encompasses approximately 5,070 acres and serves an estimated population of 846.

The District serves an area that is unincorporated and has two designations in the Stanislaus County General Plan - Agriculture, and Specific Plan (for the Diablo Grande project area). The Diablo Grande project area includes residential, commercial, open space, and recreational areas.

Characteristics

The United States Census Bureau identifies Diablo Grande as a Census Designated Place (CDP). A CDP provides statistical information for settled concentrations of population that are not incorporated. According to the 2009-2013 American Community Survey 5-Year Estimates, the annual median household income within the Diablo Grande CDP is $95,461.00. This amount exceeds 80 percent of the statewide level. Therefore, Diablo Grande does not meet the definition of a Disadvantaged Unincorporated Community as defined in Section 56033.5 of the CKH Act.
**Sphere of Influence**

The District’s Sphere of Influence is coterminous with its current boundaries. No amendments to the District’s boundaries or sphere of influence are being proposed with this Municipal Service Review and Sphere of Influence Update.

**Personnel**

WHWD currently has six full time and two part time employees. Staff consists of a General Manager, a Water Treatment Plant Operator, a Utility Field Coordinator, a Field Operator, an Office Assistant / Field Assistant, a Water Lab Assistant, and two General Field Maintenance Workers.

**Services**

The District is authorized to provide the functions or classes of services (e.g. water, sewer, and storm drainage) as identified in this report. Due to recent changes in the CKH Act, the District would have to seek LAFCO approval to exercise other latent powers not currently provided.

The District currently serves Diablo Grande’s two existing golf courses, a winery, a clubhouse/restaurant, and residences, accounting for a total of 482 water and 439 sewer connections.

**Water**

Water for the WHWD is delivered from the California Aqueduct via a metered turnout located near the corner of Lower Oak Flat Road and Interstate 5. The current delivery system consists of 4 pumping stations, a water treatment plant, a surface water reservoir (1 million gallons) and approximately 22 miles of water treated waterlines and 7 miles of raw water pipelines.

In June 2000, WHWD purchased up to 8,000 acre-feet per year supply of water from the Kern County Water Agency (KCWA). This water purchase was approved by the KCWA, the WHWD, and the State Department of Water Resources.

In 2010, the WHWD negotiated a water banking agreement with four member districts of the Kern County Water Agency and the Dudley Ridge Water District (collectively known as the “Westside Districts”). The agreement allows the WHWD to transfer excess KCWA-contracted water to the Westside Districts. In return, the Westside Districts agree to credit Western Hills Water District with 500 acre feet of water in a virtual water “bank account” in any year in which the Westside Districts receives at least 500 acre feet from WHWD. “Banked” water is not physically stored for future use; rather it is credited via an accounting system to be used for drought and other emergency situations. However, the water comes at a very high price. From 2010 to 2013, WHWD banked 2,000 acre feet of water.

In 2013, WHWD received notice from the California Department of Water Resources (CDWR) that the KCWA-contracted water allocation would be restricted to just 35% of the 8,000 acre feet already purchased by WHWD. By the end of 2013, the allocation for 2014 was reduced to 5% of the 8,000 acre feet. On January 31, 2014, following two years of little rain, the CDWR announced a zero percent (0%) allocation of water to all State Water Project contractors, including KCWA. At this time, WHWD is only receiving 10% of its allocation; however, the district is not using its banked water. Should the district require additional water, WHWD can
purchase water from the water bank to meet the minimum water needs of the Diablo Grande community. The initial term of the banking agreement is from 2010 to 2019.

With the ongoing drought in California, issues related to water supply and delivery may continue until the State experiences relief through sufficient rainfall levels. At this time, WHWD and other water districts throughout the state must plan accordingly and prioritize their usage.

WWHD is currently under a Compliance Order from the State Water Resource Control Board for violation of Section 64533(a) of the California Code of Regulations, Stage 2 Disinfection Byproducts Rule Total Trihalomethanes (TTHM) Maximum Contamination Levels. WHWD is currently developing an action/remediation plan for this order.

**Wastewater**

The District determined that conveying the wastewater for treatment at the City of Patterson’s facility, rather than treating it at smaller on-site facilities as originally planned, would result in more efficient provision of service, consolidation of sewer treatment in one location, and reduction in the likelihood of spills or other treatment difficulties.

In 2002, the WHWD and the City of Patterson entered into and approved a Memorandum of Understanding, wherein the City agreed to treat up to 750,000 gallons per day of wastewater from Diablo Grande and the District agreed to construct a sewer line from Diablo Grande to the City’s collection facility and share in the cost of the expansion of the City’s treatment plant.

Wastewater flows from the WHWD are discharged into the District’s Diablo Grande to Patterson Trunk Sewer which flows down to the valley floor and to the City of Patterson’s facilities. Wastewater service for the WHWD has over 22 miles of pipeline ranging in size from 4 to 18-inches. This service operates without the use of pumping stations.

The agreement with the City of Patterson along with the current facilities has provided sufficient wastewater service for Diablo Grande. The allowable 750,000 gallons per day is enough to provide service to the entire Diablo Grande community. At this time, no additional capacity or facilities are needed.

**Storm Water**

Storm drain facilities are designed to carry flows from the developed portions of a basin into the natural creeks, Salado Creek and an unnamed tributary creek to Salado Creek. Specifically, existing creek channels are utilized as the main conveyance facilities and pipelines located in the major street alignments and convey runoff into detention ponds and creek channels. Detention basins are sized so that there is no increase in peak flow off-site due to development. The facilities include various diameter pipelines, box culverts, and combine the use of small reservoirs, ponds, and conventional storm drains to handle drainage. At this time, no additional capacity or facilities are needed.

**Support Agencies**

The District maintains positive and collaborative relationships with other agencies, such as: Stanislaus County, City of Patterson, Kern County Water Agency, Department of Public Health, Regional Water Quality Control Board, and Department of Water Resources.
**Funding Sources**

Rates and fees for services are established during the District’s annual budget review process. The budget process is designed to screen out unnecessary costs and is submitted to the Board of Directors for review and approval. The District’s source of revenue is derived from connection and service fees, and Mello Roos (bond financing) assessments.

The District appears to have limited financial resources and/or reserves. Historically, the District’s expenses have been greater than its revenue. Revenue deficits have been covered by the current developer, World International, LLC. As a result, the District has not been able to establish operating or capital reserves.

Revenue is limited due to a small customer base. Presently, the water company receives its income from two golf courses, sixty acres of grapes, residential housing and a water banking program. This will be the norm until residential and commercial projects are started and completed for the District.

Recently, the District conducted a Water Rate Study for the five-year planning period from FY2015-16 to FY 2019-20. The study summarizes the projected cost of service and related revenue requirements, updates the cost of service allocation among the customer classes, and provides a detailed schedule of updates in the District’s fixed meter charge and usage charges. The current rate structure does not bill service charges to non-residential household customers. The study states that all customers should pay a service charge for the capacity they require in the water system. In addition, 80% of total revenue for the District is generated by the service charge, whereas the industry standard is approximately 30%.

The District is considering recommendations set forth in the Water Rate Study, which include phasing necessary increases in four years of the five year planning period and establishing a service charge for all customer classes. Implementation of these recommendations along with anticipated growth will reduce yearly deficits.

**Service Review Determinations**

The following provides an analysis of the seven categories or components required by Section 56430 for a Service Review for the Western Hills Water District (WHWD):

1. **Growth and Population Projections for the Affected Area**

   The WHWD serves the Diablo Grande area which consists of approximately 5,070 acres. The Diablo Grande area is currently in its first phase of development. The County has issued approximately 450 building permits for single family homes. Phase 1 of the Diablo Grande Specific Plan in its entirety anticipates over 2,000 residences, associated commercial uses, open space, and recreational areas. At this time, no additional growth beyond what has been identified in the Diablo Grande Specific Plan has been proposed.

2. **The Location and Characteristics of Any Disadvantaged, Unincorporated Communities within or Contiguous to the Sphere of Influence.**

   No Disadvantaged Unincorporated Communities have been identified within or contiguous to the District’s Sphere of Influence as defined in Section 56033.5 of the CKH Act.
3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.

The District is maintained by the General Manager and staff. Currently, the WHWD has both the ability and the capacity to serve its service area and has no unmet infrastructure needs or deficiencies. As mentioned previously, there are no disadvantaged unincorporated communities within or contiguous to the Sphere of Influence of the WHWD.

The District is considering usage rate increases and establishing a service charge for all customer classes. These changes along with anticipated growth will reduce the deficit and create a revenue stream that will cover expenses.

4. Financial Ability of Agencies to Provide Services

The WHWD provides Annual Operating and Capital Budgets as well as Audited Annual Financial Reports. At this time, the WHWD appears to have limited financial resources and/or reserves. As a result, the District’s expenses are greater than its revenue. This will continue to be the case until residential and commercial projects are developed within the District, resulting in a greater source of revenue from assessments.

5. Status of, and Opportunities for, Shared Facilities

Since 2002, WHWD has had a Memorandum of Understanding with the City of Patterson, wherein the City treats up to 750,000 gallons per day of wastewater from Diablo Grande. At this time there are no additional proposals for shared facilities.

6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

It is reasonable to conclude that the WHWD can adequately serve the areas under its jurisdiction. A five member Board of Directors, elected by the landowners, governs the District. The Board is subject to the provisions of the Brown Act requiring open meetings. The District has its own website (www.whwdist.org), which provides up to date information. The District Manager is responsible for oversight of daily operations and management of WHWD staff.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

The WHWD is currently meeting minimum water needs of the Diablo Grande Community through its “banked” water program. However, the severe drought in California will continue to raise concerns and issues related to water supply and delivery until the State experiences relief through sufficient rainfall levels.
Sphere of Influence Update

In determining the Sphere of Influence (SOI) of each local agency, the Commission shall consider and prepare determinations with respect to each of the following factors pursuant to Government Code Section 56425:

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

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

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

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

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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

This document proposes no changes to the District’s existing Sphere of Influence. Rather, it serves to reaffirm the existing SOI boundary. As part of this process, Staff researched the history of the establishment of the District’s SOI. A map of the current District boundary and Sphere of Influence is attached in Appendix “A”.

The following determinations for the Western Hills Water District’s (WHWD) Sphere of Influence update are made in conformance with Government Code §56425 and local Commission policy.

Determinations:

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

   The Western Hills Water District’s Sphere of Influence (SOI) includes approximately 5,070 acres and is coterminous with the District’s current boundary. The present land uses within the District’s SOI include agricultural rangeland, vineyards, two developed golf courses, a clubhouse/restaurant, several residential units, and a municipal water storage and distribution system.

   Planned land uses are expected to include: additional residential units, commercial and/or employment areas, and open space and recreational lands.

   The land uses within the District boundaries are governed by the Stanislaus County General Plan and the Diablo Grande Specific Plan and are not expected to change. In addition, the District does not have the authority to make land use decisions, as the responsibility for land use decisions within the District boundaries is retained by the County.
2. **The present and probable need for public facilities and services in the area**

The Stanislaus County Board of Supervisors approved a Specific Plan for the Diablo Grande area in 1999. Phase 1 of the Specific Plan anticipates over 2,000 residences, associated commercial, open space and recreational uses. The District currently has total of 482 water and 439 sewer connections.

Although development has slowed dramatically since the previous service review, the probable need for public facilities and services within the approved Specific Plan area is expected to increase in the future.

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

The District has the infrastructure and personnel in place to provide water, sewer and storm water services. However, like many other Water Districts throughout the state, due to severe drought conditions, water supply is scarce and is of crucial concern.

In addition, the District appears to have limited financial resources due to a shortage of customers resulting in revenue unable to cover expenses. The District will likely see an increase in revenue with further development.

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

WHWD serves the Diablo Grande area which is located approximately 5 miles southwest of the City of Patterson and is surrounded by rural area. There are no communities of interest within the District boundaries, Sphere of Influence or surrounding 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

No Disadvantaged Unincorporated Communities have been identified within or contiguous to the District’s Sphere of Influence as defined in Section 56033.5 of the CKH Act.
APPENDIX “A”
DISTRICT SUMMARY PROFILE

District: WESTERN HILLS WATER DISTRICT

Contact Information: 9501 Morton Davis Dr. Bldg. B, Diablo Grande, CA 95363
Ph. (209) 895-9493

Location: In the western foothills of Stanislaus County, west of Interstate 5, approximately 5 miles southwest of the City of Patterson.

Service Area: Approximately 5,070 acres

Population*: 846

Land Use: Residential, commercial, open space, recreational

Date of Formation: June 2, 1992

Enabling Act: California Water Code, Division 13, §34000 et. seq. (Water District Act)

Governing Body: Five Board of Directors, elected by landowners within the District boundaries

Administration: Six full-time employees and two part-time employees

District Services: Water, sewer, and storm drainage

Budget: Fiscal Year 2014-2015
Revenues: $1,667,864.00
Expenses: $3,322,311.86
Capital Improvements: $ 390,090.00

Revenue Sources: Service and connection fees, Mello Roos assessments

*Source: 2015 District Estimate
APPENDIX “B”

REFERENCES

10. Western Hills Water District website (http://www.whwdist.org)
11. Western Hills Water District, Letter from Patrick Garvey, District Engineer, dated November 6, 2015.

INDIVIDUALS AND AGENCIES CONTACTED

1. Charles Smith, Controller, Western Hills Water District
2. Patrick Garvey, District Engineer, Western Hills Water District
3. Rachel Wyse, Stanislaus County Department of Planning and Community Development
4. Kristin Weiss, Stanislaus County Department of Planning and Community Development
STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

RESOLUTION

DATE: January 27, 2016
NO. 2016-03

SUBJECT: MSR No. 15-04 and SOI Update No. 2015-04 – Making Written Determinations and Approving the Service Review and Sphere of Influence Update for the Western Hills Water District

On the motion of Commissioner ________, seconded by Commissioner ________, and approved by the following vote:

Ayes: Commissioners:
Noes: Commissioners:
Absent: Commissioners:
Ineligible: Commissioners:

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a Service Review mandated by California Government Code Section 56430 and a Sphere of Influence Update mandated by California Government Code Section 56425, has been conducted for the Western Hills Water District, in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000;

WHEREAS, at the time and in the form and manner provided by law, the Executive Officer has given notice of the January 27, 2016 public hearing by this Commission on this matter;

WHEREAS, the subject document is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines;

WHEREAS, Staff has reviewed all existing and available information from the District and has prepared a report including recommendations thereon, and related information as presented to and considered by this Commission;

WHEREAS, at the hearing, all persons present were given an opportunity to hear and be heard in respect to any matter in relation to the review, in evidence presented at the hearing;

WHEREAS, the following determinations are made in conformance with Government Code Section 56430 and local Commission policy:
1. **Growth and Population Projections for the Affected Area:** The WHWD serves the Diablo Grande area which consists of approximately 5,070 acres. The Diablo Grande area is currently in its first phase of development. The County has issued approximately 450 building permits for single family homes. Phase 1 of the Diablo Grande Specific Plan in its entirety anticipates over 2,000 residences, associated commercial uses, open space, and recreational areas. At this time, no additional growth beyond what has been identified in the Diablo Grande Specific Plan has been proposed.

2. **The Location and Characteristics of Any Disadvantaged, Unincorporated Communities within or Contiguous to the Sphere of Influence:** No Disadvantaged Unincorporated Communities have been identified within or contiguous to the District’s Sphere of Influence as defined in Section 56033.5 of the CKH Act.

3. **Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence:** The District is maintained by the General Manager and staff. Currently, the WHWD has both the ability and the capacity to serve its service area and has no unmet infrastructure needs or deficiencies. As mentioned previously, there are no disadvantaged unincorporated communities within or contiguous to the Sphere of Influence of the WHWD.

   The District is considering usage rate increases and establishing a service charge for all customer classes. These changes along with anticipated growth will reduce the deficit and create a revenue stream that will cover expenses.

4. **Financial Ability of Agencies to Provide Services:** The WHWD provides Annual Operating and Capital Budgets as well as Audited Annual Financial Reports. At this time, the WHWD appears to have limited financial resources and/or reserves. As a result, the District’s expenses are greater than its revenue. This will continue to be the case until residential and commercial projects are developed within the District, resulting in a greater source of revenue from assessments.

5. **Status of, and Opportunities for, Shared Facilities:** Since 2002, WHWD has had a Memorandum of Understanding with the City of Patterson, wherein the City treats up to 750,000 gallons per day of wastewater from Diablo Grande. At this time there are no additional proposals for shared facilities.

6. **Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies:** It is reasonable to conclude that the WHWD can adequately serve the areas under its jurisdiction. A five member Board of Directors, elected by the landowners, governs the District. The Board is subject to the provisions of the Brown Act requiring open meetings. The District has its own website (www.whwdist.org), which provides up to date information. The District Manager is responsible for oversight of daily operations and management of WHWD staff.
7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy: The WHWD is currently meeting minimum water needs of the Diablo Grande Community through its “banked” water program. However, the severe drought in California will continue to raise concerns and issues related to water supply and delivery until the State experiences relief through sufficient rainfall levels.

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy in determining a sphere of influence for the Western Hills Water District:

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

   The Western Hills Water District’s Sphere of Influence (SOI) includes approximately 5,070 acres and is coterminous with the District’s current boundary. The present land uses within the District’s SOI include agricultural rangeland, vineyards, two developed golf courses, a clubhouse/restaurant, several residential units, and a municipal water storage and distribution system.

   Planned land uses are expected to include: additional residential units, commercial and/or employment areas, and open space and recreational lands.

   The land uses within the District boundaries are governed by the Stanislaus County General Plan and the Diablo Grande Specific Plan and are not expected to change. In addition, the District does not have the authority to make land use decisions, as the responsibility for land use decisions within the District boundaries is retained by the County.

2. Present and Probable Need for Public Facilities and Services in the Area: The Stanislaus County Board of Supervisors approved a Specific Plan for the Diablo Grande area in 1999. Phase 1 of the Specific Plan anticipates over 2,000 residences, associated commercial, open space and recreational uses. The District currently has total of 482 water and 439 sewer connections.

   Although development has slowed dramatically since the previous service review, the probable need for public facilities and services within the approved Specific Plan area is expected to increase in the future.

3. The present capacity of public facilities and adequacy of public services that the agency provides, or is authorized to provide: The District has the infrastructure and personnel in place to provide water, sewer and storm water services. However, like many other Water Districts throughout the state, due to severe drought conditions, water supply is scarce and is of crucial concern.

   In addition, the District appears to have limited financial resources due to a shortage of customers resulting in revenue unable to cover expenses. The District will likely see an increase in revenue with further development.
4. The existence of any social or economic communities of interest in the area if the Commission determines they are relevant: WHWD serves the Diablo Grande area which is located approximately 5 miles southwest of the City of Patterson and is surrounded by rural area. There are no communities of interest within the District boundaries, Sphere of Influence or surrounding 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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence: No Disadvantaged Unincorporated Communities have been identified within or contiguous to the District’s Sphere of Influence as defined in Section 56033.5 of the CKH Act.

WHEREAS, the Western Hills Water District was established to provide water, sewer, and storm drainage services within its boundaries;

WHEREAS, pursuant to Government Code Section 56425(h), the range of services provided by the Western Hills Water are limited to those as identified above, and such range of services shall not be changed unless approved by this Commission; and

WHEREAS, no changes to the District’s Sphere of Influence are proposed or contemplated through this review.

NOW, THEREFORE, BE IT RESOLVED by the Commission:

1. Certifies that the project is statutorily exempt under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

2. Approves the Service Review prepared in compliance with State law for the review and update of the Western Hills Water District Sphere of Influence, and written determinations prepared by the Staff and contained herein.

3. Determines that except as otherwise stated, no new or different function or class of services shall be provided by the District, unless approved by the Commission.

4. Determines, based on presently existing evidence, facts, and circumstances filed and considered by the Commission, that the Sphere of Influence for the Western Hills Water District should be affirmed as it currently exists, as more specifically described on the map contained within the Service Review document.

5. Directs the Executive Officer to circulate this resolution depicting the adopted Sphere of Influence Update to all affected agencies, including the Western Hills Water District.

ATTEST: ________________________________
Sara Lytle-Pinhey
Executive Officer
STANISLAUS LOCAL AGENCY FORMATION COMMISSION  
OUT-OF-BOUNDARY SERVICE APPLICATION:  
4346 JESSUP ROAD (KEYES COMMUNITY SERVICES DISTRICT - WATER & SEWER)

APPLICANT: Justin W. Capp Engineering (on behalf of the property owner, A.L. Gilbert)

LOCATION: The site is 15 acres located at 4346 Jessup Road, east of Faith Home Road and west of Highway 99, in the Keyes area. It is currently within the Sphere of Influence of the Keyes Community Services District, but outside the District’s boundaries. (See Map, Exhibit A.)

REQUEST: A.L. Gilbert recently received a Use Permit from Stanislaus County to construct a 60,000 square foot warehouse for feed and seed storage, in support of the businesses north of the site. Water and sewer service is being requested for a small office and restroom within the building. The Keyes Community Services District has provided a will-served letter for the proposal, attached as Exhibit B.

BACKGROUND

Government Code Section 56133 (attached in full as Exhibit C) specifies that a city or special district must apply for and obtain LAFCO approval prior to providing new or extended services outside its jurisdictional boundaries. The section describes two situations where the Commission may authorize service extensions outside a city or district’s jurisdictional boundaries:

(1) For proposals within a city or district sphere of influence: in anticipation of a later change of organization.

(2) For proposals outside a city or district sphere of influence: to respond to an existing or impending threat to the public health or safety of the residents of the affected territory.

Stanislaus LAFCO has adopted its own policy to assist in the Commission’s review of out-of-boundary service requests, known as Policy 15 (see Exhibit D). Policy 15 reiterates the requirements of Government Code Section 56133 and also allows the Executive Officer, on behalf of the Commission, to approve service extensions in limited circumstances to respond to health and safety concerns for existing development. However, as the current request would serve new development, it is being forwarded to the Commission for review.

DISCUSSION

State law and Commission policies generally prefer annexation in order to accommodate the extension of services. However, the Commission has recognized that there are situations when out-of-boundary service extensions may an appropriate alternative, consistent with Government
Consistency with Commission Policy 15

The Commission’s Policy 15(C) describes a variety of situations where the Commission may favorably consider service extensions. These include the following:

1. Services will be provided to a small portion of a larger parcel and annexation of the entire parcel would be inappropriate in terms of orderly boundaries, adopted land use plans, open space/greenbelt agreements or other relevant factors.

2. Lack of contiguity makes annexation infeasible given current boundaries and the requested public service is justified based on adopted land use plans or other entitlements for use.

3. Where public agencies have a formal agreement defining service areas provided LAFCO has formally recognized the boundaries of the area.

4. Emergency or health related conditions mitigate against waiting for annexation.

5. Other circumstances which are consistent with the statutory purposes and the policies and standards of the Stanislaus LAFCO.

The project site is currently zoned A-2-10 (General Agricultural) and has designations of Planned Industrial and Planned Development on the Keyes Community Plan and County General Plan, respectively. The site is located within the sphere of influence of the Keyes Community Services District. The District’s sphere of influence was originally adopted in 1984 and included areas that corresponded with the County’s planned land uses as part of the Keyes Community Plan. Therefore, the Commission may find that, although the parcel is contiguous to existing boundaries, a service extension is justified based on the adopted land use plans and entitlements for use on the property. Additionally, there are existing water and sewer lines along Jessup Road, in front of the property.

Consistency with Applicable State Law

The Commission must also consider Government Code Section 56133, the applicable state law, which states “the commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization [emphasis added].”

For the current proposal, the site was included in the original sphere of influence for the District and long anticipated to become part of the District as growth in the area occurred. The applicant has stated that they wish to annex the site into the District, and are applying for an out-of-boundary service extension in the interim to allow for construction of the building to begin as soon as possible.

Environmental Review

Stanislaus County, as Lead Agency under the California Environmental Quality Act (CEQA), adopted a mitigated negative declaration for the proposal that determined there would not be a significant effect on the environment because of incorporated mitigations. A copy of the initial
CONCLUSION

Although annexations to cities or special districts are generally the preferred method for the provision of services, Commission policies also recognize that out-of-boundary service extensions can be an appropriate alternative. The City’s proposal to provide water and sewer service to the proposed warehouse is consistent with Government Code Section 56133 and the Commission’s Policy 15.

ALTERNATIVES FOR LAFCO ACTION

Following consideration of this report and any testimony or additional materials that are submitted at the public hearing for this proposal, the Commission may take one of the following actions:

- APPROVE the request, as submitted.
- DENY the request without prejudice.
- CONTINUE the proposal to a future meeting for additional information.

STAFF RECOMMENDATION

Based on the discussion in this staff report and following any testimony or evidence presented at the meeting, staff recommends that the Commission approve the proposal as submitted and adopt Resolution No. 2016-04, which finds the request to be consistent with Government Code Section 56133 and Commission Policy 15 and includes the following standard terms and conditions:

A. This approval allows for the extension of water and sewer service to accommodate a proposed agricultural storage warehouse at 4346 Jessup Road.

B. The District shall not allow additional water or sewer service connections outside its boundaries without first requesting and securing approval from LAFCO.

Respectfully submitted,

Sara Lytle-Pinhey
Executive Officer

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Draft LAFCO Resolution 2016-04
STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

RESOLUTION

DATE: January 27, 2016

NO. 2016-04

SUBJECT: Out-of-Boundary Service Application for 4346 Jessup Road
(Keyes Community Services District - Water & Sewer Service)

On the motion of Commissioner ________, seconded by Commissioner ________, and approved by
the following:

Ayes: Commissioners:
Noes: Commissioners:
Ineligible: Commissioners:
Absent: Commissioners:
Disqualified: Commissioners:

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, the property owner has submitted an out-of-boundary service application requesting to
provide water and sewer service to a property located at 4346 Jessup Road for a proposed park;

WHEREAS, the property is located outside the current boundaries of the Keyes Community
Services District, but within the District’s Sphere of Influence;

WHEREAS, the site is otherwise identified as Assessor’s Parcel Number 045-045-024;

WHEREAS, Government Code Section 56133 states that a city or district may provide new or
extended services by contract or agreement outside its jurisdictional boundaries only if it first
requests and receives written approval from the local agency formation commission in the affected
county;

WHEREAS, Government Code Section 56133 further states that the Commission may authorize a
city or district to provide new or extended services outside its jurisdictional boundaries but within its
sphere of influence in anticipation of a later change of organization;

WHEREAS, the Commission has adopted specific policies (Policy 15) to guide its evaluation of out-
of-boundary service applications, consistent with Government Code Section 56133;

WHEREAS, in accordance with adopted Commission Policy 15, the current proposal has been
forwarded to the Commission as it would serve new development;

WHEREAS, the Keyes Community Services District has indicated that it has the ability to serve the
site with water and sewer services;

WHEREAS, Stanislaus County, as Lead Agency, adopted a mitigated negative declaration pursuant
to the California Environmental Quality Act (CEQA) determining that with mitigations, the proposal
will not have a significant effect on the environment;

WHEREAS, the Commission, as a Responsible Agency, has considered Stanislaus County’s environmental determination; and,

WHEREAS, the Commission has, in evaluating the proposal, considered the report submitted by the Executive Officer, consistency with California Government Code Section 56133 and the Commission’s adopted policies, and all testimony and evidence presented at the meeting held on January 27, 2016.

NOW, THEREFORE, BE IT RESOLVED that this Commission:

1. Finds that the proposed extension of water and sewer service is consistent with the Commission’s adopted policies and California Government Code Section 56133.

2. Certifies, as a Responsible Agency, that it has considered the environmental determination made by Stanislaus County, as Lead Agency pursuant to CEQA.

3. Authorizes the Keyes Community Services District to provide the requested water and sewer service, subject to the following terms and conditions:
   
   A. This approval allows for the extension of water and sewer service to accommodate a proposed agricultural storage warehouse at 4346 Jessup Road.

   B. The District shall not allow additional water or sewer service connections outside its boundaries without first requesting and securing approval from LAFCO.

4. Directs the Executive Officer to forward a copy of this resolution to the Keyes Community Services District.

ATTEST:

Sara Lytle-Pinhey, Executive Officer
EXHIBIT A

Map & Site Plan
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OUT-OF-BOUNDARY SERVICE APPLICATION
4346 JESSUP ROAD (KEYES CSD)

Keyes Community Services District

Site
15 acres

Source: LAFCO Files, Jan. 2016
OUT-OF-BOUNDARY SERVICE APPLICATION
4346 JESSUP ROAD (KEYES CSD)
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July 14, 2015

Justin Capp  
1405 8th Street  
Modesto, CA 95354

Re: Will Serve Letter Request For 4346 Jessup Rd, Keyes, CA 95328  
APN 045-045-024

Dear Mr. Capp:

The Keyes Community Services District is willing to provide the requested water and sewer service on the following conditions:

1. All water service lines and sewer connections must be installed to District standards and according to plans approved by the District, at the expense of the owner.
2. All applicable District connection, facilities and inspection fees must be paid upon application for connections.
3. The owner must comply with all District rules and regulations.
4. This will-serve commitment will expire on July 31, 2016 unless construction has commenced by that date.

Sincerely,

Ernie Garza  
General Manager  
By: Michelle Harris
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EXHIBIT C

Government Code Section 56133
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Government Code Section 56133

(a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission.

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

(c) If consistent with adopted policy, the commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory, if both of the following requirements are met:

(1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to any of the following:

(1) Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

(2) The transfer of nonpotable or nontreated water.

(3) The provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city
or district shall first request and receive written approval from the commission in the affected county.

(4) An extended service that a city or district was providing on or before January 1, 2001.

(5) A local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility’s jurisdictional boundary.

(6) A fire protection contract, as defined in subdivision (a) of Section 56134.

(f) This section applies only to the commission of the county in which the extension of service is proposed.

(Amended by Stats. 2015, Ch. 763, Sec. 2.5. Effective January 1, 2016.)
EXHIBIT D

Commission Policy 15
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POLICY 15 - OUT-OF-BOUNDARY SERVICE EXTENSIONS.

Government Code Section 56133 (Cortese-Knox-Hertzberg Act) specifies that a city or special district must apply for and obtain LAFCO approval before providing new or extended services outside its jurisdictional boundaries. The Commission will consider this policy in addition to the provisions of Government Code Section 56133 when reviewing out-of-boundary service extension requests.

A. Pursuant to Government Code Section 56133(b), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries, but within its sphere of influence, in anticipation of a later change of organization. The Commission may authorize a city or district to provide new or extended services outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory in accordance with Government Code Section 56133(c).

B. The Commission has determined that the Executive Officer shall have the authority to approve, or conditionally approve, proposals to extend services outside jurisdictional boundaries in cases where the service extension is proposed to remedy a clear health and safety concern for existing development.

In cases where the Executive Officer recommends denial of such a proposed service extension or where the proposal will facilitate new development, that proposal shall be placed on the next agenda for which notice can be provided so that it may be considered by the Commission. After the public hearing, the Commission may approve, conditionally approve, or deny the proposal.

C. Considerations for Approving Agreements: Annexations to cities and special districts are generally preferred for providing public services; however, out-of-boundary service extensions can be an appropriate alternative. While each proposal must be decided on its own merits, the Commission may favorably consider such service extensions in the following situations:

1. Services will be provided to a small portion of a larger parcel and annexation of the entire parcel would be inappropriate in terms of orderly boundaries, adopted land use plans, open space/greenbelt agreements or other relevant factors.

2. Lack of contiguity makes annexation infeasible given current boundaries and the requested public service is justified based on adopted land use plans or other entitlements for use.

3. Where public agencies have a formal agreement defining service areas provided LAFCO has formally recognized the boundaries of the area.

4. Emergency or health related conditions mitigate against waiting for annexation.

5. Other circumstances which are consistent with the statutory purposes and the policies and standards of the Stanislaus LAFCO.

D. Health or Safety Concerns: The requirements contained in Section 56133(c) of the Government Code will be followed in the review of proposals to serve territory with municipal services outside the local agency’s sphere of influence. Service extensions

Stanislaus LAFCO Policies & Procedures (Amended January 23, 2013)  Page 1
outside a local agency’s sphere of influence will not be approved unless there is a documented existing or impending threat to public health and safety, and the request meets one or more of the following criteria as outlined below:

1. The lack of the service being requested constitutes an existing or impending health and safety concern.

2. The property is currently developed.

3. No future expansion of service will be permitted without approval from the LAFCO.

E. Agreements Consenting to Annex: Whenever the affected property may ultimately be annexed to the service agency, a standard condition for approval of an out-of-boundary service extension is recordation of an agreement by the landowner consenting to annex the territory, which agreement shall inure to future owners of the property.

1. The Commission may waive this requirement on a case-by-case basis upon concurrence of the agency proposing to provide out-of-boundary services.

2. The Commission has determined, pursuant to Government Code Section 56133(b), that the Beard Industrial Area shall not be subject to the requirement for consent-to-annex agreements, based on the historical land use of the area and its location within the Sphere of Influence of the City of Modesto.

F. Area-wide Approvals: The Commission has recognized and approved extensions of sewer and/or water services to specific unincorporated areas, including the Bret Harte Neighborhood, Robertson Road Neighborhood, and the Beard Industrial Area. New development in these delineated unincorporated areas is considered infill and does not require further Commission review for the provision of extended sewer and/or water services. The Commission may consider similar approvals for area-wide service extensions on a case-by-case basis when it determines each of the following exists:

1. There is substantial existing development in the area, consistent with adopted land use plans or entitlements.

2. The area is currently located within the agency’s sphere of influence.

3. The agency is capable of providing extended services to the area without negatively impacting existing users.

4. The proposal meets one of the situations outlined in Section C of this Policy where extension of services is an appropriate alternative to annexation.

G. In the case where a city or district has acquired the system of a private or mutual water company prior to January 1, 2001, those agencies shall be authorized to continue such service and provide additional connections within the certificated service area of the private or mutual water company, as defined by the Public Utilities Commission or other appropriate agency at the time of acquisition, without LAFCO review or approval as outlined in Government Code Section 56133. The continuation of service connections under this policy shall not be constrained by the sphere of influence of that local agency at that time. Proposals to extend service outside this previously defined certificated area
would come under the provisions of Government Code Section 56133 for the review and approval by the Commission prior to the signing of a contract/agreement for the provision of the service.

H. Exemptions: Consistent with Government Code Section 56133, this policy does not apply to:

1. Contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

2. Contracts for the transfer of nonpotable or nontreated water; contracts or agreements solely involving the provision of surplus water to agricultural lands and facilities, including but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

3. An extended service that a city or district was providing on or before January 1, 2001.

4. A local publicly owned electrical utility, as defined by Section 9604 of the Public Utilities Code, providing electrical services that do not involve the acquisition, construction, or installation of electrical distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.
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EXHIBIT E

Environmental Documentation
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2. Lead agency name and address: Stanislaus County 1010 10th Street, Suite 3400 Modesto, CA 95354

3. Contact person and phone number: Timothy Vertino, Assistant Planner (209) 525-6330

4. Project location: 4346 Jessup Road, east of Faith Home Road, west of Highway 99, in the Keyes area. APN: 045-045-024.

5. Project sponsor’s name and address: Kevin Bennett, Justin W. Capp, Inc. 1405 8th Street Modesto, CA 95354

6. General Plan designation: P-D (Planned Development)

7. Zoning: A-2-10 (General Agriculture)

8. Community Plan: P-I (Planned Industrial)

9. Description of project:
Request to construct a 37-foot high, 60,000 square foot warehouse with a 6,240 square foot canopy, on a 15± acre parcel. The warehouse will be used to store raw materials (feed and seed) waiting to be processed at 4431, and 4367 Jessup Road where the product is manufactured and packaged as bulk dairy feed. The project site is presently undeveloped land which has been used for truck parking. The project site takes access on to Jessup Road, and through a private road which extends beyond Jessup Road. The Jessup Road entrance includes a truck scale, equipped with a traffic control light. The project proposes a future rail dock and extension of the existing rail line across Jessup Road, to accommodate the proposed warehouse.

10. Surrounding land uses and setting: A.L. Gilbert’s manufacturing facility to the north; Keyes Community Service District facility corporation yard, and warehouses to the west; Keyes Road, and agricultural crops to the south; A.L. Gilbert storage site, agricultural crops, State Highway 99, and Union Pacific Railroad to the east.

11. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement.):
Building Permits Division Department of Environmental Resources Department of Public Works Keyes Municipal Advisory Council Regional Water Quality Control Board San Joaquin Valley Air Pollution Control District
ENVIROMENTAL FACTORS POTENTIALLY AFFECTED:
The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

☒ ☒ ☒ ☒ Aesthetics ☐ ☐ ☐ ☐ Agriculture & Forestry Resources ☐ ☐ ☐ ☐ Air Quality
☐ ☐ ☐ ☐ Biological Resources ☐ ☐ ☐ ☐ Cultural Resources ☐ ☐ ☐ ☐ Geology / Soils
☐ ☐ ☐ ☐ Greenhouse Gas Emissions ☐ ☐ ☐ ☐ Hazards & Hazardous Materials ☐ ☐ ☐ ☐ Hydrology / Water Quality
☐ ☐ ☐ ☐ Land Use / Planning ☐ ☐ ☐ ☐ Mineral Resources ☐ ☐ ☐ ☐ Noise
☐ ☐ ☐ ☐ Population / Housing ☐ ☐ ☐ ☐ Public Services ☐ ☐ ☐ ☐ Recreation
☒ ☒ ☒ ☒ Transportation / Traffic ☐ ☐ ☐ ☐ Utilities / Service Systems ☐ ☐ ☐ ☐ Mandatory Findings of Significance

DETERMINATION: (To be completed by the Lead Agency)
On the basis of this initial evaluation:

☐ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
☒ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
☐ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
☐ I find that the proposed project MAY have a “potentially significant impact” or “potentially significant unless mitigated” impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Timothy Vertino
Signature

October 29, 2015
Date
EVALUATION OF ENVIRONMENTAL IMPACTS:

1) A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).

2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.

3) Once the lead agency has determined that a particular physical impact may occur, than the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.

4) “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from “Potentially Significant Impact” to a “Less Than Significant Impact.” The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, “Earlier Analyses,” may be cross-referenced).

5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration.

Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:

   a) Earlier Analysis Used. Identify and state where they are available for review.

   b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.

   c) Mitigation Measures. For effects that are “Less than Significant with Mitigation Measures Incorporated,” describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.

6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). References to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.

7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.

8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project’s environmental effects in whatever format is selected.

9) The explanation of each issue should identify:

   a) the significant criteria or threshold, if any, used to evaluate each question; and

   b) the mitigation measure identified, if any, to reduce the impact to less than significant.
ISSUES

I. AESTHETICS -- Would the project:

<table>
<thead>
<tr>
<th>Impact Level</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Have a substantial adverse effect on a scenic vista?</td>
<td>X</td>
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<tr>
<td>b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?</td>
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<td>X</td>
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<tr>
<td>c) Substantially degrade the existing visual character or quality of the site and its surroundings?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Discussion: The project site is bordered by Keyes Road to the south, and State Route (SR) 99 to the east, in the unincorporated community of Keyes, just north-west of the Keyes Road Overpass and the southbound SR 99 on and off ramps. The project site is designated as Planned Industrial within the Keyes Community Plan boundaries. The site itself is not considered to be a scenic resource or a unique scenic vista. The proposed warehouse has a maximum height of 37± feet. Operating hours are Monday thru Friday, 6:00 a.m. to 6:00 p.m. Because the proposed warehouse will close by 6:00 p.m., the impact from lighting is expected to be less than significant. According to the Keyes Community Plan the County shall review new multi-story development in Planned Industrial areas to ensure that reflective surfaces would not result in glare along roadways. Improvements to the site will result in a new source of substantial light and glare which could adversely affect day and/or nighttime views in the area. Mitigation measures have been added to reduce illumination impacts to less than significant. Keyes MMRP Mitigation Measures No. 16 on Page 18 of the MMRP.

Mitigation:

1. New multi-story development shall minimize the use of reflective surface and have those reflective surfaces which are used to be oriented in such a manner so as to reduce glare impacts along roadways.

References: Application information; Keyes Community Plan, EIR and MMRP adopted April, 2000; and the Stanislaus County General Plan and Support Documentation.

II. AGRICULTURE AND FOREST RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state’s inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board. -- Would the project:

<table>
<thead>
<tr>
<th>Impact Level</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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</tbody>
</table>

References: Application information; Keyes Community Plan, EIR and MMRP adopted April, 2000; and the Stanislaus County General Plan and Support Documentation.
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?  

| | | X |

d) Result in the loss of forest land or conversion of forest land to non-forest use?  

| | | X |

e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?  

| | | X |

**Discussion:** The project site has soils classified by the Farmland Mapping and Monitoring Program as being Prime Farmland and Urban and Built-Up Land. The project site is currently undeveloped, but was previously planted in row crops, which can be seen most recently on site in 2010. The project site is currently zoned A-2-10 (General Agriculture), a Tier One Use Permit allows agricultural warehouses on agriculturally zoned land.

According to the Keyes Community Plan, Industrial and Planned Industrial land uses west of State Route 99 are buffered from sensitive land uses to the east of the highway. Industrial and Planned Industrial uses are afforded direct access to heavy rail service, and vital regional north-south. This project will have no impact to forest land or timberland.

Lands within the Keyes Community Plan area, with a General Plan of Agriculture are subject to farmland mitigation upon submittal of a General Plan Amendment/Rezone application. Because the project site is within the Keyes Community Plan area already designated as Planned Industrial and designated as Planned Development in the County General Plan, it is not subject to the Keyes Community Plan’s one to one [acre] farmland mitigation. If the project site is rezoned in the future from Agriculture to another zoning district, the applicant may be held to the one to one [acre] farmland mitigation measures. **Keyes MMRP Mitigation Measures Nos. 4.1-1 and 4.1-4 on Page 4 of the MMRP.**

**Mitigation:** None.


<table>
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<tr>
<th>III. AIR QUALITY: Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
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<tbody>
<tr>
<td>a) Conflict with or obstruct implementation of the applicable air quality plan?</td>
<td></td>
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<td>X</td>
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<tr>
<td>b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?</td>
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<td>X</td>
</tr>
<tr>
<td>c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?</td>
<td></td>
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<td>X</td>
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<tr>
<td>d) Expose sensitive receptors to substantial pollutant concentrations?</td>
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<td>X</td>
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</table>
e) Create objectionable odors affecting a substantial number of people?  

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<tr>
<th>Potentially Significant Impact</th>
<th>Less Than Significant Impact With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
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<tr>
<td>X</td>
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Discussion: The proposed project is located within the San Joaquin Valley Air Basin (SJVAB) and, therefore, falls under the jurisdiction of the San Joaquin Valley Air Pollution Control District (SJVAPCD). In conjunction with the Stanislaus Council of Governments (StanCOG), the SJVAPCD is responsible for formulating and implementing air pollution control strategies. The SJVAPCD’s most recent air quality plans are the 2007 PM10 (respirable particulate matter) Maintenance Plan, the 2008 PM2.5 (fine particulate matter) Plan, and the 2007 Ozone Plan. These plans establish a comprehensive air pollution control program leading to the attainment of state and federal air quality standards in the SJVAB, which has been classified as “extreme non-attainment” for ozone, “attainment” for respirable particulate matter (PM-10), and “non-attainment” for PM 2.5, as defined by the Federal Clean Air Act.

The primary source of air pollutants generated by this project would be classified as being generated from “mobile” sources. Mobile sources would generally include dust from roads, farming, and automobile exhausts. Mobile sources are generally regulated by the Air Resources Board of the California EPA which sets emissions for vehicles and acts on issues regarding cleaner burning fuels and alternative fuel technologies. As such, the District has addressed most criteria air pollutants through basin wide programs and policies to prevent cumulative deterioration of air quality within the Basin.

Potential impacts on local and regional air quality are anticipated to be less than significant, falling below SJVAPCD thresholds, as a result of the nature of the proposed project and project’s operation after construction. Implementation of the proposed project would fall below the SJVAPCD significance thresholds for both short-term construction and long-term operational emissions, as discussed below. Because construction and operation of the project would not exceed the SJVAPCD significance thresholds, the proposed project would not increase the frequency or severity of existing air quality standards or the interim emission reductions specified in the air plans.

For these reasons, the proposed project would be consistent with the applicable air quality plans. Also, the proposed project would not conflict with applicable regional plans or policies adopted by agencies with jurisdiction over the project and would be considered to have a less than significant impact.

Construction activities associated with new development can temporarily increase localized PM10, PM2.5, volatile organic compound (VOC), nitrogen oxides (NOX), sulfur oxides (SOX), and carbon monoxide (CO) concentrations a project's vicinity. The primary source of construction-related CO, SOX, VOC, and NOX emission is gasoline and diesel-powered, heavy-duty mobile construction equipment. Primary sources of PM10 and PM2.5 emissions are generally clearing and demolition activities, grading operations, construction vehicle traffic on unpaved ground, and wind blowing over exposed surfaces.

This project has been referred to SJVAPCD, but no response has been received to date.

Mitigation: None.

References: Keyes Community Plan, EIR and MMRP adopted April 2000; San Joaquin Valley Air Pollution Control District - Regulation VIII Fugitive Dust/PM-10 Synopsis; and the Stanislaus County General Plan and Support Documentation1.
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

\[ \text{X} \]

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VI. GEOLOGY AND SOILS -- Would the project:  

<table>
<thead>
<tr>
<th>Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant Impact With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:</td>
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<tr>
<td>i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.</td>
<td>X</td>
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<tr>
<td>ii) Strong seismic ground shaking?</td>
<td>X</td>
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<tr>
<td>iii) Seismic-related ground failure, including liquefaction?</td>
<td>X</td>
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<tr>
<td>iv) Landslides?</td>
<td>X</td>
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<tr>
<td>b) Result in substantial soil erosion or the loss of topsoil?</td>
<td>X</td>
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<tr>
<td>c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?</td>
<td>X</td>
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<tr>
<td>d) Be located on expansive soil creating substantial risks to life or property?</td>
<td>X</td>
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<tr>
<td>e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?</td>
<td>X</td>
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</tbody>
</table>

Discussion: As contained in Chapter Five of the General Plan Support Documentation, the areas of the County subject to significant geologic hazard are located in the Diablo Range, west of Interstate 5; however, as per the California Building Code, all of Stanislaus County is located within a geologic hazard zone (Seismic Design Category D, E, or F) and a soils test may be required as part of the building permit process. Results from the soils test will determine if unstable or expansive soils are present. If such soils are present, special engineering of the structure will be required to compensate for the soil deficiency. Any structures resulting from this project will be designed and built according to building standards appropriate to withstand shaking for the area in which they are constructed. Any earth moving is subject to Public Works Standards and Specifications which consider the potential for erosion and run-off prior to permit approval. Likewise, any addition of a septic tank or alternative waste water disposal system would require the approval of the Department of Environmental Resources (DER) through the building permit process, which also takes soil type into consideration within the specific design requirements.

The project was referred to the Department of Public Works and the Building Permits Division. Both Departments responded with comments to address these concerns and will be incorporated into the project as conditions of approval and/or development standards. Previously identified as Keyes MMRP Mitigation Measures No. 1 on Page 14 of the MMRP.

Mitigation: None.

References: Keyes Community Plan, EIR and MMRP adopted April, 2000; Stanislaus County General Plan and Support Documentation.
Discussion: The principal Greenhouse Gasses (GHGs) are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulfur hexafluoride (SF6), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and water vapor (H2O). CO2 is the reference gas for climate change because it is the predominant greenhouse gas emitted. To account for the varying warming potential of different GHGs, GHG emissions are often quantified and reported as CO2 equivalents (CO2e). In 2006, California passed the California Global Warming Solutions Act of 2006 (Assembly Bill [AB] No. 32), which requires the California Air Resources Board (ARB) to design and implement emission limits, regulations, and other measures, such that feasible and cost-effective statewide GHG emissions are reduced to 1990 levels by 2020. As a requirement of AB 32, the ARB was assigned the task of developing a Climate Change Scoping Plan that outlines the state’s strategy to achieve the 2020 GHG emissions limits. This Scoping Plan includes a comprehensive set of actions designed to reduce overall GHG emissions in California, improve the environment, reduce the state’s dependence on oil, diversify the state’s energy sources, save energy, create new jobs, and enhance public health. The Climate Change Scoping Plan was approved by the ARB on December 22, 2008. According to the September 23, 2010, AB 32 Climate Change Scoping Plan Progress Report, 40 percent of the reductions identified in the Scoping Plan have been secured through ARB actions and California is on track to its 2020 goal.

The proposed use estimated a maximum of six (6) and a minimum of four (4) employees per shift, and an estimated 20 daily customers/visitors on site during peak time. The proposed use also estimated 75 truck deliveries per day.

The proposed project would result in short-term emissions of GHGs during construction. These emissions, primarily CO2, CH4, and N2O, are the result of fuel combustion by construction equipment and motor vehicles. The other primary GHGs (HFCs, PFCs, and SF6) are typically associated with specific industrial sources and are not expected to be emitted by the proposed project. As described above in Section III - Air Quality, the use of heavy-duty construction equipment would be very limited; therefore, the emissions of CO2 from construction would be less than significant.

The project would also result in direct annual emissions of GHGs during operation. Direct emissions of GHGs from operation of the proposed project are primarily due to passenger vehicles and truck trips. This project would not result in emission of GHGs from any other sources. Consequently, GHG emissions are considered to be less than significant.

Mitigation: None.

References: Application information; and the Stanislaus County General Plan and Support Documentation1

<table>
<thead>
<tr>
<th>VIII. HAZARDS AND HAZARDOUS MATERIALS -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?  

f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?  

g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?  

h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?  

Discussion:  DER's Hazardous Materials Division is responsible for overseeing hazardous materials, and requested a Phase 1 study be submitted prior to the issuance of a grading permit. The applicant submitted a Phase 1 Study dated December 3, 2007, which has been sent to the Hazardous Materials Division, which responded that the report is sufficient.

The Envirostor database was accessed to determine if any of the properties were listed as potential hazardous waste or superfund sites. 4346 Jessup Road was not identified as a hazardous site.

Mitigation:  None.

References:  Applicant email dated September 14, 2015; Department of Toxic Substances Control (http://www.envirostor.dtsc.ca.gov); Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>IX. HYDROLOGY AND WATER QUALITY -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Violate any water quality standards or waste discharge requirements?</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Otherwise substantially degrade water quality?</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discussion: Run-off is not considered an issue because of several factors which limit the potential impact. These factors include the relatively flat terrain of the subject site, and relatively low rainfall intensities in the Central Valley. Areas subject to flooding have been identified in accordance with the Federal Emergency Management Act. The project site itself is located in Zone X (outside the 0.2% floodplain) and, as such, exposure to people or structures to a significant risk of loss/injury/death involving flooding due levee/dam failure and/or alteration of a watercourse, at this location is not an issue with respect to this project.

By virtue of the proposed paving for the building pads, parking, and driveways, the current absorption patterns of water upon this property will be altered; however, current standards require that all of a project’s storm water be maintained on site and, as such, a Grading and Drainage Plan will be included in this project’s conditions of approval. As a result of the development standards required for this project, impacts associated with drainage, water quality, and runoff are expected to have a less than significant impact. This project was referred to the Regional Water Quality Control Board (RWQCB) which responded with standards of development and requirements that will be incorporated into this project’s conditions of approval. The Department of Public Works reviewed the project and responded with a condition regarding intersection impact fees, indicating that standard conditions of approval, in regards to grading and drainage, encroachment permits, and improvement plans, would be forthcoming. Keyes MMRP Mitigation Measures Nos. 2 thru 6 on Page 15 and 16 of the MMRP.

The project was referred to the Keyes Municipal Advisory Council and a response has not been received by the time this initial study was drafted.

Mitigation: None.

References: Applicant email received September 17, 2015; Keyes Community Plan, EIR and MMRP adopted April, 2000; Referral Response from the Regional Water Quality Control Board dated August 28, 2015; and the Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>X. LAND USE AND PLANNING -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Physically divide an established community?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>c) Conflict with any applicable habitat conservation plan or natural community conservation plan?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Discussion: The project site is zoned A-2-10 (General Agriculture), the General Plan designation is P-D (Planned Development), and the Keyes Community Plan designation for this site is P-I (Planned Industrial). The proposed warehouse is consistent with the Planned Development General Plan designation, and A-2-10 (General Agriculture) zoning of the site. This application is for a “use” that is considered a Tier One use which is permitted by securing a Use Permit. The proposed warehouse is seen as an Agricultural use because it is being used for the storage of feed and...
seed. Any future re-use of this warehouse may require a Rezone application to allow other uses of the warehouse that are not agriculture related. The features of this project will not physically divide an established community and/or conflict with any habitat conservation plan or natural community conservation plan. This project is not known to conflict with any applicable land use plan, policy, or regulation of any agency with jurisdiction over the project.

Mitigation: None.

References: Stanislaus County Zoning Ordinance; and the Stanislaus County General Plan and Support Documentation.

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<table>
<thead>
<tr>
<th>XI. MINERAL RESOURCES -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant Impact With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?</td>
<td></td>
<td></td>
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<td>X</td>
</tr>
</tbody>
</table>

Discussion: The location of all commercially viable mineral resources in Stanislaus County has been mapped by the State Division of Mines and Geology in Special Report 173. There are no known significant resources on the site.

Mitigation: None.

References: Stanislaus County General Plan and Support Documentation.

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<table>
<thead>
<tr>
<th>XII. NOISE -- Would the project result in:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant Impact With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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</tbody>
</table>

Discussion: Noise impacts associated with project activities and traffic are not anticipated to exceed the normally acceptable level of noise. The adjacent parcels to the north of the project site are an industrial manufacturing facility. The proposed 60,000 square foot warehouse will serve as an ancillary storage site for the existing manufacturing facility. The site itself is impacted by the noise generated from existing manufacturing facility to the north, and nearby SR 99 and the
Union Pacific railroad. The project purposes an extension of the private railroad track that exists across Jessup Road. The purpose is to transport goods from one site to the other, which may cause less than significant noise impacts in the overall area. The site is not located within an airport land use plan. Keyes MMRP Mitigation Measures No. 14 on Page 17 of the MMRP.

**Mitigation:** None.

**References:** Keyes Community Plan, EIR and MMRP adopted April, 2000; and the Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>XIII. POPULATION AND HOUSING -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?</td>
<td></td>
<td>X</td>
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</tr>
<tr>
<td>c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?</td>
<td></td>
<td>X</td>
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</tbody>
</table>

**Discussion:** The proposed use of the site may induce modest growth in the area by creating service extensions and/or new infrastructures in the form of Keyes Community Services District extension of water and sewer services. Extension of such services must be approved by Stanislaus County LAFCO. No housing or persons will be displaced by the project. This project is adjacent to agricultural, and industrial operations and the nature of the use is considered consistent with the A-2 zoning district.

**Mitigation:** None.

**References:** Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>XIV. PUBLIC SERVICES --</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Would the project result in the substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Fire protection?</td>
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<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Police protection?</td>
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<td>X</td>
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<td></td>
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<tr>
<td>Schools?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Parks?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other public facilities?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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</tbody>
</table>

**Discussion:** The County has adopted Public Facilities Fees, as well as one for the Fire Facility Fees on behalf of the appropriate fire district, to address impacts to public services. Such fees are required to be paid at the time of building permit issuance. The project was referred to Keyes Union, and Turlock Joint Union High School Districts, the Keyes Fire Department, and the Stanislaus County Environmental Review Committee (ERC) which includes the Sheriff’s Department. Conditions of approval will be added to this project to insure that the warehouse will comply with all applicable fire
department standards with respect to access and water for fire protection. The project was referred to the ERC, the Modesto Regional Fire Authority, and the Keyes Fire Department. Keyes Community Plan Mitigation Measure Nos. 15 and 18 on pages 17 and 18 of the MMRP addresses this on a Community-wide basis. A condition of approval may be added to this project requiring compliance with these mitigation measures which requires all new development pay a fair share towards fire protection and parks.

Mitigation: None.

References: Keyes Community Plan, EIR and MMRP adopted April, 2000; and the Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>XV. RECREATION --</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?</td>
<td>X</td>
<td></td>
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</tbody>
</table>

Discussion: The proposed project does not have a residential component and is not anticipated to significantly increase demand on recreational facilities. A condition of approval may be added to the project requiring compliance with this mitigation measure which requires all new development pay a fair share towards parks. Keyes MMRP Mitigation Measures No. 18 on Page 18 of the MMRP addresses this on a Community-wide basis.

Mitigation: None.

References: Keyes Community Plan, EIR and MMRP adopted April, 2000; and the Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>XVI. TRANSPORATION/TRAFFIC -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
e) Result in inadequate emergency access? | X
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities? | X

Discussion: Significant impacts to traffic and transportation infrastructure were not identified by reviewing agencies. The project site and surrounding parcels, including the manufacturing facility, have access via County-maintained Jessup Road, and through a private road extending to the east past Jessup Road.

The proposed use estimates 75 truck deliveries per day, however the proposed number of deliveries per day would not increase traffic to the area as the same number of vehicles currently pick up their shipments at the 'Berry Feed & Seed' plant directly across Jessup Road. These vehicles will now pick up their supply at the project site as instead of the 4431 Jessup plant. The proposed use estimated a maximum of six (6) and a minimum of four (4) employees per shift, and an estimated 20 daily customers/visitors on site during peak time. The project proposes a future extension of a rail line east of the warehouse, which currently serves the A.L. Gilbert facility to the north.

A component of the proposed warehouse is the installation of an in and out truck scale and house at the site entrance off the Jessup Road cul-de-sac. The truck scale is proposed with a traffic control light, for the purpose of avoiding truck traffic getting backed up into Jessup Road. Public Works has commented that the outbound traffic scale be opened up to accommodate for trucks waiting in the Jessup Road right of way, to reduce on street traffic.

The Department of Public Works responded with the applicant’s fair share amount, as determined by the Keyes Community Plan and updated for inflation. The fair share fees have been added as a mitigation measure. Moreover, current Public Facility Fees (PFF) will be imposed when the project applies for building permits. Keyes Community Plan MMRP Mitigation Measure Nos. 4.3-1 (et.al), 4.3-2 (et.al), and 4.3-3 (et.al.) on pages 8-10.

The project was also referred to Caltrans for review, but no comments were received to date.

2. Mitigation: The applicant shall pay the Keyes Community Plan Mitigation Funding Program fees for Planned Industrial per the Keyes community Plan adopted on April 18, 2000. The fees were calculated in 2003 at $465.20 per acre. With the fees adjusted for inflation using the Engineering News-Record index, the July 2015 fees are $703.85 per acre. The fees for 15 acres is $10,557.71 these fees will be paid prior to building permit issuance.

References: Application information; Keyes Community Plan, EIR and MMRP adopted April, 2000; Referral response from the Department of Public Works dated September 29, 2015; and the Stanislaus County General Plan and Support Documentation

<table>
<thead>
<tr>
<th>XVII. UTILITIES AND SERVICE SYSTEMS -- Would the project:</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant Impact With Mitigation Included</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?</td>
<td>X</td>
<td></td>
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</tbody>
</table>
### Discussion

Limitations on providing services have not been identified. Currently the site is not served by municipal services (sewer & water), however, the applicant is proposing to have the site served by the Keyes Community Service District (CDS) the provider of sewer and water for this community. The Keyes CSD provided a letter stating that they are capable of providing water and sewer services to the project site. LAFCO has requested that the site be approved for annexation prior to the extension of water and/or sewer services by the Keyes Community Service District to serve the project. These requirements will be reflected in the project’s conditions of approval. These requirements will be reflected in the project’s conditions of approval/development standards. **Keyes Community Plan MMRP Mitigation Measure Nos. 2, 3, 4, and 6 on page 15.**

Turlock Irrigation District (TID) has submitted a referral letter stating that a TID pipeline that is located on the west side of the parcel will need to be removed and its connection to the main pipeline be unplugged on the south side of Keyes Road. A second TID pipeline runs along the southern part of the parcel near Keyes Road, this pipeline will need to be protected at all times during the construction of the drainage basin along Keyes Road, and that no heavy equipment can operate over, or immediately adjacent to the pipeline. TID has also commented that if the property will no longer irrigate or have direct access to water must apply for abandonment for the parcel from the district. TID commented that developed property adjoining irrigated ground must be graded so that finished grading elevations are at least 6 inches higher than irrigated ground. TID also commented that a protective berm must be installed to prevent irrigation water from reaching non-irrigated properties.

The applicant has submitted an email from TID stating that the two existing pipelines can remain in place as long as they are protected, and no construction is adjacent to them, that they can remain in place. The applicant has also stated that the proposed grading is greater than 6 inches above the irrigated ground.

### Mitigation

None.

### References

Applicant email dated September 30, 2015; Referral response from Turlock Irrigation District dated September 29, 2015; “Will Serve Letter” from the Keyes Community Services District dated July 14, 2015; Referral response from LAFCO dated September 1, 2015; and the Stanislaus County General Plan and Support Documentation

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### XVIII. MANDATORY FINDINGS OF SIGNIFICANCE --

<table>
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<tr>
<th></th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant Impact</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>b) Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

**Discussion:** Review of this project has not indicated any features which might significantly impact the environmental quality of the site and/or the surrounding area.

---

MITIGATED NEGATIVE DECLARATION

NAME OF PROJECT: Use Permit Application No. PLN2015-0068 – A.L. Gilbert Co. (SCH No. 2015082043)

LOCATION OF PROJECT: 4346 Jessup Road, east of Faith Home Road, west of Highway 99, in the Keyes area. APN: 045-045-024.

PROJECT DEVELOPER: Kevin Bennett
Justin W. Capp Inc.
1405 8th Street
Modesto, CA 95354

DESCRIPTION OF PROJECT: Request to construct a 37-foot high, 60,000 square-foot warehouse with a 6,240 square-foot canopy, on a 15± acre parcel in the A-2-10 (General Agriculture) zoning district. The project site is located at 4346 Jessup Road, east of Faith Home Road, west of Highway 99, in the Keyes area.

Based upon the Initial Study, dated October 30, 2015, the Environmental Coordinator finds as follows:

1. This project does not have the potential to degrade the quality of the environment, nor to curtail the diversity of the environment.

2. This project will not have a detrimental effect upon either short-term or long-term environmental goals.

3. This project will not have impacts which are individually limited but cumulatively considerable.

4. This project will not have environmental impacts which will cause substantial adverse effects upon human beings, either directly or indirectly.

The aforementioned findings are contingent upon the following mitigation measures (if indicated) which shall be incorporated into this project:

1. New multi-story development shall minimize the use of reflective surface and have those reflective surfaces which are used to be oriented in such a manner so as to reduce glare impacts along roadways.

2. The applicant shall pay the Keyes Community Plan Mitigation Funding Program fees for Planned Industrial per the Keyes community Plan adopted on April 18, 2000. The fees were calculated in 2003 at $465.20 per acre. With the fees adjusted for inflation using the Engineering News-Record index, the July 2015 fees are $703.85 per acre. The fees for 15 acres are $10,557.71 these fees will be paid prior to building permit issuance.

The Initial Study and other environmental documents are available for public review at the Department of Planning and Community Development, 1010 10th Street, Suite 3400, Modesto, California.

Initial Study prepared by: Timothy Vertino, Assistant Planner

Submit comments to: Stanislaus County Planning and Community Development Department
1010 10th Street, Suite 3400
Modesto, California 95354
TO: LAFCO Commissioners

FROM: Sara Lytle-Pinhey, Executive Officer

SUBJECT: MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2015-2016

RECOMMENDATION

It is recommended that the Commission accept this financial update.

DISCUSSION

The Mid-Year Budget Report provides an overview of LAFCO’s expenses and revenues through the second quarter for the Commission’s information. The Commission’s adopted budget for the current fiscal year is $440,150. At mid-year, expenditures totaled $186,831 which represents approximately 42% of the adopted budget. Below is an overview of LAFCO’s expenses and revenues:

<table>
<thead>
<tr>
<th></th>
<th>Adopted Budget (2015-2016)</th>
<th>Actual (Mid-Year)</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$375,906</td>
<td>$161,259</td>
<td>43%</td>
</tr>
<tr>
<td>Services &amp; Supplies</td>
<td>$61,044</td>
<td>$25,106</td>
<td>41%</td>
</tr>
<tr>
<td>Other Charges</td>
<td>$3,200</td>
<td>$467</td>
<td>15%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$440,150</td>
<td>$186,831</td>
<td>42%</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City/County Contributions</td>
<td>$377,210</td>
<td>$377,210</td>
<td>100%</td>
</tr>
<tr>
<td>Applications / LAFCO Services</td>
<td>--</td>
<td>$10,885</td>
<td>--</td>
</tr>
<tr>
<td>Rebates &amp; Refunds</td>
<td>--</td>
<td>$35</td>
<td>--</td>
</tr>
<tr>
<td>Miscellaneous Reimbursements (incl. CALAFCO Stipend)</td>
<td>--</td>
<td>$3,029</td>
<td>--</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>--</td>
<td>$1,968</td>
<td>--</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$377,210</td>
<td>$393,127</td>
<td>104%</td>
</tr>
<tr>
<td>Prior Years’ Carry-Over</td>
<td>$62,940</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$440,150</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A more detailed listing of individual accounts is attached for the Commission’s information. The following highlights the expense and revenue categories through mid-year:

- **Salaries and Benefits:**

  Through the end of the second quarter, $161,259 has been expended on Salaries and Benefits. This amount included the cash-out for the prior Executive Officer. Expenditures in this budget category represent approximately 43% of the total amount budgeted for the fiscal year. Staff estimates that at year-end, this category will be well within the budgeted amount.
Services and Supplies:

At the end of the second quarter, expenditures under the “Services and Supplies” category totaled $25,106. These expenditures represent 41% of the total amount budgeted. Of note is the following:

- Expenditures for Commission General Liability Insurance and Membership costs (including SDRMA, CALAFCO and CSDA dues) are billed as one-time costs early in the fiscal year.

- Expenses under the “Other Travel” line item have exceeded the budget by $575. This overage is due to costs associated with the former Executive Officer’s travel to various out-of-county CALAFCO Board meetings in July and August. The former Executive Officer served as a CALAFCO Executive Officer, a “volunteer” staff position. Stanislaus LAFCO received a stipend of $3,000 to offset these CALAFCO-related costs, which is reflected as Miscellaneous Reimbursement.

- Charges for legal services are typically billed on a quarterly basis following the completion of the quarter. Legal service charges are trending lower this year, primarily due to the number of out-of-boundary service applications and municipal service review updates, which require little to no legal review.

Other Charges:

This budget category contains expenses associated with shared copier/leasing costs. At Mid-Year, expenditures under this budget category were $467 or just 15% of the amount budgeted.

Revenues:

The County and nine cities have paid their apportionment shares totaling $377,210. Additionally, revenue received from LAFCO application fees and services thus far totals $10,885. Staff anticipates that this will increase by year-end, as additional out-of-boundary and annexation applications are expected to be submitted in the coming months.

CONCLUSION

The Commission continues to be financially sound. All budget categories are projected to be well within budget by year-end. Any funds remaining at the end of the fiscal year will be considered as part of the following year’s budget. No budget adjustments are recommended at this time; however, if future modifications are needed, Staff will bring those requests to the Commission for consideration.

Attachments: LAFCO Expense and Revenue Summary – July 1, 2015 to December 31, 2015
## EXPENSE AND REVENUE SUMMARY
### JULY 1, 2015 - DECEMBER 31, 2015

<table>
<thead>
<tr>
<th>Account</th>
<th>Line Item</th>
<th>Adopted FY 15-16 Budget</th>
<th>Actuals 12-31-15</th>
<th>% of Budget</th>
</tr>
</thead>
</table>

### Salaries & Benefits

<table>
<thead>
<tr>
<th>Account</th>
<th>Line Item</th>
<th>Adopted FY 15-16 Budget</th>
<th>Actuals 12-31-15</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>50000</td>
<td>Salaries</td>
<td>$258,008</td>
<td>$123,704</td>
<td>47.95%</td>
</tr>
<tr>
<td></td>
<td>Non-Productive salaries-vac</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Productive salaries-sick</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Productive salaries-other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Termination cash-out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52000</td>
<td>Retirement (STANCERA)</td>
<td>$50,686</td>
<td>$15,437</td>
<td>30.46%</td>
</tr>
<tr>
<td>52010</td>
<td>FICA</td>
<td>$19,064</td>
<td>$8,839</td>
<td>46.36%</td>
</tr>
<tr>
<td>53000</td>
<td>Group Health Insurance</td>
<td>$39,412</td>
<td>$10,093</td>
<td>25.61%</td>
</tr>
<tr>
<td>53009</td>
<td>OPEB Hlth Post Retirement</td>
<td>$1,108</td>
<td>$72</td>
<td>6.36%</td>
</tr>
<tr>
<td>53051</td>
<td>Employee Benefit Adm Fee</td>
<td>$215</td>
<td>$41</td>
<td>30.46%</td>
</tr>
<tr>
<td>53081</td>
<td>Long Term Disability</td>
<td>$402</td>
<td>$134</td>
<td>33.33%</td>
</tr>
<tr>
<td>54000</td>
<td>Worker's Compensation</td>
<td>$860</td>
<td>$427</td>
<td>49.65%</td>
</tr>
<tr>
<td>55000</td>
<td>Auto Allowance</td>
<td>$2,400</td>
<td>$1,218</td>
<td>50.75%</td>
</tr>
<tr>
<td>55130</td>
<td>Deferred Comp (includes PT)</td>
<td>$3,601</td>
<td>$1,294</td>
<td>35.94%</td>
</tr>
</tbody>
</table>

**Total Salaries & Benefits** | **$375,906** | **$161,259** | **42.90%** |

### Services and Supplies

<table>
<thead>
<tr>
<th>Account</th>
<th>Line Item</th>
<th>Adopted FY 15-16 Budget</th>
<th>Actuals 12-31-15</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>60400</td>
<td>Communications (SBT)</td>
<td>$1,005</td>
<td>$502</td>
<td>49.29%</td>
</tr>
<tr>
<td>61000</td>
<td>Insurance (SDRMA)</td>
<td>$2,750</td>
<td>$2,662</td>
<td>96.80%</td>
</tr>
<tr>
<td>61030</td>
<td>Fiduciary Liability Insurance (CEO)</td>
<td>$30</td>
<td>$8</td>
<td>26.67%</td>
</tr>
<tr>
<td>62200</td>
<td>Memberships (CSDA, CALAFCO)</td>
<td>$5,000</td>
<td>$4,978</td>
<td>99.56%</td>
</tr>
<tr>
<td>62400</td>
<td>Miscellaneous Expense</td>
<td>$3,000</td>
<td>$585</td>
<td>19.50%</td>
</tr>
<tr>
<td>62450</td>
<td>Indirect Costs (Bldg Maint, Janitorial)</td>
<td>$1,176</td>
<td>$584</td>
<td>49.49%</td>
</tr>
<tr>
<td>62600</td>
<td>Office Supplies</td>
<td>$1,500</td>
<td>$321</td>
<td>21.40%</td>
</tr>
<tr>
<td>62730</td>
<td>Postage/Mailings</td>
<td>$1,200</td>
<td>$475</td>
<td>31.51%</td>
</tr>
<tr>
<td>62750</td>
<td>Other Mailroom Expense (GSA)</td>
<td>$325</td>
<td>$153</td>
<td>21.40%</td>
</tr>
<tr>
<td>63000</td>
<td>Prof &amp; Special Serv (Utilities, CEO, RM)</td>
<td>$5,400</td>
<td>$2,963</td>
<td>62.97%</td>
</tr>
<tr>
<td>63090</td>
<td>Auditing &amp; Accounting (AUD)</td>
<td>$2,108</td>
<td>$835</td>
<td>25.75%</td>
</tr>
<tr>
<td>63400</td>
<td>Engineering Servs (PW-Survey, GIS)</td>
<td>$2,150</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>63640</td>
<td>Legal Services</td>
<td>$16,000</td>
<td>$2,198</td>
<td>13.74%</td>
</tr>
<tr>
<td>63990</td>
<td>Data Processing Services (SBT)</td>
<td>$4,889</td>
<td>$2,375</td>
<td>48.42%</td>
</tr>
<tr>
<td>65000</td>
<td>Publications &amp; Legal Notices</td>
<td>$800</td>
<td>$407</td>
<td>50.88%</td>
</tr>
<tr>
<td>65780</td>
<td>Education &amp; Training</td>
<td>$5,000</td>
<td>$3,362</td>
<td>67.24%</td>
</tr>
<tr>
<td>65810</td>
<td>Other Supportive Services (Messenger')</td>
<td>$250</td>
<td>$51</td>
<td>20.40%</td>
</tr>
<tr>
<td>65890</td>
<td>Commission Expense</td>
<td>$6,100</td>
<td>$1,540</td>
<td>25.25%</td>
</tr>
<tr>
<td>67040</td>
<td>Other Travel Expenses</td>
<td>$500</td>
<td>$1,075</td>
<td>215.00%</td>
</tr>
<tr>
<td>67200</td>
<td>Utilities (GSA/TSP)--Moved to: 63000</td>
<td>$1,786</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>67201</td>
<td>Salvage Disposal (GSA)</td>
<td>$75</td>
<td>$31</td>
<td>44%</td>
</tr>
</tbody>
</table>

**Total Services & Supplies** | **$61,044** | **$25,105** | **41.13%** |
# EXPENSE AND REVENUE SUMMARY
## JULY 1, 2015 - DECEMBER 31, 2015

<table>
<thead>
<tr>
<th>Account</th>
<th>Line Item</th>
<th>Adopted FY 15-16 Budget</th>
<th>Actuals 12-31-15</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Other Charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>73024</td>
<td>Planning Dept Servs (Shared Copier)</td>
<td>$3,200</td>
<td>$467</td>
<td>14.59%</td>
</tr>
<tr>
<td></td>
<td><strong>Total Other Charges</strong></td>
<td>$3,200</td>
<td>$467</td>
<td>14.59%</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL EXPENSE</strong></td>
<td>$440,150</td>
<td>$186,831</td>
<td>42.45%</td>
</tr>
</tbody>
</table>

## REVENUE

<table>
<thead>
<tr>
<th>Account</th>
<th>Line Item</th>
<th>JUL-DEC 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>17000</td>
<td>Interest-pool income</td>
<td>$1,968</td>
</tr>
<tr>
<td>36414</td>
<td>LAFCO Services (Application Fees)</td>
<td>$10,885</td>
</tr>
<tr>
<td>40445</td>
<td>Rebates &amp; refunds</td>
<td>$35</td>
</tr>
<tr>
<td>40590</td>
<td>County Contribution</td>
<td>$188,605</td>
</tr>
<tr>
<td>40680</td>
<td>City Contributions</td>
<td>$188,605</td>
</tr>
<tr>
<td>40860</td>
<td>Misc. Reimbursements (CALAFCO)</td>
<td>$3,029</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>$393,127</strong></td>
</tr>
</tbody>
</table>
EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 27, 2016

TO: LAFCO Commissioners
FROM: Jennifer Goss, Commission Clerk
SUBJECT: Annual Election of Officers (Chairperson and Vice-Chairperson)

BACKGROUND

The Commission’s adopted Policies and Procedures includes Rules of Order, which establishes the terms and rotation schedule for the annual election of the Chairperson and Vice-Chairperson. The established annual term of office for these officers is from February 1st through January 31st.

Based on the current rotation of officers, as established in the adopted Rules of Order (Rule 4), the Office of Chairperson and Vice-Chairperson shall be rotated among the members according to the following sequence: Chairperson – Public Member and Vice-Chairperson – City Member. Alternate members are not eligible to be officers.

Thus, Commissioner Hawn, as the current Vice-Chair is eligible for Chairperson, and the Vice-Chairperson would be selected from the two Regular City Members, Amy Bublik and Tom Dunlop. (See attached Rotation Schedule.)

RECOMMENDATION

If your Commission agrees with the terms of office and the rotation of officers as per Rule 4, it is recommended that the Commission adopt the attached Resolution selecting a new Chairperson (Public Member) and a Vice-Chairperson (City Member) for the annual term of February 1, 2016 to January 31, 2017.

Attachments: LAFCO Resolution No. 2016-01
Rotation Schedule

(I: LAFCO\Admin\Election of Officers\2016\EO Report)
STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

RESOLUTION

DATE: January 27, 2016

NO. 2016-01

SUBJECT: Annual Election of Officers (Chairperson and Vice-Chairperson)

On the motion of Commissioner , seconded by Commissioner , and approved by the following:

Ayes: Commissioners:
Noes: Commissioners:
Ineligible: Commissioners:
Absent: Commissioners:

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, in accordance with Government Code Section 56334 and Commission Rules of Order, the members of the Commission shall elect a chairperson and vice-chairperson at the first meeting in January of each year;

WHEREAS, the Commission's Rules of Order, under Rule 4, provides for the systematic rotation of the Chairperson and Vice-Chairperson among its members;

WHEREAS, the terms of the present officers expire on January 31, 2016; and,

WHEREAS, based on adopted Commission Policies and Procedures, the rotation of its members for the Chairperson and Vice-Chairperson, a Public Member and a City Member are in line for these office seats, respectively.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Elects Commissioner as Chairperson and Commissioner as Vice-Chairperson for a term of office commencing February 1, 2016 through January 31, 2017.

ATTEST:

Sara Lytle-Pinhey
Executive Officer

(I:\LAFCO\Admin\Election of Officers\2016\Resolution2016.01)
<table>
<thead>
<tr>
<th>Date</th>
<th>Chairperson</th>
<th>Vice-Chairperson</th>
<th>Rotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/2009 - 1/2010</td>
<td>Chairperson Lane</td>
<td>DeMartini</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2010 - 1/2011</td>
<td>Chairperson DeMartini</td>
<td>Saletta</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2011 - 1/2012</td>
<td>Chairperson Saletta</td>
<td>Goeken</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2012 - 1/2013</td>
<td>Chairperson Goeken</td>
<td>O'Brien</td>
<td>D</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2013 - 1/2014</td>
<td>Chairperson O'Brien</td>
<td>Bublak</td>
<td>E</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2014 - 1/2015</td>
<td>Chairperson Bublak</td>
<td>DeMartini</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2015 - 1/2016</td>
<td>Chairperson DeMartini</td>
<td>Hawn</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2016 - 1/2017</td>
<td>Chairperson Hawn</td>
<td></td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2017 - 1/2018</td>
<td>Chairperson</td>
<td></td>
<td>D</td>
</tr>
<tr>
<td></td>
<td>Vice-Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/2018 - 1/2019</td>
<td>Chairperson</td>
<td></td>
<td>E</td>
</tr>
</tbody>
</table>

(\:\:\:LAFCO\:\:\Admin\:\\LAFCO\:\\Election of Officers\rotation.2010-2019.doc)